
Languagewire A/S

Nitivej 10, 1., DK-2000 Frederiksberg

**Annual Report for 1 January - 31
December 2020**

CVR No 25 56 78 46

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/3 2021

Søren Bech Justesen
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 Languewire A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 23 February 2021

Executive Board

Søren Bech Justesen

Board of Directors

Jens Albert Harsaae
Chairman

Rasmus Philip Buhl Lokvig
Deputy Chairman

Henrik Wilsbech Lottrup

Gert Sylvest

Carsten Nygaard Knudsen

Merete Søby

Jens Jørgen Hahn-Petersen

Kirsten Maria Haitz

Independent Auditor's Report

To the Shareholders of Languagewire 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Languagewire A/S for the financial year 1 January - 31 December 2020, 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

- 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.

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, 23 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Baunkjær Andersen

statsautoriseret revisor

mne35483

Mads Haugegaard Albrechtsen

statsautoriseret revisor

mne45846

Company Information

The Company

Languagewire A/S
Nitivej 10, 1.
DK-2000 Frederiksberg

CVR No: 25 56 78 46

Financial period: 1 January - 31 December

Municipality of reg. office: Frederiksberg

Board of Directors

Jens Albert Harsaae , Chairman
Rasmus Philip Buhl Lokvig
Henrik Wilsbech Lottrup
Gert Sylvest
Carsten Nygaard Knudsen
Merete Søby
Jens Jørgen Hahn-Petersen
Kirsten Maria Haitz

Executive Board

Søren Bech Justesen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	81.084	44.023	30.609	47.070	34.243
Profit/loss before financial income and expenses	17.013	7.595	10.601	20.242	9.821
Net financials	-11.904	-19.963	-624	-604	6.375
Net profit/loss for the year	3.549	-10.930	6.802	15.192	13.879
Balance sheet					
Balance sheet total	468.688	383.183	296.192	48.531	40.226
Equity	14.178	11.779	24.651	24.885	25.042
Investment in property, plant and equipment	591	1.378	1.192	88	284
Number of employees	41	30	28	37	36
Ratios					
Return on equity	27,3%	-60,0%	27,5%	60,9%	55,4%
Equity ratio	2,3%	3,1%	8,3%	51,3%	62,3%

Explanation of financial ratios, see accounting policies.

Management's Review

Primary activities and business model

LanguageWire is one of the world's top Language Service Providers (LSPs), helping enterprises engage and communicate with any audience across the globe.

Since its founding in 2000, LanguageWire has pursued its vision of making global communications smarter and more efficient by providing access to the necessary people and technology. This vision continues to drive LanguageWire's growth in the market.

LanguageWire offers a language management ecosystem which combines bespoke AI technology and human expertise to deliver translations, editing, desktop publishing, and other multilingual communication services with ease and efficiency. Adapting solutions to client needs, LanguageWire integrates with client-specific tech stacks, streamlines and automates workflows, and ensures all data is protected thoroughly in a secure infrastructure.

With 15 offices across three continents, over 330 employees, and a network of more than 7,000 industry-specific language experts, LanguageWire is committed to the worldwide success of its clients. LanguageWire serves more than 3,000 clients and has achieved notable recognition in the B2B domain as one of the top-25 LSPs in the world.

LanguageWire has earned its reputation as a trusted partner for many global enterprises by delivering solutions according to best practice security processes, and incorporating an industry-leading, private cloud infrastructure which protects their interests. As such, LanguageWire's solutions are delivered according to ISO 9001, ISO 17100, ISO 27001 and ISO 18587 for Post Editing Machine Translation (PEMT).

The Group operates in a highly fragmented market with a size ranging from USD 24-57 billion depending on the definition.

More information about LanguageWire can be found on the Group's website at www.languagewire.com.

Development in the year

2020 was a satisfactory year for LanguageWire. The Covid-19 pandemic with subsequent lock-down of societies around the world affected LanguageWire significantly in second and third quarter of 2020. This was mitigated by the 'born digital' business model of LanguageWire and the high customer diversification to which LanguageWire performs business critical services. A strong finish beginning from the end of the third quarter of 2020 resulted in overall positive revenue and earnings growth.

Management's Review

Key highlights in 2020 were:

- The planned transition from the founder of LanguageWire Henrik Wilsbech Lottrup as Chief Executive Officer (CEO) to former Chief Financial Officer (CFO) Søren Bech Justesen. Henrik continues to be a trusted advisor and non-executive Board member of LanguageWire.
- LanguageWire welcomed Klaus Hosbond Skovrup as the new CFO.
- Participation in government relief packages (postponement of VAT, other taxes and Kurzarbeit in Germany) where feasible which adversely will impact cash flow in 2021.
- On-boarded more than 30 new customers in LanguageWire's Best Fit Customer (BFC) segment.
- Achieved a Net Promoter Score (NPS) of above 50 based on more than 1,200 responses from customers. NPS measures the how likely it is that customers will recommend LanguageWire to a friend or colleague. Any score above 0 is good, above 20 is favourable and above 50 is excellent.
- The company introduced a new commercial organisation which is aligned to the 'Customer Success' framework. I.e. in 2021, the organization will cater to the customer journey and secure that new features, services and products are well introduced and implemented for customers.
- LanguageWire completed the migration of customers into the LanguageWire platform from other acquired platforms with less than a handful of customers remaining on legacy platforms.
- LanguageWire continued to invest significantly in software development and technology. During 2020, machine translation was rolled out, which further automated content workflows for customers, language experts and the company. Additionally, the beta version of LanguageWire Translate was launched which is a Software as a Service (SaaS) translation tool, which also will optimise customers' own content creation workflows in a secure environment
- LanguageWire also increased investments in security and quality, deeply imbedded in the company's DNA and processes. In 2020 the company obtained the ISO 27001 certification and ISO 18587 for Post Editing Machine Translation (PEMT) - something only a handful of peers in the language industry have achieved. This come on top of our existing ISO certifications; ISO 17100 and ISO 9001.
- LanguageWire's strategy was assessed and an updated ambition towards 2025 was established.
- The company continued stream-lining the legal structure by merging its two Swedish, two German and two UK subsidiaries into one legal entity in each country.

Looking towards 2021, LanguageWire is well-positioned to continue its growth based on its industry-leading platform and tech offerings. Both the platform and the organisation have been fine-tuned for the next part of the journey, and management expects growth in both new and existing markets.

Management's Review

Financial performance

In 2020 gross profit increased by 84,2% to DKK 81 million. This was despite the Covid-19 pandemic and subsequent lock-down of societies around the world which especially affected LanguageWire significantly in second and third quarter. The significant increase in gross profit was driven by realizing synergies from earlier acquisitions, increased roll-out of machine translation and general cost cautiousness.

2020 did not meet the revenue expectations set forth for the group at the beginning of 2020 due to the Covid-19 pandemic, while the EBITDA was met by general cost-cautiousness and further leveraging of technology. Management consider the results for 2020 to be satisfactory and the performance would not have been possible without the strong commitment and loyalty from employees, customers and vendors, and industry-leading technology.

Outlook

In 2021, LanguageWire expects growth in revenue and EBITDA in the range of 5-15 % despite uncertainty in the markets LanguageWire operates in due to the Covid-19 pandemic. The guidance is based on a number of important assumptions, including that business performance, client and competitor behaviour will remain normal.

Corporate governance

By virtue of its private equity ownership, LanguageWire is subject to 'Guidelines for responsible ownership and good corporate governance', as defined by the Danish Venture Capital and Private Equity Association. The guidelines are available at DVCA's website, www.dvca.dk.

The organisation of LanguageWire's management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's articles of association. LanguageWire has based its corporate governance efforts on a two-tier system where the board of directors and the executive management have two distinct roles. The executive management undertakes the operational management of the company, whereas the non-executive board of directors determines the overall company strategy and acts as an active sparring partner to the executive management of the company. The Board ensures that the executive management follows the defined objectives, strategies and business procedures. Feedback from executive management takes place systematically in meetings and through written and verbal reports. The Board considers that this, along with the internal procedures, provides for adequate and effective risk management and appropriate internal controls.

Board meetings follow a fixed schedule with at least five annual meetings. At one of the meetings the strategy including objectives, goals, strategies and measures are defined.

The chairmanship, which consists of the Chairman and the Deputy Chairman of the Board, has a close and continuous dialogue with the daily management of the Company.

Management's Review

The board of directors and executive management

The CEO is Søren Bech Justesen



The composition of the Board is as follows:

Jens Albert Harsaae,
Chairman



Rasmus Philip Buhl Lokvig,
Deputy Chairman



Henrik Wilsbech Lottrup



Jens Jørgen Hahn-Petersen



Gert Sylvest



Carsten Nygaard Knudsen



Merete Søby



Kirsten Haitz



Management's Review

The board of directors and executive management

The board members hold the following positions:

Chairman, Jens Albert Harsaae

Chairman

LanguageWire Holding A/S
LanguageWire A/S
PLUS PACK A/S
INTERNET INTELLIGENCE
HOUSE NORDIC A/S
DANAWEB
INTERNATIONAL A/S
Optimeo A/S
CC Globe Holding I ApS
CC Globe Holding II A/S
Group Online A/S
Plico A/S
JumpStory ApS

Deputy Chairman

CO-RO HOLDING A/S
CO-RO A/S

Board member/CEO

ABACUS MEDICINE A/S
RAKAAS ApS

Deputy Chairman, Rasmus Lokvig, Partner at CataCap Management

Chairman

Deputy Chairman

Board member/CEO

LYNGSOE SYSTEMS
HOLDING A/S
LYNGSOE SYSTEMS A/S

LanguageWire Holding A/S

LanguageWire A/S

CC Globe Holding I ApS
CC Globe Holding II A/S
Optimeo A/S
Group Online A/S
DANAWEB A/S
DANAWEB
INTERNATIONAL A/S
Plico A/S

CATACAP Management A/S

CATACAP GENERAL
PARTNER I ApS
CataCap General Partner II
ApS
CC II Management Invest
2017 GP ApS
CC SKY Invest ApS
LW ManCo ApS
CC Fly Invest ApS
CC Fly Holding I ApS
CC Fly Holding II A/S
CC Mist NEW Holding II ApS

CC Mist NEW Holding ApS
Rekom ManCo ApS
Rekom Group A/S
CC Globe Invest ApS
CC Globe ManCo ApS
CC Toaster Invest ApS
MINGT4 RL ApS

Management's Review

The board of directors and executive management

The board members hold the following positions:

Board member Jens Jørgen Hahn-Petersen, Partner at CataCap

Chairman

CC SKY Invest ApS
CC EXPLORER INVEST ApS
CC Oscar Invest ApS
CC TOOL INVEST ApS
CC TRACK INVEST ApS

Deputy Chairman

SkyBrands Holding A/S
SKYBRANDS A/S
HB-Care Holding A/S
HB-CARE A/S
HB-Care Leasing ApS
HB-Care Leasing 1 ApS
HB-Care Leasing 2 ApS

HB-Care Leasing 3 ApS

Board member/CEO

LanguageWire A/S
LanguageWire Holding A/S
CC Lingo Invest ApS
CC Globe Holding I ApS
CC Globe Holding II A/S
CC Globe Invest ApS
DANAWEB
INTERNATIONAL A/S
Optimeo A/S
Plico A/S
CC Green Wall Invest ApS
PROSPERITAS ApS
CATACAP MANAGEMENT
A/S
CataCap General Partner I
ApS
CataCap General Partner II
ApS
CataCap DM II ApS
CataCap DM ApS
CataCap OP ApS
CC II Management Invest
2017
Group Online A/S
LW ManCo ApS
TPA Green ManCo ApS
CC Fly Invest ApS
Rekom ManCo ApS
CASA ManCo ApS
A/S Det Dansk-Franske
Dampskibsselskabs
Understøttelsesfond af 1950

Board member Gert Sylvest

Chairman

Deputy Chairman

Board member/CEO

LanguageWire A/S
LanguageWire Holding A/S
ETHERWARE APS
TRADESHIFT APS

Management's Review

The board of directors and executive management

The board members hold the following positions:

Board member Carsten Nygaard Knudsen, Director at Søgaarden Sjølsø ApS

Chairman

Color Pring A/S
GSV Holding A/S
GSV Matriel Udlejning A/S
Stibo A/S
Stibo Pring A/S
Stibo Systems A/S
Stibo Graphics A/S
Stibo Complete A/S
Stibo DX A/S

Deputy Chairman

Board member/CEO

LanguageWire Holding A/S
LanguageWire A/S
Lyngsoe System Holding A/S
Lyngsoe System A/S
Stibo Fonden
Stibo Holding A/S
Stibo Ejendomme A/S
EG A/S

Board member Henrik Wilsbech Lottrup

Chairman

Stykkå ApS
Vuffeli ApS

Deputy Chairman

Board member/CEO

LanguageWire A/S
LanguageWire Holding A/S
Collection Spirits ApS
Goodwings ApS
Melcom A/S – Rigtig Kaffe
A/S
Lottrup & Co A/S

Board member Kirsten Haitz

Chairman

Deputy Chairman

Board member/CEO

LanguageWire A/S
LanguageWire HOLDING A/S
Insight Analytics Consultancy

Board member Merete Søby, EVP at KMD

Chairman

Deputy Chairman

Board member/CEO

DHI

LanguageWire A/S
LanguageWire HOLDING A/S

Management's Review

Key risks

The Company, Board and executive management are in a close dialogue about important elements in the Company and the Group, one being risks with potentially can have large influence on the Company. Below in an overview of the key risks identified as important to LanguageWire including corresponding mitigating measures initiated in the various areas.

As part of the risk identification and risk management process, the company has decided to set up a whistle-blower function which, in addition to the usual control functions, is intended to report on suspected irregularities in the business. The whistle-blower function will be established in 2021.

Market risks

The most important business-related risk for the Company and the Group is still the ability to consistently and continuously deliver good service and produce high-quality content at competitive prices in the served markets. Partnerships are integral in accessing the customers and markets, and LanguageWire strive to nurture these relations. The advanced technological capabilities and continued high level of investments in new technology, provide assurance for competitiveness. Moreover, the company continuously monitor new technologies to maintain a state-of-the art value offerings for customers.

Product risks

The main product of the Company and its subsidiaries is the LanguageWire platform through which customers primarily order translations or content services. The biggest risks are in the human element, as well as the Company's information assets. To manage and mitigate risk, the Company is ISO certified in the ISO 17100 (Translation Services), ISO 9001 (Quality Management System), ISO 27001 (Information Security Management System) and ISO 18587 (Translation services — Post-editing of machine translation output) standards. These certifications will provide the highest level of quality assurance in the industry.

Credit risks

The Company's credit risks relate to trade receivables included in the balance sheet. The Company has a long track record of little or no loss on trade receivables in the past. A provision for overdue trade receivables is applied based on a mathematical model. The risk is deemed small. However, the aging reports are monitored monthly, and derivations are addressed promptly.

Management's Review

IT risks

As a technology company, IT is the core of all our offerings. High levels of IT security are paramount, and the company continuously ensure that policies and practices provide this among others by following and being certified in the ISO 27001 (Information Security Management System). Further, LanguageWire's platform is placed in a private cloud-based infrastructure. During 2020, a new Director of Information Security & Data Management is hired and LanguageWire signed a Cyber insurance to cover data breaches and, not least, costs of restoring the IT infrastructure in the event of cyber-attacks.

Sourcing risks

A core resource for the Company is the network of more than +7000 freelance translators and other language experts. The market for language experts is huge, and the sourcing risk is deemed low. However, it is important to nurture the community to ensure a sustainable recruitment base for future growth.

Financial risks

The Board and the executive management regularly evaluate whether the capital structure of the Company and the Group is in accordance with the overall targets and supports long-term sustainable economic growth.

LanguageWire is exposed to exchange rate risks in the countries where LanguageWire has its commercial activities. These are considered to be at an appropriately low level. The majority part of the commercial activities are carried out in Europe, with EUR (incl. DKK) as the main currency followed by SEK, NOK and GBP.

Foreign exchange rate fluctuations related to the translation of the results and intercompany balance of foreign subsidiaries at the balance sheet date also constitute a risk. The company does not hedge this type of risk. Consequently, the Group may be affected in the short term by exchange rate fluctuations related to the translation of the results and intercompany balance of subsidiaries into DKK.

People risks

The employees at LanguageWire constitute an important asset. Therefore, there is an inherent risk related to attracting, developing and retaining the required talent. LanguageWire has a formalised approach to recruitment of employees, runs monthly engagement surveys and is currently preparing new development programs for teams and leaders. Management assesses the monthly engagement surveys and creates appropriate actions accordingly.

Management's Review

Corporate Social Responsibility (CSR)

For LanguageWire, the CSR goal is to contribute where a difference can be made, rather than spending time on creating reports and documentation. The approach to CSR reflects the fact that the language industry is a sector not usually associated with biased gender distribution or a negative footprint on the environment or human rights.

In LanguageWire the focus is on efforts in three areas: our people, our customers and our surroundings. For a description of LanguageWire's business model please visit "Primary activities and business model" in the Management commentary.

Our people

LanguageWire supports all human rights within national laws, as well as international laws. The company is focused on achieving a high job satisfaction and ensures that a healthy and safe working environment, in accordance with current legislation, is provided.

LanguageWire is a community where communication is open, informal and friendly. The fact that employees respect each other personally and professionally promotes collaboration and a positive social environment. People should to enjoy coming to work, and the regular employee engagement surveys show that employees at LanguageWire enjoy working together and are proud to work at LanguageWire.

LanguageWire supports initiatives that promote a social and enjoyable work environment by allocating money to the employee association, PeopleWire. Additionally, the company provides flexible working conditions and participate in a range of physical activities, such as running, yoga and cycling events. In the offices, fruit is available, and employees participate in communal breakfasts on Fridays.

A workforce made up of various cultures, genders, ages and languages provides valuable perspectives. This focus on diversity is essential for our creativity, agility, competitiveness and, as a result, success. This is achieved by fostering a supportive environment in which all individuals can realise their potential. Specifically, the gender distribution within departments is tracked at different levels of the organisation.

LanguageWire's gender distribution is 57/43 in favour of women, and LanguageWire's overall diversity policy is to employ or promote the best and most suitable persons, no matter the gender.

Top management

Pursuant to section 99 b of the Danish Financial Statements Act, the Board of Directors set its diversity ambition at to have at least two board members of each gender on the Board. As of 31 December, the board consists of eight people of which six are men and two women, thus, the company has fulfilled the ambition. During 2020 two women joined the Board and the Board will continue to work on achieving a balanced mix of both male and female candidates in the recruiting process for the Board.

Management's Review

Other leading positions

As of 31 December, the gender distribution in management positions is 58/42 in favour of men. LanguageWire has an ambition that the share of the underrepresented sex in leadership positions should at least be 30%, which is fulfilled. The company will continue to work on achieving a balanced mix of both male and female candidates in the recruiting process for management positions.

Anti-bribery and corruption

The company has implemented a business ethics policy to ensure that the company and employees act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly.

The company and its subsidiaries are closely monitored by group finance, which also handles the financial management of subsidiaries and ensures an appropriate degree of separation of functions.

Targets for 2020	Status	Targets for 2021
At least two board members of each gender on the Board	Accomplished	Complete revision of Business Ethics Policy and complete training of 90% of employees
Share of the underrepresented sex in leadership positions should at least be 30%	Accomplished	Implement a whistle-blower function

Our customers

The mission to provide superior service to customers is supported by the commitment to conduct business ethically and ensure compliance with the laws and regulations that govern the business and industry. LanguageWire adheres to laws and regulations in the countries it operates in. For example, any form of bribery, including gifts, hospitality or entertainment that could raise concerns about the companies' integrity is not accepted.

Targets for 2020	Status	Targets for 2021
Net Promoter Score >50	Accomplished	Net Promoter Score >51

Our surroundings

LanguageWire strives to make a positive impact where possible. Goodwings is used for hotel bookings, meaning that approximately 5% of spend on hotels goes to a charitable project. Through this scheme, the company is currently supporting PlanBørnefonden's initiative: Children's rights and equality for girls. Many girls stay home from school when they reach puberty. PlanBørnefonden work to improve the hygiene of the schools and give girls the necessary privacy. The project also provides boys and girls education in health, hygiene, and their rights, as well as the distribution of recyclable sanitary pads for teenage girls. By using Goodwings, a positive difference to the world is made.

Management's Review

Environmental performance

As the majority of services in LanguageWire does not include physical items or production processes, the global environmental footprint is low. In 2020 LanguageWire continued its effort to minimise the environmental implications of transportation between the offices by using telephone and video conference equipment to the highest extent possible, which was further supported by the Covid-19 pandemic. In accordance with the efforts to minimise LanguageWire's environmental footprint, the ambition is to:

- Comply with environmental legislation and other requirements, such as approved codes of practice
- Continually seek to minimize reduce pollution, emissions, energy, water and waste, e.g. emissions from transport etc. generated by the activities of LanguageWire
- Actively promote recycling
- Promote the use of digital communication channels to reduce the need for business travel.
- Raise the employees' awareness on the importance of environmental care, encourage participation and train employees in environmental matters
- Incorporate environmental practice for procurement
- Continue to increase the virtualise server infrastructure in our global offices

The environmental policy of LanguageWire is reviewed annually, or if there are major changes to it.

Targets for 2020	Status	Targets for 2021
Prepare environmental policy	Accomplished	Start reporting on environmental KPIs as part of the annual report 2021

Research and development

LanguageWire does not carry out research but is continuously developing systems to further digitalise the processes and support its customers' businesses.

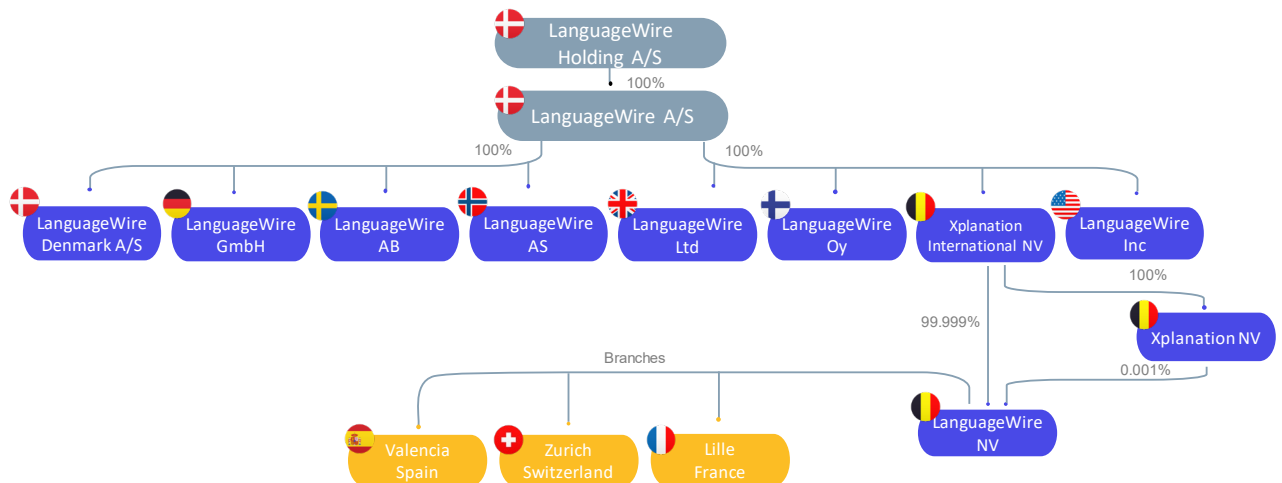
Management's Review

Group relations

LanguageWire is 100% owned by LanguageWire Holding A/S, which is 68.3% owned by the Private Equity Fund (voting rights) CataCap II, 23.5% owned by former majority owner Burgeon ApS and 8.2% owned by group management.

The Company owns 100% of LanguageWire Denmark A/S, LanguageWire AB (Sweden), LanguageWire GmbH (Germany), LanguageWire AS (Norway), LanguageWire Ltd. (UK) and LanguageWire OY (Finland) (a resting company), Xplanation International NV, Xplanation NV, LanguageWire NV (Belgium) and LanguageWire Inc. (USA). Please refer to the below Group structure.

Group structure



Management's Review

Country overview

LanguageWire operates with 15 offices in 11 countries being the U.S, Belgium, France, UK, Germany, Denmark, Sweden, Switzerland, Spain, Ukraine and Poland.

As of 31 December 2020, LanguageWire had 335 employees (including third party development teams in Poland and Ukraine), which is a growth of 4.7% compared to end of December 2019. Of these, 267 employees (80%) are located outside of Denmark.

Nordics

The Nordic region is served by offices in Copenhagen and Aarhus, Stockholm, Gothenburg and Varberg. The Nordic region counts 96 FTEs including the headquarter in Copenhagen.

Germany and Switzerland

The DACH region is served by offices in Hamburg, München and Zürich and count a total of 58 FTEs.

UK

The region operates out of an office in London with 14 FTEs.

BeneFrance

Belgium and Dutch customers are handled by our office in Leuven while French customers are managed out of the office in Lille. BeneFrance employs 28 FTEs.

U.S.

The U.S. customers are managed out an office in Atlanta, with a total of 2 FTEs.

Spain

A large part of LanguageWire's operation is managed out of Valencia with a total of 80 FTEs.

Ukraine

A development centre in Kiev, Ukraine, was established in 2004 and has 44 FTEs performing technology development and IT support for the group.

Poland

A development centre in Gdansk, Poland, was established in 2016 with 13 FTEs developing, implementing and supporting LanguageWire connectors.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue		255.015	178.018
Cost of sales		-149.299	-111.165
Other external expenses		-24.632	-22.830
Gross profit/loss		81.084	44.023
Staff expenses	1	-38.865	-30.608
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-25.206	-5.820
Profit/loss before financial income and expenses		17.013	7.595
Income from investments in subsidiaries		1.569	-7.292
Financial income		2.692	899
Financial expenses		-16.165	-13.570
Profit/loss before tax		5.109	-12.368
Tax on profit/loss for the year	3	-1.560	1.438
Net profit/loss for the year		3.549	-10.930

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Completed development projects		43.100	13.830
Acquired other similar rights		71.939	33.595
Development projects in progress		2.848	18.072
Intangible assets	4	117.887	65.497
Other fixtures and fittings, tools and equipment		1.518	1.704
Leasehold improvements		66	88
Property, plant and equipment	5	1.584	1.792
Investments in subsidiaries	6	231.670	231.423
Fixed asset investments		231.670	231.423
Fixed assets		351.141	298.712
Receivables from group enterprises		115.930	78.439
Other receivables		980	129
Corporation tax		0	5.414
Prepayments	7	637	489
Receivables		117.547	84.471
Currents assets		117.547	84.471
Assets		468.688	383.183

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		500	500
Reserve for development costs		10.956	14.294
Retained earnings		2.722	-3.015
Equity		14.178	11.779
Provision for deferred tax	9	10.723	9.145
Other provisions		2.405	0
Provisions		13.128	9.145
Credit institutions		121.390	0
Long-term debt	10	121.390	0
Credit institutions	10	213.455	284.430
Trade payables		19.911	17.719
Payables to group enterprises		73.651	53.219
Other payables		12.975	6.891
Short-term debt		319.992	362.259
Debt		441.382	362.259
Liabilities and equity		468.688	383.183
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	14.294	-3.015	11.779
Exchange adjustments	0	0	-1.150	-1.150
Development costs for the year	0	-3.338	3.338	0
Net profit/loss for the year	0	0	3.549	3.549
Equity at 31 December	500	10.956	2.722	14.178

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
1 Staff expenses		
Wages and salaries	36.112	27.843
Pensions	1.936	1.718
Other social security expenses	138	203
Other staff expenses	679	844
	38.865	30.608
Including remuneration to:		
Executive Board and Board of Directors	2.060	2.415
	2.060	2.415
Average number of employees	41	30
<p>The Management has a bonus program of which is based on financial and commercial KPI's.</p> <p>Employees, management and board of LanguageWire have been offered the opportunity to purchase shares in LW ManCo ApS, which is a shareholder of LanguageWire Group. The participants acquired the shares at an estimated market price. If an employee leaves the group before an exit, the company has an option to buy the shares back at an estimated market price. Because the program does not have any negative effect on the company, no expense is recognized in the income statement.</p>		
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	24.408	5.311
Depreciation of property, plant and equipment	798	509
	25.206	5.820
3 Tax on profit/loss for the year		
Current tax for the year	0	-4.165
Deferred tax for the year	1.578	3.469
Adjustment of tax concerning previous years	-18	-742
	1.560	-1.438

Notes to the Financial Statements

4 Intangible assets

	Completed development projects TDKK	Acquired other similar rights TDKK	Development projects in progress TDKK
Cost at 1 January	31.354	35.842	18.072
Additions for the year	0	53.536	23.262
Transfers for the year	38.486	0	-38.486
Cost at 31 December	69.840	89.378	2.848
Impairment losses and amortisation at 1 January	17.524	2.247	0
Amortisation for the year	9.216	15.192	0
Impairment losses and amortisation at 31 December	26.740	17.439	0
Carrying amount at 31 December	43.100	71.939	2.848

Developments during the year

Machine Translation rollout: LanguageWire sharply improved the quality of the machine translation engines and the available language pairs. This resulted in higher translator productivity and faster delivery times, whilst keeping the same excellent quality in the translated materials.

Translation Management Service (TMS): The workflow engine was extended, adding support for more translation jobs types and more advanced automation of the flows. LanguageWire also improved the ordering process, e.g. with a new mechanism for quotes. These extension help customers to do more work on the platform using translation management self-service tools, reducing the amount of effort from LanguageWire internal staff.

Platform: The platform was extended to include machine translation and machine learning in all of LanguageWire's translation workflows. The developers vastly improved the Computer Aided Translation tool (SmartEditor) in the platform, making it much easier for customers and translators to work with translation jobs. A special focus was also put on the quality validation tools to make sure we keep customer satisfaction at the same high level.

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	4.352	112
Additions for the year	590	0
Cost at 31 December	4.942	112
Impairment losses and depreciation at 1 January	2.648	24
Depreciation for the year	776	22
Impairment losses and depreciation at 31 December	3.424	46
Carrying amount at 31 December	1.518	66

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
6 Investments in subsidiaries		
Cost at 1 January	239.301	260.637
Additions for the year	135	0
Disposals for the year	-135	-21.336
Cost at 31 December	<u>239.301</u>	<u>239.301</u>
Value adjustments at 1 January	-7.878	-21.783
Disposals for the year	0	24.307
Exchange rate adjustment	-1.150	-1.912
Net profit/loss for the year	75.596	32.748
Dividend to the Parent Company	0	-1.198
Amortisation of goodwill	-22.229	-22.229
Adjustment of intra-group profits	-51.798	-17.811
Other adjustments	-172	0
Value adjustments at 31 December	<u>-7.631</u>	<u>-7.878</u>
Carrying amount at 31 December	<u>231.670</u>	<u>231.423</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>170.999</u>	<u>193.228</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
LanguageWire Danmark A/S	Copenhagen, Denmark	100%
LanguageWire Inc.	Atlanta, United States of America	100%
LanguageWire GmbH	Hamburg, Germany	100%
LanguageWire AB	Göteborg, Sweden	100%
LanguageWire AS	Oslo, Norway	100%
LanguageWire Ltd.	Londen, United Kingdom	100%
LanguageWire Oy	Helsinki, Finland	100%
LanguageWire NV	Leuven, Belgium	100%
LanguageWire France SARL	Lille, France	100%
LanguageWire Spain SL	Valencia, Spain	100%
LanguageWire Switzerland AG	Zürich, Switzerland	100%

Notes to the Financial Statements

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

	2020 TDKK	2019 TDKK
8 Distribution of profit		
Retained earnings	3.549	-10.930
	3.549	-10.930

9 Provision for deferred tax

Provision for deferred tax at 1 January	9.145	3.279
Amounts recognised in the income statement for the year	1.578	3.469
Amounts recognised in equity for the year	0	2.397
Provision for deferred tax at 31 December	10.723	9.145

10 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:

Credit institutions

Between 1 and 5 years	121.390	0
Long-term part	121.390	0
Within 1 year	29.434	0
Other short-term debt to credit institutions	184.021	284.430
Short-term part	213.455	284.430
	334.845	284.430

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Liabilities under rental or lease agreements until maturity in total	1.171	1.295

Other 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.

12 Related parties

Basis

Controlling interest

LanguageWire Holding A/S	Smallest group
CC Lingo Invest ApS (largest group)	Largest group
CataCap II K/S	Ultimative parent

Transactions

All transactions with related parties which have not been in accordance with market conditions will be disclosed. There have been no such transactions in the financial year.

Consolidated Financial Statements

The company is included in the consolidated report for the parent company:

Name	Place of registered office
CC Lingo Invest ApS (Largest group)	Frederiksberg
LanguageWire Holding A/S (Smallest group)	Frederiksberg

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of LanguageWire A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of LanguageWire Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of LanguageWire Holding A/S (Smallest group), the Company has not prepared a cash flow statement.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

13 Accounting Policies (continued)

Income Statement

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.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Costs of external translation consultants or all other direct cost consumed to achieve revenue for the year.

Other external expenses

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

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.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Intellectual property rights consist of development projects and acquired customer relations.

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 costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5-7 years.

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

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Equity ratio

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$