

Catacap II K/S

c/o Bruun & Hjejle
Nørregade 21
1165 København K

CVR no. 38 71 47 08

Annual report 2017

The annual report was presented and approved at the
Company's annual general meeting

on 17 May 2018



chairman of the annual general meeting

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Catacap II K/S
Annual report 2017
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Statement by the General Partner

The General Partner have today discussed and approved the annual report of Catacap II K/S for the financial year 13 June – 31 December 2017.

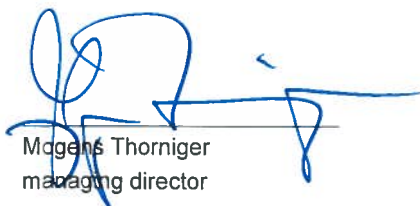
The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's activities for the financial year 13 June – 31 December 2017.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Hellerup, 17 May 2018
CataCap General Partner II ApS



Mogens Thorniger
managing director



Independent auditor's report

To the limited partners of Catacap II K/S

Conclusion

We have audited the financial statements of Catacap II K/S for the financial year 13 June – 31 December 2017, comprising income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Company. The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 13 June – 31 December 2017 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Independent auditor's report

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 Fund or 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 as to 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 in Denmark will always detect a material misstatement when it exists.

Misstatements may 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 financial statement users taken on the basis of these consolidated financial statements and parent company 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
- 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities. We remain solely responsible for our audit opinion.



Independent auditor's report

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.

Copenhagen, 17 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink that reads 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant
MNE-no. 15839

A handwritten signature in blue ink that reads 'Mark Palmberg'.

Mark Palmberg
State Authorised
Public Accountant
MNE-no. 34319

Management's review

Operating review

Principal activities

CataCap II K/S is a private equity fund established on 13 June 2017. CataCap II K/S is investing in Danish SMEs characterised by a significant development potential and an innovative business model with long-term sustainability.

The Company has an agreement with Catacap Management A/S in respect of investment advisory and administration services.

Uncertainty regarding recognition and measurement

Catacap II K/S' statement of financial position consists primarily of equity investments in the fund's portfolio companies recognised at estimated fair value. The valuation of the portfolio companies reflects the current and expected performance of the individual companies as well as multiples of a defined peer group. The value is not realised until the exit of the portfolio company.

Unusual circumstances

No unusual circumstances have affected the Company's activities during the year.

Development in activities and financial matters

The Company's financial position and the results for the year will be shown in the following income statement for the financial year 13 June – 31 December 2017 and the statement of financial position at 31 December 2017.

The past year

Since inception in 2017, Catacap II K/S has made one platform investment – Languagewire A/S. Catacap will hold the majority of votes in all portfolio companies.

The investment is held at the cost price of DKK 0.5 million for the part that is owned by Catacap II K/S. (Investment is bridge financed until summer of 2018).

Languagewire A/S was acquired in June 2017. The company provides translation services via workflow systems to customers mainly in Northern Europe. The company has 112 employees. The company has developed satisfactorily for the first year.

Capital resources

CataCap II K/S is financially backed by investors where the total committed capital amount to DKK 1,139 million.

The result for the year amounts to DKK -16.4 million. The result is in accordance with Management's expectations.

Management's review

Employees

There have been no employees in the Company during the period.

Capital loss

The Company expects to re-establish the equity in 2018 through capital increase (drawdowns) from committed investors.

Subsequent events

At May 2018, the Company has completed the second platform investment Rekom A/S. This has no impact on the financial statements at 31 December 2017.

Besides this, no significant events have occurred after the statement of financial position date that could influence the evaluation of the annual report.

Outlook

As previously stated, the valuation of the portfolio companies depends on a number of factors. Due to the uncertainties related to these factors, Management refrains from giving an outlook for 2018.

Financial statements 13 June – 31 December

Statement of comprehensive income

| DKK'000 | Note | 2017 |
|---|------|----------------|
| Value adjustment of investments in subsidiaries | 3 | 0 |
| Administrative expenses | | -16,376 |
| Operating profit | | -16,376 |
| Financial expenses | | -7 |
| Profit for the year/total comprehensive income | | -16,383 |

Financial statements 13 June – 31 December

Statement of financial position

| DKK'000 | Note | 2017 |
|--|------|---------|
| ASSETS | | |
| Fixed assets | | |
| Investments | | |
| Investments in subsidiaries | 3 | 500 |
| | | 500 |
| Total fixed assets | | 500 |
| Current assets | | |
| Cash at bank and in hand | | 0 |
| Total current assets | | 0 |
| TOTAL ASSETS | | 500 |
| EQUITY AND LIABILITIES | | |
| Equity | 4 | |
| Share capital | | 0 |
| Retained earnings | | -16,383 |
| Total equity | | -16,383 |
| Liabilities | | |
| Current liabilities other than provisions | | |
| Banks | | 5,465 |
| Payables to subsidiaries | | 61 |
| Other payables | | 11,357 |
| | | 16,883 |
| Total liabilities other than provisions | | 16,883 |
| TOTAL EQUITY AND LIABILITIES | | 500 |
| Capital loss | 2 | |
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Financial statements 13 June – 31 December

Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Total |
|---|------------------|----------------------|----------------|
| Equity at 13 June 2017 | 0 | 0 | 0 |
| Total comprehensive income for the period | 0 | -16,383 | -16,383 |
| Balance at 31 December 2017 | <u>0</u> | <u>-16,383</u> | <u>-16,383</u> |

Financial statements 13 June – 31 December

Cash flow statement

| DKK'000 | Note | 2017 |
|--|------|---------------|
| Profit for the year | | -16,383 |
| Change in working capital | | 11,357 |
| Cash flows from operating activities | | -5,026 |
| Investments – total consideration paid | | -500 |
| Cash flows from investing activities | | -500 |
| Loans from subsidiaries | | 61 |
| Cash flows from financing activities | | 61 |
| Cash flows for the year | | -5,465 |
| Cash and cash equivalents at the beginning of the year | | 0 |
| Cash and cash equivalents at year end | | -5,465 |

Financial statements 13 June – 31 December

Notes

1 Accounting policies

The financial statements of Catacap II K/S for 2017 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to reporting class B entities under the Danish Financial Statements Act.

These financial statements are the Company's first financial statements presented in accordance with IFRS.

Basis of preparation

The annual report for 2017 is presented in DKK rounded to '000. DKK is the functional currency.

The financial statements were authorised for issue by the Board of Directors on 17 May 2018.

Investment entity

The Company has multiple unrelated investors and holds multiple investments. Ownership interests in the Company are in the form of limited partnership interests. The Company meets the definition of an investment entity in accordance with IFRS 10 as the following conditions exist:

- The Company has obtained funds for the purpose of providing investors with professional investment management services;
- The Company's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
- The investments are measured and evaluated on a fair value basis.

In accordance with IFRS 10, the Company does not consolidate its subsidiaries and does not apply IFRS 3 when obtaining control over a new investment.

Foreign currency translation

The Company's functional currency is DKK. Transactions denominated in foreign currencies are translated at the exchange rates at the date of the transaction.

Receivables, liabilities and other items in foreign currencies which have not been settled at the statement of financial position date are translated at the exchange rates at the statement of the financial position date.

Realised and unrealised exchange rate adjustments are included in the income statement as financial income or financial expenses.

Income statement

Administrative expenses

Administrative expenses comprise payments to Catacap Management ApS for investment advisory and administrative services.

Financial statements 13 June – 31 December

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the reporting period. Financial income and expenses include interest income and expense and realised and unrealised exchange rate gains and losses on foreign currency transactions.

Income tax

The Company is transparent for tax purposes and thus not independently liable to income tax. Consequently, income tax has not been recognised.

Statement of financial position

Investments in subsidiaries

Investments in subsidiaries are measured at fair value at the statement of the financial position date. Value adjustments are recognised in the income statement.

Receivables

Receivables are measured at amortised cost. Write-down for bad debt is based on an individual assessment of receivables.

Liabilities

Liabilities are measured at amortised cost.

Financial statements 13 June – 31 December

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2 Capital loss

At 31 December 2017, the Company has lost its share capital and the Company is thus subject to the capital loss provisions of Danish company law. Equity is expected to be re-established in 2018 through contributed capital from investors.

3 Investments in subsidiaries

All investments in subsidiaries are classified within level 3 as observable valuation inputs are not available for these investments.

The movements within level 3 during the year were as follows:

| DKK'000 | 2017 |
|--|------------|
| Opening balance 13 June | 0 |
| Investments during the year | 500 |
| Gains/losses recognised in profit and loss | 0 |
| Closing balance at 31 December | 500 |

All value adjustments are included in "value adjustment of subsidiaries" in the statement of comprehensive income.

Investments in subsidiaries are specified as follows:

| DKK'000 | Registered office | Share capital | Votes and ownership | Equity | Profit/loss for the year |
|---------------------|------------------------|---------------|---------------------|--------|--------------------------|
| 31 December 2017 | | | | | |
| CC Lingo Invest ApS | Frederiksberg, Denmark | 50 | 100% | 39,638 | 1,830 |

Financial statements 13 June – 31 December

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3 Investments in subsidiaries (continued)

CataCap carries out valuations of investments quarterly with the objective to provide investors with a Fair Market Value (FMV) estimate of their equity investments. CataCap follows the valuation guidelines published by International Private Equity and Venture Capital Board (IPEV) or Private Equity Industry Guidelines Group (PEIGG) as recommended by Danish Venture Capital and Private Equity Association (DVCA).

Valuation principles and methods

In estimating the FMV of an investment, CataCap strives to apply techniques that take into account the nature, facts and circumstances of the investments using current market data and inputs.

When valuing the portfolio companies, CataCap seeks to select the valuation technique that is most appropriate for the specific investment in question. The techniques that CataCap considers include:

- Price of recent investment
- Multiples.

Although each valuation technique may have its merits under different circumstances, CataCap will generally consider 'Price of recent investment' or 'Multiples' as the most appropriate method for assessing the FMV of an investment that is making adequate returns. More specifically, 'Price of recent investment' will typically be the best indicator of FMV short-term, while 'Multiples' typically will be applied medium to long-term.

When applying a 'Multiples'-based approach, CataCap will seek to use companies that are comparable in terms of risk attributes and with prospective growth in earnings. This is often more likely when the companies are comparable in terms of business activities, markets served, size, geography and applicable tax rate. Further, CataCap will generally favour 'Multiples' that are based on forward-looking financial earnings to the extent that data is available and reliable. In order to ensure that the financial earnings applied are maintainable, CataCap will also seek to adjust for non-recurring items.

To ensure consistency, CataCap seeks to limit changes to the peer group (i.e. same peers and weight) since entry in order to ensure that

- the FMV of the investment mirrors the relative change in the peer group, and
- to ensure traceability/comparability across valuation dates.

Below are listed the main assumptions used in the valuation models, including unobservable inputs:

| | Interval for EBITDA multiples used | Weighted average between the actual audited EBITDA and budget for 2017 |
|---------------------|--|--|
| Used multiples 2017 | 7.4 | 7.4 |

Financial statements 13 June – 31 December

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4 Equity

The stated contributed capital represents the limited partners' total equity contribution. The capital is divided into limited partnership shares of DKK 1. Catacap II K/S has a total committed capital of DKK 1,139,433 thousand.

The objective of the Partnership is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies operating mainly in Denmark.

The Company's objective is a return on the invested capital, as the portfolio companies have exited. Dividends are then paid out to the limited partners in line with receipt of proceeds.

5 Financial instruments

Due to the Company's activities, it is only exposed to a limited variety of financial risks.

The Company has no significant transactions in foreign currencies.

The Company has no debt other than normal credit facilities (DKK 5,465 thousand at 31 December 2017) and, accordingly, the Company is not subject to significant liquidity risk or interest rate risk.

Furthermore, the Company has no significant concentration of credit risk. The Company assesses all counterparties, including its partners, for credit risk before contracting with them. The Company does not obtain any collateral or other credit risk enhancers, which may reduce the Partnership's exposure.

The Company does not use derivative financial instruments to moderate certain risk exposures.

6 Related parties and ownership

The Company's related parties consists of:

Catacap Management A/S provides investment advisory and administration services to Catacap II K/S.

Other related parties

The Company's other related parties consist of:

— CataCap General Partner II ApS who has entered into investment advisory and administration agreements with Catacap Management A/S and CataCap Dm II ApS

— Subsidiaries, with whom transactions are presented in the statement of financial position on page 10.

Financial guarentees

Catacap II K/S is a guarantor of a loan on nominal value of DKK 72,500 thousand issued to CC Lingo Invest ApS.

Transactions

Transactions with related parties are carried out on an arm's lenght basis.

| DKK'000 | 2017 |
|------------------------------------|---------------|
| General partner | |
| Investment and administration fees | 10,133 |
| | <u>10,133</u> |

Financial statements 13 June – 31 December

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7 Significant accounting estimates and judgements

In connection with the preparation of the financial statements, Management makes accounting estimates and judgements that affect the assets and liabilities reported at the reporting date as well as the income and expenses reported for the financial period. In accordance with the requirements of IFRS, Management reassesses these estimates and judgements based on a number of factors and criteria relevant to the given circumstances.

The valuation of investments in subsidiaries at fair value includes assumptions made about the future and other sources of estimation uncertainty at the end of the reporting period. Information about the valuation techniques, key inputs and sensitivity information are disclosed in note 2.

No significant judgements, apart from those involving estimations, have been made in the process of applying the Company's accounting policies.

8 New accounting regulation

At the date of the presentation of this annual report, a number of new or amended standards and interpretations exist that have not yet become effective and therefore are not applied when preparing the financial statements for 2017.

The new standards and interpretations will be implemented as they become mandatory.

It is Management's assessment that none of these will significantly affect the Company's financial statements for the coming financial years.