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

Annual report 2017

The Annual General Meeting adopted the annual report on 16.03.2018

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
Founded: 28.12.2011
Registered in: Frederiksberg
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Henrik Wilsbech Lottrup, chairman
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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Frederiksberg, 21.02.2018

Executive Board

Stig Jørgensen

Board of Directors

Henrik Wilsbech Lottrup chairman	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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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.

Independent auditor's report

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.

Independent auditor's report

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.

København, 21.02.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) 33276

Management commentary

Primary activities

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

Development in activities and finances

The income statement of the Company for 2017 shows a loss of DKK -4,204,951. At 31 December 2017, the balance sheet of the Company shows equity of DKK 1,675,550. In 2017, equity was increased by a debt relief of DKK 3,000,000 from the Parent Company. The Parent Company has signed a letter of support to the Company.

Income statement for 2017

	Notes	2017 DKK	2016 DKK
Gross profit		**1.935.300**	**6.814.563**
Staff costs	1	(4.013.481)	(2.370.195)
Depreciation, amortisation and impairment losses	2	(3.311.291)	(465.467)
Operating profit/loss		**(5.389.472)**	**3.978.901**
Other financial income		0	270
Other financial expenses		(1.996)	(4.238)
Profit/loss before tax		**(5.391.468)**	**3.974.933**
Tax on profit/loss for the year	3	1.186.517	(865.222)
Profit/loss for the year		**(4.204.951)**	**3.109.711**
Proposed distribution of profit/loss			
Retained earnings		(4.204.951)	3.109.711
		(4.204.951)	**3.109.711**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Completed development projects		14.572.245	6.238.662
Development projects in progress		0	6.243.685
Intangible assets	4	**14.572.245**	**12.482.347**
Other fixtures and fittings, tools and equipment		371.304	222.608
Property, plant and equipment	5	**371.304**	**222.608**
Fixed assets		**14.943.549**	**12.704.955**
Other receivables		734.759	183.982
Income tax receivable		1.654.100	1.595.446
Prepayments		0	8.990
Receivables		**2.388.859**	**1.788.418**
Cash		**32.861**	**19.709**
Current assets		**2.421.720**	**1.808.127**
Assets		**17.365.269**	**14.513.082**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		500.000	500.000
Reserve for development expenditure		10.388.315	8.964.102
Retained earnings		(9.212.765)	(6.583.601)
Equity		**1.675.550**	**2.880.501**
Deferred tax		3.202.840	2.735.257
Provisions		**3.202.840**	**2.735.257**
Trade payables		181.487	58.497
Payables to group enterprises		11.142.490	8.003.300
Other payables		1.162.902	835.527
Current liabilities other than provisions		**12.486.879**	**8.897.324**
Liabilities other than provisions		**12.486.879**	**8.897.324**
Equity and liabilities		**17.365.269**	**14.513.082**
Contingent liabilities	6		
Assets charged and collateral	7		
Group relations	8		

Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	8.964.102	(6.583.601)	2.880.501
Other entries on equity	0	0	3.000.000	3.000.000
Transfer to reserves	0	1.424.213	(1.424.213)	0
Profit/loss for the year	0	0	(4.204.951)	(4.204.951)
Equity end of year	**500.000**	**10.388.315**	**(9.212.765)**	**1.675.550**

Other entries on equity consist of debt relief from the Parent Company.

Notes

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	3.708.100	4.402.658
Pension costs	251.550	310.214
Other social security costs	26.074	35.926
Other staff costs	27.757	81.847
Staff costs classified as assets	0	(2.460.450)
	4.013.481	**2.370.195**
Average number of employees	**4**	**5**

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.218.377	377.576
Depreciation of property, plant and equipment	92.914	87.891
	3.311.291	**465.467**

	2017 DKK	2016 DKK
3. Tax on profit/loss for the year		
Current tax	(1.654.100)	(1.595.446)
Change in deferred tax	467.583	2.460.668
	(1.186.517)	**865.222**

Notes

	Completed development projects DKK	Development projects in progress DKK
4. Intangible assets		
Cost beginning of year	13.153.232	6.243.685
Transfers	11.551.960	(11.551.960)
Additions	0	5.308.275
Cost end of year	**24.705.192**	**0**
Amortisation and impairment losses beginning of year	(6.914.570)	0
Amortisation for the year	(3.218.377)	0
Amortisation and impairment losses end of year	**(10.132.947)**	**0**
Carrying amount end of year	**14.572.245**	**0**

Development projects

Development projects relate 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 2017. Two new products under the LanguageWire platform and three new Connectors under the category Customer Integration Products.

A workflow and UI project was finished and implemented for all customers using the platform, enabling customers to bundle related tasks and reuse workflows for them to save time and increase efficiency. A new translation and editing tool was launched in the autumn 2017. The so called SmartEditor can be used by both customers and translators. It is very strong on smaller jobs, and is optimised for working with input from Machine Translation.

A new connector, Plugins, for the two major CMS systems EPIserver and TYPO3 was developed in 2017. The EPIserver connector was launched in autumn 2017 and TYPO3 will be launched in spring 2018. A connector to a PIM system was developed together with a partner in 2017, enabling integration through the InRiver Web Browser.

Notes

4. Intangible assets (continued)

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	504.552
Additions	241.610
Cost end of year	**746.162**
Depreciation and impairment losses beginning of year	(281.944)
Depreciation for the year	(92.914)
Depreciation and impairment losses end of year	**(374.858)**
Carrying amount end of year	**371.304**

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which "CC Lingo Invest ApS", Central Business Registration No 38601024, 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.

Notes

7. Assets charged and collateral

Collateral provided for group enterprises

The Parent Company has provided security for all bank balances of Langulize A/S. At 31 December 2017, bank balances totalled DKK 32,861.

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

CC Lingo Invest ApS, Frederiksberg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Languagewire Holding A/S, Frederiksberg

Accounting policies

Reporting class

This annual report of Langulize A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements for 2017 are presented in DKK.

Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial asset 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 amortisation, depreciation, provisions and reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. 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. 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 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. 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.

Accounting policies

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income is recognised in the income statement at the amounts relating to the financial year.

Other financial expenses

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

Accounting policies

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish affiliated companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

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 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 2017. 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 are measured at cost less accumulated depreciation and less any accumulated 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.

Accounting policies

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 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.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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 in the basis of the intended use of the asset and settlement of the liability, respectively.

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.

Accounting policies

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.