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LANGULIZE A/S
Nitivej 10, 1.
2000 Frederiksberg
Business Registration No
34092567

Annual report 2018

The Annual General Meeting adopted the annual report on 19.03.2019

Chairman of the General Meeting

____
Name: Lars Olesen

Contents

Entity details

Entity
LANGULIZE A/S
Nitivej 10, 1.
2000 Frederiksberg

Central Business Registration No (CVR): 34092567
Registered in: Frederiksberg
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Henrik Wilsbech Lottrup
Lars Olesen
Stig Jørgensen

Executive Board
Stig Jørgensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LANGULIZE 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.

Copenhagen, 19.02.2019

Executive Board

Stig Jørgensen

Board of Directors

Henrik Wilsbech Lottrup	Lars Olesen	Stig Jørgensen

Independent auditor's report

To the shareholder of LANGULIZE A/S

Opinion

We have audited the financial statements of LANGULIZE 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, 19.02.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Management commentary

Primary activities

The Company's main activity is to develop and dispose of software and related services

Development in activities and finances

The income statement of the Company for 2018 shows a loss of DKK –4.645.591. At 31 December 2018, the balance sheet of the Company shows Equity of DKK -2.970.041. The management is aware of the Company's negative equity as of 31 December 2018, and the rules applied according to the Danish Company Act section 119. The Company will in 2019 merge with the Parent Company, Languagewire A/S.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	Notes	2018 DKK	2017 DKK
Gross profit		**1.669.208**	**1.935.300**
Staff costs	1	(3.179.210)	(4.013.481)
Depreciation, amortisation and impairment losses	2	(4.443.578)	(3.311.291)
Operating profit/loss		**(5.953.580)**	**(5.389.472)**
Other financial expenses		(3.821)	(1.996)
Profit/loss before tax		**(5.957.401)**	**(5.391.468)**
Tax on profit/loss for the year	3	1.311.810	1.186.517
Profit/loss for the year		**(4.645.591)**	**(4.204.951)**
Proposed distribution of profit/loss			
Retained earnings		(4.645.591)	(4.204.951)
		(4.645.591)	**(4.204.951)**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Completed development projects		15.982.335	14.572.245
Development projects in progress		658.804	0
Intangible assets	4	**16.641.139**	**14.572.245**
Other fixtures and fittings, tools and equipment		301.397	371.304
Property, plant and equipment	5	**301.397**	**371.304**
Fixed assets		**16.942.536**	**14.943.549**
Other receivables		0	734.759
Income tax receivable		506.640	1.654.100
Prepayments		30.105	0
Receivables		**536.745**	**2.388.859**
Cash		**7.362**	**32.861**
Current assets		**544.107**	**2.421.720**
Assets		**17.486.643**	**17.365.269**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital		500.000	500.000
Reserve for development expenditure		11.482.874	10.388.315
Retained earnings		(14.952.915)	(9.212.765)
Equity		**(2.970.041)**	**1.675.550**
Deferred tax		2.397.670	3.202.840
Provisions		**2.397.670**	**3.202.840**
Trade payables		10.841	181.487
Payables to group enterprises		16.981.287	11.142.490
Other payables		1.066.886	1.162.902
Current liabilities other than provisions		**18.059.014**	**12.486.879**
Liabilities other than provisions		**18.059.014**	**12.486.879**
Equity and liabilities		**17.486.643**	**17.365.269**
Contingent liabilities	6		
Assets charged and collateral	7		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	10.388.315	(9.212.765)	1.675.550
Transfer to reserves	0	1.094.559	(1.094.559)	0
Profit/loss for the year	0	0	(4.645.591)	(4.645.591)
Equity end of year	**500.000**	**11.482.874**	**(14.952.915)**	**(2.970.041)**

Notes

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	2.971.832	3.708.100
Pension costs	174.319	251.550
Other social security costs	17.038	26.074
Other staff costs	16.021	27.757
	3.179.210	**4.013.481**
Average number of employees	**3**	**4**

	2018 DKK	2017 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.326.656	3.218.377
Depreciation of property, plant and equipment	116.922	92.914
	4.443.578	**3.311.291**

	2018 DKK	2017 DKK
3. Tax on profit/loss for the year		
Current tax	(506.640)	(1.654.100)
Change in deferred tax	(803.988)	467.583
Adjustment concerning previous years	(1.182)	0
	(1.311.810)	**(1.186.517)**

Notes

	Completed development projects DKK	Development projects in progress DKK
4. Intangible assets		
Cost beginning of year	24.705.192	0
Transfers	5.736.746	(5.736.746)
Additions	0	6.395.550
Cost end of year	**30.441.938**	**658.804**
Amortisation and impairment losses beginning of year	(10.132.947)	0
Amortisation for the year	(4.326.656)	0
Amortisation and impairment losses end of year	**(14.459.603)**	**0**
Carrying amount end of year	**15.982.335**	**658.804**

Development projects
Development projects relates to the development of new versions of the company's existing software products and the development of new products. Projects are divided into three categories:

1) The LanguageWire platform
2) Customer Integration Products
3) Other projects

Five new projects were added in 2018. Three new products under the LanguageWire platform and two new Connectors under the category Customer Integration Products.

A Live Translation module was finished and implemented towards all customers and translators using the platform, enabling customers to order small text pieces with up to 100 words in 30 minutes. Our translators benefit from the solution by saving time to handle small jobs.

The Message Conversation module were developed during 2018 and will be implemented in the beginning of 2019. The module will enhance the communication between all involved stakeholders, and increase both efficiency and quality.

The last implemented project in the LanguageWire platform is a bundle of functionality for both customers and translators. Some of the key elements are GDPR functionality, Customer Dashboard and services for enable the use of Machine Translation.

A connector Plugin for ClayTablet were developed in 2018, and will be implemented in the beginning of 2019.

The connector to a PIM system was developed together with a partner during 2017 and was finalized and implemented during 2018, enabling integration through InRiver Web Browser.

Notes

The projects are progressing as planned using the resources Management has assigned to this development. The software is marketed in existing markets for the company's existing customers as well as for new customers and new markets.

Prior to launching the projects, the company has examined with customers and partners the need for these solutions.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	746.162
Additions	47.015
Cost end of year	**793.177**
Depreciation and impairment losses beginning of year	(374.858)
Depreciation for the year	(116.922)
Depreciation and impairment losses end of year	**(491.780)**
Carrying amount end of year	**301.397**

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which "Languagewire Holding A/S", Central Business Registration No 38608924, serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2017 for income taxes etc and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The Entity has previously participated in a Danish joint taxation arrangement with "HWL HOLDING ApS", Central Business Registration No 25399722, as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable until 30 June 2017 for income taxes etc and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

7. Assets charged and collateral

The Company has provided a guarantee of payment for third parties in relation to all debt witnin the Lanugaugewire Group, amounts DKK 31.000.000.

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 financial statements are consistent with those applied last year.

The financial statements for 2018 are presented in DKK.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. 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 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 intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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.

Balance sheet

Intellectual property rights etc

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company's development activities.

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. This applies if sufficient certainty exists that the value in use

Accounting policies

of future earnings can cover distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2018. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Property, plant and equipment

Property, plant and equipment as well as 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	3-5 years

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.

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Accounting policies

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 or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.