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Allgeier Enterprise Services Denmark A/S

Søndre Ringvej 55
2605 Brøndby
Business Registration No
38450522

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Bjarne Gammelgaard Møberg

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Entity details

Entity

Allgeier Enterprise Services Denmark A/S
Søndre Ringvej 55
2605 Brøndby

Central Business Registration No (CVR): 38450522

Registered in: Brøndby

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Jörg Werner Dietmann
Bjarne Gammelgaard Møberg
Michael Schmidt

Executive Board

Bjarne Gammelgaard Møberg
Ole Sølvsten Hemmingsen

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 Allgeier Enterprise Services Denmark 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.

Brøndby, 29.05.2019

Executive Board

Bjarne Gammelgaard Møberg Ole Sølvsten Hemmingsen

Board of Directors

Jörg Werner Dietmann Bjarne Gammelgaard Møberg Michael Schmidt

Independent auditor's report

To the shareholder of Allgeier Enterprise Services Denmark A/S

Opinion

We have audited the financial statements of Allgeier Enterprise Services Denmark 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, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Hermann
State Authorised Public Accountant
Identification No (MNE) mne26740

Management commentary

Primary activities

Allgeier Enterprise Services Denmark A/S provides SAP Managed Services, Consulting services and Compliance products.

Development in activities and finances

The income statement for 2018 shows a loss of DKK 734.627 against a loss of DKK 1.266.706 last year.

This result was in line with the expectations and reflects that 2018 was the first full year of operation for the Company where significant initiatives were completed to establish the position of Allgeier Enterprise Services as a new partner for SAP Managed services, Consulting Support, and Compliance products in Denmark.

We have found that the Company has suffered a capital loss. In accordance with the Danish Companies Act section 119 the management has prepared a plan to regain the capital with future profit.

Allgeier Enterprise Services

Allgeier Enterprise Services Denmark was established in 2017 as an integrated entity in Allgeier Enterprise Services AG an innovation-driven full-service provider of solutions based on SAP technologies. The portfolio includes all services ranging from strategy and process consulting to implementation and operation of complex SAP solutions.

Allgeier Enterprise Services AG is SAP Gold Partner, SAP Cloud Focus Partner and the only German winner of the SAP Pinnacle Award in 2018. The company is part of Allgeier SE, headquartered in Munich and have more than 135 locations in Europe, Asia, and America.

The Allgeier Group has annual revenues of more than EUR 685 million in 2018 and has more than 10.000 employees.

SAP Managed Services

In 2018 we experience a strong interest for our S/4HANA Platform management and Infrastructure services for business-critical solutions. This which is offered in close collaboration with Allgeier's SAP Operation Centre in Freiburg and world-class Data Centres in Frankfurt. We are very proud that the largest retailer in Denmark selected Allgeier Enterprise services as their future strategic partner for S/4HANA Platform Management and Infrastructure services.

Retail industry

In 2018 we defined and executed a Go2Market strategy to leverage the Allgeier portfolio of innovative offerings and solutions to the retail industry in Denmark and the Nordics. Allgeier Enterprise Services has +100 SAP retail experts employed and an SAP Retail Innovation lab supporting retail companies to identify and exploit competitive advantages based on Design Thinking methods and technologies like AI and

Management commentary

IoT. We see significant investments in digitalization across the entire retail industry to improve customer journeys, cost saving, and increased efficiency.

Consulting Services

The demand for Consulting services from our Danish customers is increasing. During 2018 we invested in methodologies and tools for S/4HANA Conversions including advisory services regarding the utilization of S/4HANA Cloud solutions in future hybrid landscapes. Part of this initiative was to implement the S/4HANA Cloud Multi-Tenant solution for Professional Services and SAP Concur internally in the Company. By taking this important step we gained valuable hands-on experience with SAP's Cloud Services which we share with our customers.

ComplianceNow

The ComplianceNow team is dedicated to the challenges of the ever-increasing complexity of handling SAP compliance, getting processes aligned, increasing transparency, and automating costly manual processes.

From an innovation point of view, 2018 formed a clear roadmap to address the S/4HANA compliance technology introduced as well as a ComplianceNow S/4HANA re-certification. Furthermore, ComplianceNow started expanding the product suite with a new product supporting the digitalization of internal controls, This is supporting compliance from the objectives propound by the board and throughout the organization.

Outlook

Management expects growth in revenues in 2019 across all the areas mentioned above and especially within the area of SAP Manages services.

Within consulting services, we plan to expand the employee base to drive growth within the Retail industry and pursue opportunities related to S/4HANA Conversions and S/4HANA Cloud solutions.

The investments in ComplianceNow made during 2018 provides a strong foundation for the future enabling Allgeier Enterprise Services to deliver a fully operative S4/HANA ComplianceNow Suite in 2019. Supporting our customers SAP Compliance strategy and journey from a strategic level to the daily compliance operations.

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

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		21.432.244	13.181.642
Staff costs	1	(20.615.268)	(13.938.702)
Depreciation, amortisation and impairment losses		<u>(1.154.376)</u>	<u>(790.094)</u>
Operating profit/loss		(337.400)	(1.547.154)
Other financial income		33.913	30.134
Financial expenses from group enterprises		(74.095)	(48.200)
Other financial expenses		<u>(107.807)</u>	<u>(57.486)</u>
Profit/loss before tax		(485.389)	(1.622.706)
Tax on profit/loss for the year	2	<u>(249.238)</u>	<u>356.000</u>
Profit/loss for the year		<u>(734.627)</u>	<u>(1.266.706)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(734.627)</u>	<u>(1.266.706)</u>
		<u>(734.627)</u>	<u>(1.266.706)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Completed development projects		5.006.349	4.424.901
Intangible assets	3	5.006.349	4.424.901
Other fixtures and fittings, tools and equipment		91.844	181.752
Leasehold improvements		143.152	215.538
Property, plant and equipment	4	234.996	397.290
Deposits		209.986	205.360
Fixed asset investments	5	209.986	205.360
Fixed assets		5.451.331	5.027.551
Trade receivables		7.678.679	6.002.540
Receivables from group enterprises		362.320	285.289
Deferred tax	6	0	356.000
Other receivables		0	87.376
Prepayments		76.109	43.514
Receivables		8.117.108	6.774.719
Cash		1.415.067	1.392.300
Current assets		9.532.175	8.167.019
Assets		14.983.506	13.194.570

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		<u>(2.001.333)</u>	<u>(1.266.706)</u>
Equity		<u>(1.501.333)</u>	<u>(766.706)</u>
Deferred tax	6	<u>75.000</u>	<u>0</u>
Provisions		<u>75.000</u>	<u>0</u>
Trade payables		1.043.050	1.231.247
Payables to group enterprises		5.123.510	3.314.541
Other payables		8.661.506	8.083.345
Deferred income		<u>1.581.773</u>	<u>1.332.143</u>
Current liabilities other than provisions		<u>16.409.839</u>	<u>13.961.276</u>
Liabilities other than provisions		<u>16.409.839</u>	<u>13.961.276</u>
Equity and liabilities		<u>14.983.506</u>	<u>13.194.570</u>
Unrecognised rental and lease commitments	7		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	500.000	(1.266.706)	(766.706)
Profit/loss for the year	<u> 0</u>	<u> (734.627)</u>	<u> (734.627)</u>
Equity end of year	<u> 500.000</u>	<u> (2.001.333)</u>	<u> (1.501.333)</u>

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	18.385.761	12.601.124
Pension costs	1.686.919	1.126.008
Other social security costs	209.775	29.037
Other staff costs	332.813	182.533
	20.615.268	13.938.702
Average number of employees	21	22

	2018	2017
	DKK	DKK
2. Tax on profit/loss for the year		
Change in deferred tax	249.238	(356.000)
	249.238	(356.000)

	Completed develop- ment projects DKK
3. Intangible assets	
Cost beginning of year	5.049.878
Additions	1.600.000
Cost end of year	6.649.878
Amortisation and impairment losses beginning of year	(624.977)
Amortisation for the year	(1.018.552)
Amortisation and impairment losses end of year	(1.643.529)
Carrying amount end of year	5.006.349

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
4. Property, plant and equipment		
Cost beginning of year	252.513	257.934
Disposals	<u>(53.200)</u>	<u>0</u>
Cost end of year	<u>199.313</u>	<u>257.934</u>
Depreciation and impairment losses beginning of year	(70.761)	(42.396)
Depreciation for the year	(76.608)	(72.386)
Reversal regarding disposals	<u>39.900</u>	<u>0</u>
Depreciation and impairment losses end of year	<u>(107.469)</u>	<u>(114.782)</u>
Carrying amount end of year	<u>91.844</u>	<u>143.152</u>
		<u>Deposits DKK</u>
5. Fixed asset investments		
Cost beginning of year		205.360
Additions		<u>4.626</u>
Cost end of year		<u>209.986</u>
Carrying amount end of year		<u>209.986</u>

Notes

	2018	2017
	DKK	DKK
	<u> </u>	<u> </u>
6. Deferred tax		
Intangible assets	437.000	33.000
Property, plant and equipment	6.000	8.000
Tax losses carried forward	<u>(368.000)</u>	<u>(397.000)</u>
	<u>75.000</u>	<u>(356.000)</u>
Changes during the year		
Beginning of year	(356.000)	
Recognised in the income statement	249.238	
Other changes	<u>181.762</u>	
End of year	<u>75.000</u>	
	2018	2017
	DKK	DKK
	<u> </u>	<u> </u>
7. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>635.304</u>	<u>925.200</u>

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.

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 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

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 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 comprises interest income, including interest income on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables and transactions in foreign currencies 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 and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements 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	1-5 years
Leasehold improvements	1-5 years

Accounting policies

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises 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.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.