



2BM A/S

Livjærgade 17
2100 København Ø
CVR No. 25627261

Annual report 2019

The Annual General Meeting adopted the
annual report on 25.05.2020

Lars Bork Dylander

Chairman of the General Meeting

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Entity details

Entity

2BM A/S

Livjærgade 17

2100 København Ø

CVR No.: 25627261

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Caroline Søborg Ahlefeldt-Laurvig-Bille, Chairman

Sten Tore Sanberg Davidsen, Vice chairman

Kim Pollas

Torben Finnemann

Lars Bork Dylander

Mads Eske Jessen

Executive Board

Lars Bork Dylander, CEO

Kim Pollas

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of 2BM A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25.05.2020

Executive Board

Lars Bork Dylander
CEO

Kim Pollas

Board of Directors

Caroline Søbørg Ahlefeldt-Laurvig-Bille
Chairman

Sten Tore Sanberg Davidsen
Vice chairman

Kim Pollas

Torben Finnemann

Lars Bork Dylander

Mads Eske Jessen

Independent auditor's report

To the shareholders of 2BM A/S

Opinion

We have audited the financial statements of 2BM A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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:

- 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.

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, 25.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Hartmann Olesen

State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

Primary activities

The most important core activities of 2BM A/S are to provide optimal solutions to larger Danish companies, which require highly qualified SAP consultants within SAP ERP, SAP HR and Enterprise Mobility.

In recent years, 2BM A/S has consolidated its position as one of the largest suppliers of SAP specialist services in the Nordic region. In addition, 2BM A/S sells, services and supports the third-party products SpinifexIT, Org. Publisher and RecRight.

2BM A/S is a SAP Value Added Reseller (SAP VAR Partner) in Denmark. Also, 2BM is certified by SAP as a Partner Centre of Expertise (PCoE). This certification covers our processes and systems and is a SAP seal of approval that enables 2BM A/S to deliver SAP Enterprise and SAP Standard maintenance support for SAP solutions in the future.

2BM A/S has a Platinum Partner status at SAP, which is the highest possible status.

Member of the United VARs alliance

2BM A/S is a member of the global alliance United VARs with representation in 90 countries and 10,000 specialised SAP consultants ensuring the best service and support to international roll-out projects, ERP optimisation projects as well as cross-border near and offshore capacity.

Description of material changes in activities and finances

Revenue for the year amounted to DKK 83.4 million against DKK 92.4 million last year. Profit/loss for the year after tax amounted to a loss of DKK 5.4 million. against a profit of DKK 5.4 million last year. The development must be compared with the fact that, in the annual report for 2018, 2BM A/S expected continued growth for 2019. Management considers this year's performance unacceptable.

The decline in revenue for the year is primarily attributable to a lacking order intake.

A reorganisation of the Company has been carried out with increased focus on sale and on the positive side an investment has been made in order to strengthen the presence and organisation of 2BM in Jutland.

2BM A/S' software organisation has implemented considerable contracts in 2019 which are also included in the expectations for 2020.

Financing and investment

Substantial investments were made during the financial year. The capital requirement was covered through equity, earnings and short-term financing. The investments are centered on the software development of 2BM A/S' five core products, all of which are within Field Service & Maintenance.

The software features cover:

- 2BM Mobile Work Order
- 2BM Mobile Warehouse
- 2BM Qualification Check
- 2BM SMS Software

Outlook

An increase in revenue of 10% is expected for 2020 as a result of the reorganisation and focused growth initiatives that were implemented during the financial year and which will continue in 2020.

Add to this the continued market positioning of 2BM A/S as one of the largest consulting companies in the Nordic region with specialised knowledge about SAP ERP and SAP HCM as well as Enterprise Mobility solutions that will further contribute to the continued growth rate.

Continued growth of our support centre on third level support to our customers with Application Management is expected.

2BM A/S still expects strong liquidity in 2020.

Particular risks

The most important operating risks of 2BM A/S are related to the ability to be strongly positioned on the Danish SAP market, on which most of the deliveries take place and the solutions are sold today. Moreover, it is essential to 2BM A/S to be at the cutting edge of the technological development in most of its industry segments.

Financial risks

Due to its mainly domestic operations and modest internationalisation, 2BM A/S is not significantly exposed to changes in exchange rates and interest rates. It is 2BM A/S' policy not to speculate actively in financial risks. Consequently, the financial management of 2BM A/S is aimed exclusively at managing financial risks already assumed.

Currency risks

The foreign business of 2BM A/S increased during 2019, but still remains a small part of the total business volume and is not directly affected by exchange rate fluctuations. The largest foreign market is Sweden through the subsidiary Software@2BM A/S.

Interest rate risks

The interest-bearing net debt of 2BM A/S only constitutes short-term bank financing. Due to the limited interest rate risk, this is not hedged.

Credit risks

The credit risks of 2BM A/S mainly relate to trade receivables. The maximum credit risk associated with financial assets at the balance sheet date corresponds to the values recognised in the balance sheet.

2BM A/S is not exposed to any significant risks relating to a single customer or business partner. The policy of 2BM A/S on incurring credit risks entails that all large customers and other business partners are credit rated regularly.

Intellectual capital resources

The ambition to be a market leader and at the cutting edge of the technological development entails that 2BM A/S is characterised by a dynamic and rapidly changing knowledge environment. This places heavy demands on the Company, in particular, when it comes to acquiring and conveying new knowledge, and it makes it difficult to efficiently standardise solutions and products.

2BM A/S still wants to strengthen its “domain knowledge” in the following areas, in which 2BM A/S already has a strong position:

- SAP ERP/HCM
- Field Service & Maintenance
- Digitisation & Industry 4.0

Statutory report on corporate social responsibility

2BM A/S works actively with CSR and will increase its focus on several different areas in 2020. Both the UN Global Compact and the 17 UN Sustainable Development Goals will be incorporated in 2BM A/S' way of working. The general areas are:

- Demand compliance with human rights and labour rights from suppliers
- Work with suppliers to improve social and environmental conditions
- Work systematically with environmental and climate management
- Work to improve staff conditions and working environment internally in the Company

Events after the balance sheet date

2BM A/S' ability to adapt to work procedures with remote access to own and the clients' systems and its ability to easily adapting to the virtual daily life have affected 2BM A/S' results to a lesser extent in Q1 2020. It is the clients' financial positions that may affect the Company's revenue in the long term. No additional events have occurred after the balance sheet date, which would significantly influence the financial position of 2BM A/S.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue		83,415	92,430
Other external expenses		(32,210)	(26,585)
Gross profit/loss		51,205	65,845
Staff costs	1	(56,052)	(57,840)
Depreciation, amortisation and impairment losses		(140)	(172)
Operating profit/loss		(4,987)	7,833
Income from investments in group enterprises		(1,407)	(137)
Other financial income		29	32
Other financial expenses		(129)	(101)
Profit/loss before tax		(6,494)	7,627
Tax on profit/loss for the year	2	1,072	(2,213)
Profit/loss for the year		(5,422)	5,414
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		0	4,000
Retained earnings		(5,422)	1,414
Proposed distribution of profit and loss		(5,422)	5,414

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Other fixtures and fittings, tools and equipment		232	167
Property, plant and equipment	3	232	167
Investments in group enterprises		854	2,266
Deposits		260	260
Deferred tax		1,325	254
Other financial assets	4	2,439	2,780
Fixed assets		2,671	2,947
Trade receivables		19,965	21,365
Contract work in progress		582	3,565
Receivables from group enterprises		4,541	3,930
Other receivables		1,590	882
Income tax receivable		178	0
Prepayments		334	900
Receivables		27,190	30,642
Cash		10	2,522
Current assets		27,200	33,164
Assets		29,871	36,111

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	5	500	500
Reserves for loans and collateral		(286)	(170)
Retained earnings		4,266	9,693
Proposed dividend		0	4,000
Equity		4,480	14,023
Other provisions		581	777
Provisions		581	777
Other payables		1,758	0
Non-current liabilities other than provisions		1,758	0
Bank loans		1,018	0
Trade payables		7,992	6,432
Payables to group enterprises		1,939	232
Payables to associates		1,730	0
Income tax payable		0	2,616
Other payables		9,937	12,031
Deferred income		436	0
Current liabilities other than provisions		23,052	21,311
Liabilities other than provisions		24,810	21,311
Equity and liabilities		29,871	36,111
Contingent liabilities	6		
Assets charged and collateral	7		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Reserves for lendings and securities DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	(170)	9,693	4,000	14,023
Ordinary dividend paid	0	0	0	(540)	(540)
Exchange rate adjustments	0	0	(5)	0	(5)
Other entries on equity	0	0	0	(3,460)	(3,460)
Transfer to reserves	0	(116)	0	0	(116)
Profit/loss for the year	0	0	(5,422)	0	(5,422)
Equity end of year	500	(286)	4,266	0	4,480

Notes

1 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	51,504	53,481
Pension costs	4,298	4,121
Other social security costs	47	116
Other staff costs	203	122
	56,052	57,840
Average number of full-time employees	61	64

2 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	0	2,848
Change in deferred tax	(1,072)	(635)
	(1,072)	2,213

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	3,104
Additions	204
Cost end of year	3,308
Depreciation and impairment losses beginning of year	(2,936)
Depreciation for the year	(140)
Depreciation and impairment losses end of year	(3,076)
Carrying amount end of year	232

4 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000	Deferred tax DKK'000
Cost beginning of year	3,840	260	254
Additions	0	0	1,071
Cost end of year	3,840	260	1,325
Impairment losses beginning of year	(1,574)	0	0
Exchange rate adjustments	(5)	0	0
Share of profit/loss for the year	(1,407)	0	0
Impairment losses end of year	(2,986)	0	0
Carrying amount end of year	854	260	1,325

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
2BM AB	Sweden	AB	100
Software@2bm A/S	Danmark	A/S	100

5 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Share capital	5,000,000	0.1	500
	5,000,000		500

There have been no changes in the share capital during the past five years.

6 Contingent liabilities

The Company has entered into a lease on its premises with a total liability of DKK 502 thousand. The Company has entered into a lease agreement on copiers with a total liability of DKK 178 thousand.

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

7 Assets charged and collateral

The Company's bankers have accepted unsecured claims of no more than DKK 8,000 thousand as security for all outstanding accounts.

The Company's owners have limitly guaranteed part of the Company's bank debt.

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.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

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

Income statement

Revenue

Revenue from the sale of consultancy services and services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Revenue from the sale of licences, installation of such licences, support agreements, etc is recognised upon delivery.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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, and 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 comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses as well as 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive or negative goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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.

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.

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

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

Other payables included as none-current liabilities comprises long term vacation pay liability.

Deferred income

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