



Easytranslate A/S

Bygmestervej 10, 2. th.
2400 København NV
CVR No. 33240562

Annual report 2021

The Annual General Meeting adopted the
annual report on 23.05.2022

Christian Dulong Hoff

Chairman of the General Meeting

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Entity details

Entity

Easytranslate A/S
Bygmestervej 10, 2. th.
2400 København NV

Business Registration No.: 33240562
Registered office: Copenhagen
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Christian Dulong Hoff, Chairman of the Board
Michael Kai Petersen
Joachim Snebang Vanggaard Jensen
Frederik Nicolai Riskær Pedersen
Peter Ladegaard

Executive Board

Frederik Nicolai Riskær Pedersen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Easytranslate A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 23.05.2022

Executive Board

Frederik Nicolai Riskær Pedersen

Chief Executive Officer

Board of Directors

Christian Dulong Hoff

Chairman of the Board

Michael Kai Petersen

Joachim Snebang Vanggaard Jensen

Frederik Nicolai Riskær Pedersen

Peter Ladegaard

Independent auditor's report

To the shareholders of Easytranslate A/S

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Easytranslate A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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:

- 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.

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.

Report on other legal and regulatory requirements and other reporting responsibilities

Non-compliance with Danish VAT law

Contrary to the Danish Value Added Tax Act, the Company has filed returns on VAT too late primarily related to first half of 2021. Management may be held accountable.

Copenhagen, 23.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Stine Eva Grothen

State Authorised Public Accountant

Identification No (MNE) mne29431

Management commentary

Primary activities

EasyTranslate is a SaaS marketplace, where the main activities of the Company are within localisation services, translation services, interpretation and supporting technologies.

Translations are essential for growth and scaling in the digital world, and doing so should be as easy and simple for companies as possible. It requires a strategy and onboarding of translators, but also automation of the flow. That need highlights EasyTranslates´ software, and it forms the breeding ground for companies to scale to new markets and grow their business.

Development in activities and finances

EasyTranslate has initiated and implemented several improvements during 2021, which had led to a strengthened position by the end of 2021. The main improvements include the following:

EasyTranslate turns the translation agency into a software solution

In 2021 EasyTranslate combined translation software with an agency. Thus, we created a hybrid solution that combines Translation Management Software and Language Service Provider by automating the full content flow with code-free plugins, API and automated workflows to support individual localization flows.

This hybrid solution is based on SaaS marketplace that solves the challenge of localization and content generation at scale.

Along the SaaS marketplace customers get a fixed team of translators that are selected from EasyTranslate´ s network through advanced AI based on industry, words, topics and translators´ experience to secure the best localisation.

The strengthened position has led to an increase in gross profit of DKK 24,1 million against DKK 14,9 million last year.

The increase in gross profit and cost reductions have led to an improvement in the result of more than 6 mill DKK, giving a result of DKK -41 thousand.

Optimization of the organization and operation

To enable the implementation of the new strategy and software solution, EasyTranslate worked on optimizing the organization by securing the competencies and resources. The optimisation includes a range of activities from upscaling competencies, continuous focus and improvement of the operation, which had led EasyTranslate to become more cost efficient during 2021.

Outlook

The management anticipates increased activity. The gross profit is expected to increase and the net result is expected to be affected by the increased activity and lead to a positive net result for 2022.

Events after the balance sheet date

The Covid-19 pandemic has continued its influence on EasyTranslate and the expected growth in 2021. In the first quarter of 2022 EasyTranslate has had increased activity and positive results. Management expects continued increase in activity in 2022. The management therefore expects growth in both result and cashflow, and the Financial Statements are thus based on the going concern principle. EasyTranslate expects to meet financial liabilities when due.

In addition, no events have occurred that could materially affect the Company's financial position as at 31 December 2021.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		24,136,856	14,901,158
Staff costs	2	(12,903,117)	(14,802,945)
Depreciation, amortisation and impairment losses	3	(9,511,071)	(6,605,743)
Operating profit/loss		1,722,668	(6,507,530)
Other financial income	4	646,074	425,459
Other financial expenses	5	(3,097,751)	(2,408,509)
Profit/loss before tax		(729,009)	(8,490,580)
Tax on profit/loss for the year	6	688,348	2,369,535
Profit/loss for the year		(40,661)	(6,121,045)
Proposed distribution of profit and loss			
Retained earnings		(40,661)	(6,121,045)
Proposed distribution of profit and loss		(40,661)	(6,121,045)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	15,465,204	16,649,475
Development projects in progress	8	16,846,180	16,770,509
Intangible assets	7	32,311,384	33,419,984
Other fixtures and fittings, tools and equipment		357,562	667,610
Property, plant and equipment	9	357,562	667,610
Investments in group enterprises		292,633	292,633
Financial assets	10	292,633	292,633
Fixed assets		32,961,579	34,380,227
Trade receivables		8,079,937	10,020,729
Other receivables		634,640	523,850
Prepayments		173,273	226,707
Receivables		8,887,850	10,771,286
Cash		9,523,501	1,471,452
Current assets		18,411,351	12,242,738
Assets		51,372,930	46,622,965

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		534,211	534,211
Reserve for net revaluation according to the equity method		43,495	43,495
Reserve for development expenditure		24,340,739	25,205,447
Retained earnings		(21,153,269)	(21,977,316)
Equity		3,765,176	3,805,837
Deferred tax		948,907	1,637,255
Provisions		948,907	1,637,255
Subordinate loan capital	11	3,223,808	3,170,099
Bank loans		13,333,333	0
Other payables		5,373,957	6,840,409
Non-current liabilities other than provisions	12	21,931,098	10,010,508
Current portion of non-current liabilities other than provisions	12	1,560,928	999,029
Subordinate loan capital		0	450,000
Bank loans		10,568,001	16,075,158
Prepayments received from customers		2,424,346	513,219
Trade payables		4,564,814	10,155,822
Payables to group enterprises		223,084	308,566
Other payables	13	5,386,576	2,667,571
Current liabilities other than provisions		24,727,749	31,169,365
Liabilities other than provisions		46,658,847	41,179,873
Equity and liabilities		51,372,930	46,622,965
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	534,211	43,495	25,205,447	(21,977,316)	3,805,837
Transfer to reserves	0	0	(864,708)	864,708	0
Profit/loss for the year	0	0	0	(40,661)	(40,661)
Equity end of year	534,211	43,495	24,340,739	(21,153,269)	3,765,176

Notes

1 Events after the balance sheet date

The Covid-19 pandemic has continued its influence on EasyTranslate and the expected growth in 2021. In the first quarter of 2022 EasyTranslate has had increased activity and positive results. Management expects continued increase in activity in 2022. The management therefore expects growth in both result and cashflow, and the Financial Statements are thus based on the going concern principle. EasyTranslate expects to meet financial liabilities when due.

In addition, no events have occurred that could materially affect the Company's financial position as at 31 December 2021.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	19,691,899	21,546,620
Pension costs	6,068	40,729
Other social security costs	202,446	241,836
	19,900,413	21,829,185
Staff costs classified as assets	(6,997,296)	(7,026,240)
	12,903,117	14,802,945
Average number of full-time employees	38	43

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	9,164,254	6,029,053
Depreciation of property, plant and equipment	346,817	576,690
	9,511,071	6,605,743

4 Other financial income

	2021	2020
	DKK	DKK
Other interest income	399,481	34,452
Exchange rate adjustments	246,593	391,007
	646,074	425,459

5 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	1,962,503	1,162,093
Other financial expenses	1,135,248	1,246,416
	3,097,751	2,408,509

6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	(688,348)	(4,965,750)
Adjustment concerning previous years	0	2,596,215
	(688,348)	(2,369,535)

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	29,534,947	16,770,509
Additions	7,979,983	8,055,654
Disposals	0	(7,979,983)
Cost end of year	37,514,930	16,846,180
Amortisation and impairment losses beginning of year	(12,885,472)	0
Amortisation for the year	(9,164,254)	0
Amortisation and impairment losses end of year	(22,049,726)	0
Carrying amount end of year	15,465,204	16,846,180

8 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.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	4,731,704
Additions	36,769
Cost end of year	4,768,473
Depreciation and impairment losses beginning of year	(4,064,094)
Depreciation for the year	(346,817)
Depreciation and impairment losses end of year	(4,410,911)
Carrying amount end of year	357,562

10 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	292,633
Cost end of year	292,633
Carrying amount end of year	292,633

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Easytranslate AB	Sweden	AB	100.00
Easytranslate GmbH	Germany	GmbH	100.00

11 Subordinate loan capital

The investors providing subordinated loans have pledged to retract for other creditors, if needed, so that the company can meet ordinary financial liabilities.

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Subordinate loan capital	0	0	3,223,808	0
Bank loans	0	0	13,333,333	1,666,667
Other payables	1,560,928	999,029	5,373,957	0
	1,560,928	999,029	21,931,098	1,666,667

13 Other payables

	2021	2020
	DKK	DKK
VAT and duties	1,339,152	74,463
Wages and salaries, personal income taxes, social security costs, etc payable	899,146	1,468,223
Holiday pay obligation	931,381	500,678
Other costs payable	2,216,897	624,207
	5,386,576	2,667,571

14 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,396,572	2,125,218

15 Assets charged and collateral

A payment guarantee of DKK 469 thousand is secured by way of mortgage on cash deposit with banks of DKK 469 thousand as of 31 December 2021.

Bank debt of DKK 10,000 thousand and loan from Vækstfonden of DKK 7,000 thousand are secured by company charges. The carrying amount of mortgaged assets totals DKK 40,747 thousand as of 31 December 2021.

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

The Company has investments in the subsidiaries, EasyTranslate GmbH and EasyTranslate AB. Referring to section 114 of the Danish Financial Statements Act, no consolidated financial statements have been prepared, as the figures between the consolidated financial statements and the annual report would be immaterial.

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

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 property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises 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, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprises interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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 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 5-20 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Prepayments

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

Cash

Cash comprises cash in hand and 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.

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.