

SAP Danmark A/S

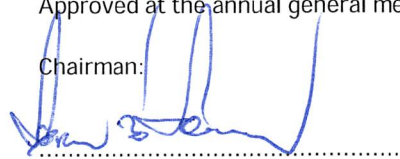
Lautrupsgade 11, 2100 Copenhagen

CVR no. 11 93 56 80

Annual report 2015

Approved at the annual general meeting of shareholders on 18 May 2016

Chairman:



Jørgen Bo Johansen

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SAP Danmark A/S for the financial year 1 January - 31 December 2015.

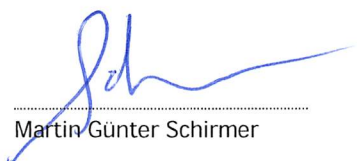
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

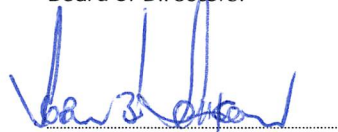
We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 18 May 2016
Executive Board:

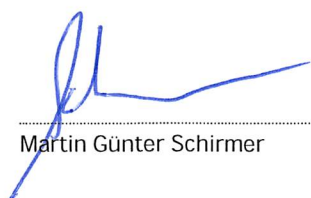


.....
Martin Günter Schirmer

Board of Directors:



.....
Jørgen Bo Johansen
Chairman



.....
Martin Günter Schirmer



.....
Christian Pedersen

Independent auditors' report

To the shareholders of SAP Danmark A/S

Independent auditors' report on the financial statements

We have audited the financial statements of SAP Danmark A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 18 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR No. 25 57 81 98



Michael Sten Larsen
State authorised public accountant

Management's review

Company details

| | |
|----------------------------|---|
| Name | SAP Danmark A/S |
| Address, Postal code, City | Lautrupsgade 11, 2100 Copenhagen |
| CVR No. | 11 93 56 80 |
| Established | 1 January 1988 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December |
| Website | www.sap.com/denmark |
| E-mail | info.denmark@sap.com |
| Telephone | +45 39 13 30 00 |
| Telefax | +45 39 13 30 01 |
| Board of Directors | Jørgen Bo Johansen, Chairman Martin Günter Schirmer Christian Pedersen |
| Executive Board | Martin Günter Schirmer |
| Auditors | KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 Copenhagen |

Management's review

Financial highlights

| DKKt | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Key figures | | | | | |
| Revenue | 1,460,117 | 1,491,057 | 1,234,291 | 1,233,351 | 1,098,842 |
| Operating profit | 131,479 | 166,177 | 164,977 | 161,162 | 166,578 |
| Net financials | -334 | 994 | 380 | 1,472 | 1,771 |
| Profit/loss for the year | 100,578 | 125,140 | 122,816 | 121,873 | 126,154 |
| Total assets | | | | | |
| Equity | 704,323 | 605,064 | 514,803 | 606,762 | 483,414 |
| | 298,258 | 197,680 | 147,538 | 196,190 | 225,026 |
| Financial ratios in % | | | | | |
| Gross margin | 25.5 % | 26.8 % | 30.5 % | 29.0 % | 32.0 % |
| Return on assets | 20.1 % | 29.7 % | 29.4 % | 29.6 % | 33.4 % |
| Current ratio | 173.0 % | 148.9 % | 139.9 % | 150.9 % | 193.4 % |
| Solvency ratio | 42.3 % | 32.7 % | 28.7 % | 32.3 % | 46.5 % |
| Return on equity | 40.6 % | 72.5 % | 71.5 % | 57.9 % | 57.6 % |
| Average number of employees | | | | | |
| | 179 | 188 | 186 | 166 | 166 |

Management's review

Operating review

The Company's business review

SAP strategy is to be the Cloud Company powered by SAP HANA. Cloud + SAP HANA = Run Simple. SAP HANA simplifies IT landscapes and the SAP Cloud simplifies consumption and user experience. Through organic innovations and strategic acquisitions and with the release of SAP S/4HANA in 2015, our next-generation business suite, we have brought a new level of performance and simplicity to core business processes. And SAP HANA Cloud Platform is facilitating the development of a much broader and richer landscape of applications to support our customers' needs. SAP has the best solution portfolio and expertise required to enable our customer's digital strategy.

Our Global Service & Support organization guides companies at every stage of their digital transformation by accelerating innovation, driving simplification of business and IT, and ensuring business value is realized.

SAP S/4HANA represents a huge step forward in simplifying how applications are built, consumed, and deployed. It provides real-time, mission-critical industry-specific business processes across organizations and lines of business. As a basis, enterprises can now support end-to-end operations across key business functions through a fully digitized enterprise management solution named SAP S/4HANA Enterprise Management.

The on-premise edition of SAP S/4HANA drives business value in other areas such as materials management as well as sales and distribution, among others, taking full advantage of a simplified data model and a responsive user experience.

As the market leader in enterprise application software, we offer end-to-end solutions specific to 25 industries and 12 lines of business, localized by country and for companies of any size.

Lines of Business

- Asset Management
- Commerce
- Finance
- Human Resources
- Manufacturing
- Marketing
- R&D/Engineering
- Sales
- Service
- Sourcing and Procurement
- Supply Chain
- Sustainability

In addition, we are building other functional innovations that serve each line of business: Human capital management (HCM): Our HCM solutions, including SAP SuccessFactors solutions, help organizations increase the value of their total workforce by developing, managing, engaging, and empowering their people. These solutions address the full range of HR needs, from hiring the right people and managing contingent workers to simplifying the way people work.

Customer engagement and commerce (CEC): Our CEC solutions comprise SAP and SAP Hybris software that serve the commerce, marketing, sales, and service lines of business, enabling business-to-business and business-to-consumer companies to provide real-time, consistent, contextual, and relevant experiences to their customers. Regardless of channel or device, these solutions deliver personalized engagement based on context and proven industry expertise and therefore go beyond traditional customer relationship management, which no longer meets the needs of today's consumer-driven market.

Management's review

Operating review

Providing an elegant, intuitive user experience, SAP Fiori has evolved since its introduction in 2013 into the new user experience (UX) for SAP software. SAP Fiori offers innovative new features such as improved contextual interaction and action-oriented personal notifications. The updated design delivers improvements while staying consistent with our original UX principles of being role-based, responsive, simple, coherent, and delightful.

Our business network portfolio includes SAP Ariba, Concur, and SAP Fieldglass solutions. Each is a leading provider of cloud applications, services, and cloud networks through open platforms that connect internal business processes to a global ecosystem of partners.

The Ariba Network is a leading marketplace used by approximately two million companies to discover, connect, and collaborate over US\$740 billion in commerce every year. The network connects companies across the full commerce process – from sourcing through payment settlement. It also provides insights and technology to help companies improve their operations – and to connect and collaborate in new ways that are only possible in a networked environment. Concur Travel & Expense is the world's leading travel and expense management system, with more than 32 million users. The Concur system goes beyond the basic automation of expense reports and provides visibility and insights that support better decision making for employee travel and spend, helping businesses to focus on what matters most.

SAP Fieldglass solutions simplify the process of procuring and managing external workforce services. They provide visibility into service providers and non-employee workers and help improve compliance and cost control. As a centralized, single point of access to engage with more than 1.9 million external workers in approximately 130 countries, SAP Fieldglass solutions connect consultancies, staffing firms, independent contractors, and other service providers, so business users can procure services from anywhere in the world with just a few clicks. As an open platform, SAP Fieldglass also connects to financial, HR, payroll, and procurement systems. Each of these three cloud network companies has made connecting to partners, suppliers, and services through an open platform a core part of their architecture and approach.

In 2015, we further simplified our offering with the introduction of the SAP Cloud for Analytics solution, a software as a service that aims to bring all analytics capabilities together for a richer user experience. Based on SAP Cloud for Analytics, we also launched SAP Digital Boardroom, a multifaceted solution that offers executive decision makers new ease and elegance in accessing company data in real time, and the ability to engage in what-if queries and create visualizations. Designed to provide far greater transparency to board members, executives, and other decision makers, fully automated business intelligence capabilities in the solution not only improve the quality and speed of reporting, but also facilitate greater trust through more effective collaboration and decision making.

Historically, SAP's sales model was focused on charging a one-time upfront fee for a perpetual license to our software that was typically installed at the customer site. In addition, the customer usually concluded a maintenance contract that covered support and software updates. Customer preferences evolve, and SAP has started to increasingly deliver the solutions in the cloud, which is believed to be a simple and efficient software consumption model. The cloud solutions are offered through a subscription-based software-as-a-service (SaaS) model. The software is installed at an SAP or an SAP partner location, and the customer accesses the software over the internet.

SAP Danmark A/S offers consulting and training services relating to SAP's software solutions.

SAP Danmark A/S is a wholly-owned subsidiary of SAP SE. The Company works closely together with SAP Norge AS, SAP Svenska AB and SAP Finland Oy as well as the Baltic countries via SAP Nordic. As part of SAP's global strategy, SAP Danmark A/S is also closely tied to SAP's European organization (EMEA).

Management's review

Operating review

Financial review

Revenue for the year amounted to DKK 1,460,117 thousand compared to DKK 1,491,057 thousand last year. Profit for the year before tax amounted to DKK 131,145 thousand compared to DKK 167,1710 thousand last year, whereas profit after tax amounted to DKK 100,578 thousand compared to DKK 125,140 thousand last year.

Knowledge resources

A significant parameter of success is SAP Danmark A/S' internal culture and external reputation. The Company works with a value-based management form, in which rules and regulations are replaced by an attitude- and behaviour-based framework.

Management's expectation is that all employees should be responsible for their own development. In that context, SAP Danmark A/S provides the individual employee with a development platform – a platform which is meant to generate a link between the employees' understanding of the objective of personal and professional development and which should also provide them with added value in the form of better culture, cooperation and revenue creation for the Company.

Special risks

In general, SAP Danmark A/S is sensitive to changes in demands relating to companies' needs to invest in software solutions, consultancy assistance and training services.

An analysis of the Danish market of small and medium-sized enterprises emphasises that competition is fierce and well-represented within this market segment and that in-house products and solutions may also represent a considerable competitive factor.

The Company has no significant financial risks.

Statutory CSR report and diversity

The parent company SAP SE has developed a policy and goals for increasing the number of women in management, which SAP Danmark A/S is covered by. The policy set goals for the percentage of women in management, common to the IT industry. To support and develop female leaders SAP offered in 2014 a "women's professional growth program" with webinar offerings. The design of the program was to enable female leaders at SAP to define and accelerate their career development within SAP.

SAP Danmark A/S has set a target for the number of women in the board. The board currently consist of 3 members. Due to the structure of the SAP Nordic organisation, it has been decided that the three seats normally go to the CFO for SAP Danmark A/S, the Nordic CFO and the Nordic Managing Director. A target of reaching 1 female board member before 2019 has been set, based on the assumption that one of the three leader positions is replaced with a women, or that a female is added to the board.

The company's parent company SAP SE report on SAP's financial, social and environmental performance in one integrated report ("SAP Integrated Report 2015"), which is available at <http://go.sap.com/integrated-reports/2015/en.html>

Post balance sheet events

No significant events have occurred after the balance sheet date that may significantly affect the financial statements for 2015.

Outlook

SAP Danmark A/S had a very strong and successful 2015 with several major One off contracts.

SAP Danmark A/S has strong ambitions for sustainable business success, both for our company and for our customers. We believe the most important indicators to measure this success comprise both financial and non-financial indicators: growth, profitability, customer loyalty, and employee engagement.

Management's review

Operating review

The ambition of for 2016 is to gain even bigger market shares on the Danish market through contiusly work and co-operation with our partners. SAP has the right products, solutions and partners and expects to continue the positive trend in sales and maintenance of software licenses that we experienced in 2015.

Based on this, Management also expects satisfactory results for 2016 in line or slightly below the results for 2015.

Financial statements for the period 1 January - 31 December

Income statement

| Notes | DKK'000 | 2015 | 2014 |
|-------|---|------------|------------|
| 2 | Revenue | 1,460,117 | 1,491,057 |
| | Other external expenses | -1,087,939 | -1,091,030 |
| | Gross profit | 372,178 | 400,027 |
| 3 | Staff costs | -238,418 | -231,447 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -2,281 | -2,403 |
| | Operating profit | 131,479 | 166,177 |
| | Financial income | 1,815 | 1,157 |
| | Financial expenses | -2,149 | -163 |
| | Profit before tax | 131,145 | 167,171 |
| 4 | Tax for the year | -30,567 | -42,031 |
| | Profit for the year | 100,578 | 125,140 |
| | Proposed profit appropriation | | |
| | Proposed dividend recognised under equity | 204,500 | 0 |
| | Retained earnings/accumulated loss | -103,922 | 125,140 |
| | | 100,578 | 125,140 |

Financial statements for the period 1 January - 31 December

Balance sheet

| Notes | DKK'000 | 2015 | 2014 |
|-------|--|---------|---------|
| | ASSETS | | |
| | Non-current assets | | |
| 5 | Intangible assets | | |
| | Acquired intangible assets | 700 | 0 |
| | | 700 | 0 |
| 6 | Property, plant and equipment | | |
| | Other fixtures and fittings, tools and equipment | 4,526 | 3,754 |
| | Leasehold improvements | 1,398 | 2,084 |
| | | 5,924 | 5,838 |
| | Total non-current assets | 6,624 | 5,838 |
| | Current assets | | |
| | Receivables | | |
| | Trade receivables | 243,801 | 247,782 |
| | Work in progress for third parties | 8,674 | 2,350 |
| | Receivables from group entities | 312,292 | 261,852 |
| | Deferred tax assets | 7,027 | 5,797 |
| | Income taxes receivable | 18,019 | 18,191 |
| | Other receivables | 7,800 | 7,629 |
| 7 | Prepayments | 763 | 912 |
| | | 598,376 | 544,513 |
| | Cash | 99,323 | 54,713 |
| | Total current assets | 697,699 | 599,226 |
| | TOTAL ASSETS | 704,323 | 605,064 |

Financial statements for the period 1 January - 31 December

Balance sheet

| Notes | DKK'000 | 2015 | 2014 |
|-------|---|---------|---------|
| | | | |
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 8 | Share capital | 5,500 | 5,500 |
| | Retained earnings | 88,258 | 192,180 |
| | Dividend proposed for the year | 204,500 | 0 |
| | Total equity | 298,258 | 197,680 |
| | Provisions | | |
| | Other provisions | 2,866 | 5,048 |
| 9 | Total provisions | 2,866 | 5,048 |
| | Liabilities other than provisions | | |
| 10 | Non-current liabilities other than provisions | | |
| 11 | Deferred income | 19 | 0 |
| | | 19 | 0 |
| | Current liabilities other than provisions | | |
| | Work in progress for third parties | 72 | 1,723 |
| | Trade payables | 6,003 | 6,278 |
| | Payables to group entities | 212,235 | 214,082 |
| | Other payables | 160,123 | 158,482 |
| 11 | Deferred income | 24,747 | 21,771 |
| | | 403,180 | 402,336 |
| | Total liabilities other than provisions | 403,199 | 402,336 |
| | TOTAL EQUITY AND LIABILITIES | 704,323 | 605,064 |
| | | | |
| 1 | Accounting policies | | |
| 12 | Contractual obligations and contingencies, etc. | | |
| 13 | Related parties | | |
| 14 | Fee to the auditors appointed by the Company in general meeting | | |

Financial statements for the period 1 January - 31 December

Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Dividend proposed for the year | Total |
|----------------------------|---------------|-------------------|--------------------------------|---------|
| Equity at 1 January 2014 | 5,500 | 67,040 | 75,000 | 147,540 |
| Profit/loss for the year | 0 | 125,140 | 0 | 125,140 |
| Dividend distributed | 0 | 0 | -75,000 | -75,000 |
| Equity at 1 January 2015 | 5,500 | 192,180 | 0 | 197,680 |
| Profit/loss for the year | 0 | -103,922 | 204,500 | 100,578 |
| Equity at 31 December 2015 | 5,500 | 88,258 | 204,500 | 298,258 |

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of SAP Danmark A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, SAP SE.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measure.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Reporting currency

The financial statements are presented in Danish kroner.

Intra-group business combinations

Intra-group mergers are treated according to the pooling-of-interests method where the acquiror recognises the acquiree's assets and liabilities at the former carrying amounts. Comparatives are restated as if the two entities have always been combined.

Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Income statement

Revenue

Income from license agreements is recognised as income as software rights are transferred and invoiced according to the agreement signed by the customer and provided that certain requirements are met. Income recognition is thus deferred in cases where the customer at the balance sheet date has a contractual right to cancel the agreement or if there are any other uncertainties. The deferred amount is recognised as income when the requirements are subsequently met.

Revenue from time-limited software licences is accrued and recognised on a straight-line basis over the term of the licence according to the licence agreement in question.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Consulting projects involving a considerable number of hours and stretching over a long period of time are recognised as work is performed whereby revenue equals the selling price of the work performed (the percentage of completion method). Revenue is recognised when income and costs related to the project and the state of completion at the balance sheet date can be measured reliably and when it is probable that future economic benefits, including payments, will flow to the Company.

The Company applies the completed contract method as income recognition for all other activities such as educational services, maintenance, etc. Accordingly, revenue includes the value of the goods delivered and services rendered for the year less price reductions directly related to sales.

Other external expenses

Other external costs comprise costs such as license fees to the parent company for the use of software rights, subcontractor costs (consultants), advertising costs, office expenses, fees to external consultants, rent payments etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

The Company's employees have the option to purchase employee shares in the ultimate parent company at a price below the market price. The parent company re-invoices the full value of the shares to the Company. The bonus element is expensed under staff costs.

The parent company has issued share options to the Executive Board and a number of executive employees in the Company. The share options can be exercised at a price lower than the market price. The option scheme concerns shares in the ultimate parent company SAP SE. SAP Danmark A/S is invoiced the difference between the market price and the exercise price in relation to those employees who exercise their options. The differences between the market price and executive flow is recognised in the financial statements under staff costs over the vesting period for the options. At 31 December 2015, the total obligation is recognised in the annual report as a provision.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|--|------------|
| Leasehold improvements | 5-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, gains and losses on transactions denominated in foreign currencies as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Impairment of fixed assets

Every year property, plant and equipment and acquired rights are tested for impairment. Where there is evidence of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Provisions

Provisions comprise share-based payments and restoration of leasehold improvements. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises total sales which will not be recognised as income until in the subsequent financial reporting years.

Segment information

Segment information is given for revenue broken down by business segment. The segmentation is in accordance with the entity's internal financial management.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|------------------|--|
| Gross margin | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$ |
| Current ratio | $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$ |
| Solvency ratio | $\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$ |
| Return on equity | $\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$ |

Financial statements for the period 1 January - 31 December

Notes

| DKK'000 | 2015 | 2014 |
|--|------------------|------------------|
| 2 Revenue | | |
| Business segmentation of revenue: | | |
| Software revenue | 331,171 | 418,665 |
| Support revenue | 826,872 | 766,873 |
| Subscription and other software related service revenue | 4,525 | 21,294 |
| Consulting revenue | 89,785 | 97,977 |
| Other service revenue | 11,201 | 12,407 |
| Intercompany revenue | 196,563 | 173,841 |
| | <u>1,460,117</u> | <u>1,491,057</u> |
| 3 Staff costs | | |
| Wages/salaries | 220,414 | 212,921 |
| Pensions | 10,254 | 10,712 |
| Other social security costs | 4,284 | 3,907 |
| Other staff costs | 3,466 | 3,907 |
| | <u>238,418</u> | <u>231,447</u> |
| Average number of full-time employees | <u>179</u> | <u>188</u> |
| The Company's Executive Board only consists of one person and no remuneration have been paid to the members of the Board of Directors. In accordance with section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed. | | |
| 4 Tax for the year | | |
| Estimated tax charge for the year | 32,322 | 41,810 |
| Deferred tax adjustments in the year | -1,252 | 372 |
| Tax adjustments, prior years | -503 | -151 |
| | <u>30,567</u> | <u>42,031</u> |

Financial statements for the period 1 January - 31 December

Notes

5 Intangible assets

| DKK'000 | Acquired intangible assets |
|--|-------------------------------|
| Cost at 1 January 2015 | 629 |
| Additions in the year | 840 |
| Cost at 31 December 2015 | 1,469 |
| Impairment losses and amortisation at 1 January 2015 | 629 |
| Amortisation in the year | 140 |
| Impairment losses and amortisation at | 769 |
| Carrying amount at 31 December 2015 | 700 |

6 Property, plant and equipment

| DKK'000 | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|--|---------------------------|--------|
| Cost at 1 January 2015 | 20,372 | 4,692 | 25,064 |
| Additions in the year | 2,228 | 0 | 2,228 |
| Disposals in the year | -65 | 0 | -65 |
| Cost at 31 December 2015 | 22,535 | 4,692 | 27,227 |
| Impairment losses and depreciation at 1 January 2015 | 16,619 | 2,608 | 19,227 |
| Depreciation in the year | 1,455 | 686 | 2,141 |
| Reversal of depreciation and impairment of disposals | -65 | 0 | -65 |
| Impairment losses and depreciation at 31 December 2015 | 18,009 | 3,294 | 21,303 |
| Carrying amount at 31 December 2015 | 4,526 | 1,398 | 5,924 |

7 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including other prepaid expenses TDKK 763 (prior year TDKK 911).

Financial statements for the period 1 January - 31 December

Notes

| DKK'000 | 2015 | 2014 |
|--|--------------|--------------|
| 8 Share capital | | |
| The share capital consists of the following: | | |
| 1 shares of DKK 500,000.00 each | 500 | 500 |
| 5 shares of DKK 1,000,000.00 each | 5,000 | 5,000 |
| | <u>5,500</u> | <u>5,500</u> |

The last change in the share capital was in 1990.

9 Provisions

Other provisions comprise provisions for share-based payment schemes in the parent company, totalling TDKK 857 (prior year TDKK 3.114), and provision for restoration of leasehold improvements, totalling TDKK 2.009 (prior year TDKK 1.934).

10 Long-term liabilities

| DKK'000 | Total debt at 31/12 2015 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|-----------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Deferred income | 19 | 0 | 19 | 0 |
| | <u>19</u> | <u>0</u> | <u>19</u> | <u>0</u> |

11 Deferred income

Deferred income comprises payments relating to total sales of TDKK 24,747 (prior year TDKK 21,772) which will not be recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

12 Contingent liabilities and other financial obligations

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | 2015 | 2014 |
|----------------------------|---------------|---------------|
| Rent and lease liabilities | <u>37,792</u> | <u>81,427</u> |

Rent and lease liabilities include a rent obligation totalling TDKK 34,159 in interminable rent agreement with remaining contract terms until year 2018. Furthermore, the company has liabilities under operating leases for cars and photocopying machines totalling TDKK 2,478 with remaining contract terms until year 2018 and for mobile services totalling TDKK 1,155 with remaining contract terms until year 2016.

Financial statements for the period 1 January - 31 December

Notes

13 Related parties

SAP Danmark A/S' related parties comprise the following:

Parties exercising control

| Related party | Domicile | Basis for control |
|---------------|-------------------|-------------------------------|
| SAP SE | Walldorf, Germany | Participating interest, 100 % |

Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent's consolidated financial statements |
|--------|-------------------|--|
| SAP SE | Walldorf, Germany | www.sap.com |

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

| Name | Domicile |
|--------|-------------------|
| SAP SE | Walldorf, Germany |

DKK'000

| | 2015 | 2014 |
|--|------|------|
|--|------|------|

| | | | |
|----|---|-----|-----|
| 14 | Fee to the auditors appointed by the Company in general meeting | | |
| | Fee regarding statutory audit | 499 | 486 |