
LEAPWORK A/S

Nitivej 10, DK-2000 Frederiksberg

Annual Report for 1 January - 31 December 2018

CVR No 36 92 42 25

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
10/5 2019

Christian Brink Frederiksen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LEAPWORK A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 10 May 2019

Executive Board

Christian Brink Frederiksen
CEO

Claus Michael Rosenkrantz
Topholt

Board of Directors

Massimo Giovanni Prelz
Oltramonti
Chairman

Christian Brink Frederiksen

Claus Michael Rosenkrantz
Topholt

Henrik Wilsbech Lottrup

Christian Miele

Independent Auditor's Report

To the Shareholders of LEAPWORK A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of LEAPWORK A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 10 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Madsen

State Authorised Public Accountant

mne10745

Company Information

The Company

LEAPWORK A/S
Nitivej 10
DK-2000 Frederiksberg

Telephone: + 45 35 25 14 14
Website: www.LEAPWORK.com

CVR No: 36 92 42 25
Financial period: 1 January - 31 December
Municipality of reg. office: Frederiksberg kommune

Board of Directors

Massimo Giovanni Prelz Oltramonti, Chairman
Christian Brink Frederiksen
Claus Michael Rosenkrantz Topholt
Henrik Wilsbech Lottrup
Christian Miele

Executive Board

Christian Brink Frederiksen
Claus Michael Rosenkrantz Topholt

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Our Mission

LEAPWORK is transforming work on a global scale. We are democratizing automation through our next generation visual language that everyone understands. Now non-technical people can easily train software robots to handle repetitive and mundane tasks. This matters because it impacts us all, whether it's by increasing our productivity or our job satisfaction. LEAPWORK robots are used by Global2000 companies in test automation, RPA and Systems monitoring across the world and in all industries, from banks and insurance companies to life science, government and aerospace.

The company is making process automation accessible to any employee, using its entirely visual system, backed by a modern tech stack. Instead of using hours of developer time, staff can automate tasks themselves, without writing any code, thanks to the simple user interface. LEAPWORK customers are seeing an average time saving of 75 percent.

The system is as easy to learn as PowerPoint or Excel and allows clients to accomplish more with less resource, lower their costs and reduce risks. Half of all computer work is repetitive and boring, taking staff away from more productive tasks, sapping their motivation and making them more likely to make costly mistakes.

Financial results

The aim for 2018 was scaling the business in enterprise space and increasing revenue in the main markets of North America and Europe which was achieved with a satisfying result. The loss for 2018 amounts to DKK -8.170.145 which is as expected due to the aggressive expansion strategy during the year. The equity is DKK 7.223.554 at year end.

Outlook for 2019

In January 2019, LEAPWORK acquired a \$10.000.000 series A round investment to accelerate product development in test automation and RPA and expand its US operations. Investors are the leading venture capital funds DN Capital and e.Ventures.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		3.375.442	-1.728.204
Staff expenses	1	-8.259.423	-2.848.920
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.716.321	-2.766.242
Profit/loss before financial income and expenses		-9.600.302	-7.343.366
Financial income	2	63.468	1.610
Financial expenses	3	-257.479	-381.096
Profit/loss before tax		-9.794.313	-7.722.852
Tax on profit/loss for the year	4	1.624.168	1.601.314
Net profit/loss for the year		-8.170.145	-6.121.538

Distribution of profit

Proposed distribution of profit

Retained earnings		-8.170.145	-6.121.538
		-8.170.145	-6.121.538

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Completed development projects		9.781.332	6.785.924
Development projects in progress		0	2.076.619
Intangible assets	5	9.781.332	8.862.543
Other fixtures and fittings, tools and equipment		102.453	78.952
Leasehold improvements		48.896	62.147
Property, plant and equipment	6	151.349	141.099
Investments in subsidiaries	7	199.204	199.204
Deposits		67.000	67.000
Fixed asset investments		266.204	266.204
Fixed assets		10.198.885	9.269.846
Trade receivables		1.277.382	990.301
Receivables from group enterprises		1.039.994	318.107
Other receivables		15.623	22.199
Corporation tax		1.263.607	1.100.000
Prepayments		39.033	241.943
Receivables		3.635.639	2.672.550
Cash at bank and in hand		762.123	1.009.935
Currents assets		4.397.762	3.682.485
Assets		14.596.647	12.952.331

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		645.834	606.062
Reserve for development costs		6.897.985	5.449.877
Retained earnings		-320.265	-3.538.149
Equity	8	<u>7.223.554</u>	<u>2.517.790</u>
Provision for deferred tax		0	469.456
Provisions		<u>0</u>	<u>469.456</u>
Payables to associates		0	6.695.670
Long-term debt	9	<u>0</u>	<u>6.695.670</u>
Credit institutions		71.509	0
Trade payables		625.478	444.320
Payables to group enterprises		102.083	154.652
Payables to associates	9	4.793	0
Other payables		1.912.740	473.611
Deferred income		4.656.490	2.196.832
Short-term debt		<u>7.373.093</u>	<u>3.269.415</u>
Debt		<u>7.373.093</u>	<u>9.965.085</u>
Liabilities and equity		<u>14.596.647</u>	<u>12.952.331</u>
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	606.062	0	5.449.877	-3.538.149	2.517.790
Cash capital increase	39.772	12.836.137	0	0	12.875.909
Development costs for the year	0	0	4.355.258	-4.355.258	0
Depreciation, amortisation and impairment for the year	0	0	-2.907.150	2.907.150	0
Net profit/loss for the year	0	0	0	-8.170.145	-8.170.145
Transfer from share premium account	0	-12.836.137	0	12.836.137	0
Equity at 31 December	645.834	0	6.897.985	-320.265	7.223.554

Notes to the Financial Statements

	2018	2017
	DKK	DKK
1 Staff expenses		
Wages and salaries	8.173.344	2.805.713
Other social security expenses	77.453	35.533
Other staff expenses	8.626	7.674
	<u>8.259.423</u>	<u>2.848.920</u>
Average number of employees	<u>10</u>	<u>6</u>
2 Financial income		
Interest received from group enterprises	0	1.610
Other financial income	505	0
Exchange adjustments	676	0
Exchange gains	62.287	0
	<u>63.468</u>	<u>1.610</u>
3 Financial expenses		
Interest paid to associates	157.100	349.887
Other financial expenses	18.657	211
Exchange adjustments, expenses	0	3.413
Exchange loss	81.722	27.585
	<u>257.479</u>	<u>381.096</u>
4 Tax on profit/loss for the year		
Current tax for the year	-1.263.607	-1.100.000
Deferred tax for the year	-469.456	-220.006
Adjustment of tax concerning previous years	108.895	-281.308
	<u>-1.624.168</u>	<u>-1.601.314</u>

Notes to the Financial Statements

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK	Total DKK
Cost at 1 January	9.528.161	2.076.619	11.604.780
Additions for the year	0	5.583.666	5.583.666
Transfers for the year	7.660.285	-7.660.285	0
Cost at 31 December	17.188.446	0	17.188.446
Impairment losses and amortisation at 1 January	2.742.237	0	2.742.237
Amortisation for the year	4.664.877	0	4.664.877
Impairment losses and amortisation at 31 December	7.407.114	0	7.407.114
Carrying amount at 31 December	9.781.332	0	9.781.332
Amortised over	3 years		

Development projects relate to the development of the company's IT platform, which is the foundation for future earnings. The company continuously develops on the IT platform as well as new add-ons. The development is proceeding as planned using the resources allocated by the management to the development.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	102.275	66.257	168.532
Additions for the year	61.694	0	61.694
Cost at 31 December	163.969	66.257	230.226
Impairment losses and depreciation at 1 January	23.323	4.110	27.433
Depreciation for the year	38.193	13.251	51.444
Impairment losses and depreciation at 31 December	61.516	17.361	78.877
Carrying amount at 31 December	102.453	48.896	151.349
Depreciated over	3-5 years	5 years	

Notes to the Financial Statements

	2018 DKK	2017 DKK
7 Investments in subsidiaries		
Cost at 1 January	199.204	0
Additions for the year	0	199.204
Cost at 31 December	199.204	199.204
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	199.204	199.204

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
LEAPWORK India Pvt Ltd.	Delhi, Indien	199.204	100%
LEAPWORK LLC	San Francisco, USA	0	100%

8 Equity

The share capital consists of 645,834 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2018 DKK	2017 DKK	2016 DKK	2015 DKK
Share capital at 1 January	606.062	500.000	500.000	500.000
Capital increase	39.772	106.062	0	0
Capital decrease	0	0	0	0
Share capital at 31 December	645.834	606.062	500.000	500.000

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2018</u> DKK	<u>2017</u> DKK
Payables to associates		
Between 1 and 5 years	0	6.695.670
Long-term part	0	6.695.670
Other short-term debt to associates	4.793	0
	<u>4.793</u>	<u>6.695.670</u>

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has entered into rental commitments amounting to DKK 94,647 in the non-cancellable period.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of LEAPWORK A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

11 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

Balance Sheet

Intangible assets

Development costs comprise costs which are directly or indirectly attributable to the Company's development activities.

Development costs that are clearly defined and identifiable and in respect of which a potential future market or development opportunity in the enterprise can be demonstrated are recognised as intangible assets if sufficient certainty exists that the value in use of future earnings can cover payroll expenses, selling costs and administrative expenses as well as the development costs.

Development costs that do not qualify for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or impairment loss and the recoverable amount. Amortisation is calculated on a straight-line basis over the expected useful life of three years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

11 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

11 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.