

**Scanmarket A/S**  
Solbjerg Hedevej 39  
8355 Solbjerg  
Central Business Registration No  
26716381

**Annual report 2017**

The Annual General Meeting adopted the annual report on 06.04.2018

**Chairman of the General Meeting**



Name: Vagn Preben Nielsen

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## Entity details

### Entity

Scanmarket A/S  
Solbjerg Hedevej 39  
8355 Solbjerg

Central Business Registration No: 26716381

Registered in: Aarhus

Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Ole Peter Nielsen, Chairman  
Vagn Preben Nielsen  
John Skat Dalgaard  
Betina Charlotte Nygaard

### Executive Board

Betina Charlotte Nygaard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus 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 Scanmarket A/S for the financial year 01.01.2017 - 31.12.2017.

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

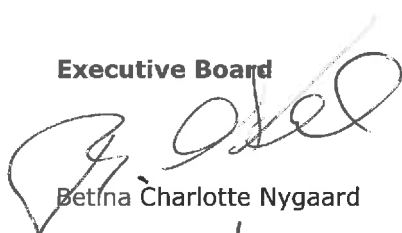
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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

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

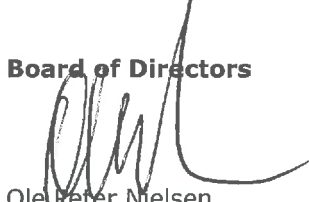
Solbjerg, 06.04.2018

### Executive Board



Betina Charlotte Nygaard

### Board of Directors



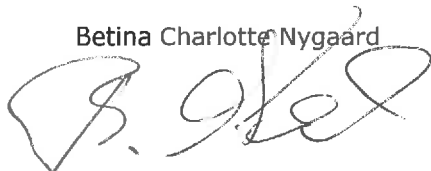
Ole Peter Nielsen  
Chairman



Vagn Preben Nielsen

John Skat Dalgaard

Betina Charlotte Nygaard



## Independent auditor's report

### To the shareholders of Scanmarket A/S

#### Opinion

We have audited the financial statements of Scanmarket A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Aarhus, 06.04.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Klaus Tvede-Jensen

State Authorised Public Accountant

Identification number (MNE) mne23304



Jens Lauridsen

State Authorised Public Accountant

Identification number (MNE) mne34323

## Management commentary

### Primary activities

Scanmarket is the market-leading global Strategic Sourcing platform. Our proven cloud-based solution is trusted by 300+ customers across more than 80 countries. Our sole focus is on driving real, measurable business results via an easy to deploy, easy to use platform which includes: eSourcing (RFx & Auctions), Project Management, Contract Management, and Supply Base Management.

### Development in activities and finances

The Company has realised a profit of DKK 998k in the financial year 2017.

Management finds the profit satisfactory.

### Research and development activities

The Company has decided to capitalise development costs as it is Management's opinion that the relating future amortisation burden can be encompassed in future financial benefits.

### 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 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross profit</b>		<b>15.932.607</b>	<b>12.755.647</b>
Staff costs	1	(9.288.910)	(8.304.778)
Depreciation, amortisation and impairment losses	2	<u>(3.664.464)</u>	<u>(3.240.491)</u>
<b>Operating profit/loss</b>		<b>2.979.233</b>	<b>1.210.378</b>
Income from investments in group enterprises		131.435	128.696
Other financial income	3	31.008	24.533
Other financial expenses	4	<u>(1.859.042)</u>	<u>(808.243)</u>
<b>Profit/loss before tax</b>		<b>1.282.634</b>	<b>555.364</b>
Tax on profit/loss for the year	5	<u>(284.154)</u>	<u>(207.351)</u>
<b>Profit/loss for the year</b>		<b><u>998.480</u></b>	<b><u>348.013</u></b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		69.157	146.199
Retained earnings		<u>929.323</u>	<u>201.814</u>
		<b><u>998.480</u></b>	<b><u>348.013</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Development projects in progress		10.438.532	8.666.373
<b>Intangible assets</b>	<b>6</b>	<b>10.438.532</b>	<b>8.666.373</b>
Other fixtures and fittings, tools and equipment		84.640	110.465
<b>Property, plant and equipment</b>	<b>7</b>	<b>84.640</b>	<b>110.465</b>
Investments in group enterprises		2.817.733	2.693.259
<b>Fixed asset investments</b>	<b>8</b>	<b>2.817.733</b>	<b>2.693.259</b>
<b>Fixed assets</b>		<b>13.340.905</b>	<b>11.470.097</b>
Trade receivables		7.525.449	5.332.688
Receivables from group enterprises		4.062.317	5.229.936
Other receivables		40.500	144.492
Joint taxation contribution receivable		100.000	0
Prepayments		656.775	192.452
<b>Receivables</b>		<b>12.385.041</b>	<b>10.899.568</b>
<b>Cash</b>		<b>48.336</b>	<b>145.122</b>
<b>Current assets</b>		<b>12.433.377</b>	<b>11.044.690</b>
<b>Assets</b>		<b>25.774.282</b>	<b>22.514.787</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		500.100	500.100
Reserve for net revaluation according to the equity method		255.099	130.625
Reserve for development expenditure		5.762.104	2.622.355
Retained earnings		1.469.962	3.680.388
<b>Equity</b>		<b>7.987.265</b>	<b>6.933.468</b>
Deferred tax		2.265.000	1.883.000
<b>Provisions</b>		<b>2.265.000</b>	<b>1.883.000</b>
Bank loans		4.428.207	3.602.230
Trade payables		845.934	806.780
Payables to group enterprises		6.140.315	6.531.662
Income tax payable		0	72.000
Other payables	9	4.107.561	2.685.647
<b>Current liabilities other than provisions</b>		<b>15.522.017</b>	<b>13.698.319</b>
<b>Liabilities other than provisions</b>		<b>15.522.017</b>	<b>13.698.319</b>
<b>Equity and liabilities</b>		<b>25.774.282</b>	<b>22.514.787</b>
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Mortgages and securities	12		

## Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	500.100	130.625	2.622.355	3.680.388
Exchange rate adjustments	0	55.317	0	0
Profit/loss for the year	0	69.157	3.139.749	(2.210.426)
<b>Equity end of year</b>	<b>500.100</b>	<b>255.099</b>	<b>5.762.104</b>	<b>1.469.962</b>
				<b>Total DKK</b>
Equity beginning of year				6.933.468
Exchange rate adjustments				55.317
Profit/loss for the year				998.480
<b>Equity end of year</b>				<b>7.987.265</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	8.874.842	7.852.847
Pension costs	278.272	326.147
Other social security costs	135.796	125.784
	<b>9.288.910</b>	<b>8.304.778</b>
 Average number of employees	 <b>23</b>	 <b>18</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	3.557.016	3.150.832
Depreciation of property, plant and equipment	107.448	89.659
	<b>3.664.464</b>	<b>3.240.491</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	2.553	0
Exchange rate adjustments	28.455	24.533
	<b>31.008</b>	<b>24.533</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	486.284	503.527
Interest expenses	197.026	185.785
Exchange rate adjustments	1.150.732	121.519
Other financial expenses	25.000	(2.588)
	<b>1.859.042</b>	<b>808.243</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	0	72.000
Change in deferred tax for the year	382.000	127.000
Adjustment concerning previous years	2.154	8.351
Refund in joint taxation arrangement	(100.000)	0
	<b>284.154</b>	<b>207.351</b>
		<b>Develop- ment projects in progress DKK</b>
<b>6. Intangible assets</b>		
Cost beginning of year		30.043.943
Additions		5.329.175
<b>Cost end of year</b>		<b>35.373.118</b>
Amortisation and impairment losses beginning of year		(21.377.570)
Impairment losses for the year		(3.557.016)
<b>Amortisation and impairment losses end of year</b>		<b>(24.934.586)</b>
<b>Carrying amount end of year</b>		<b>10.438.532</b>

### Development projects in progress

Development projects in progress comprise the continuous development of the Company's esourcing software, including new features, languages, etc.

The capitalised costs consist of internal costs relating to employees and to a minor extent assistance purchased from sub-suppliers.

The continuous development of the system etc. is expected to ensure continued development in primary activities, leading to increased market shares.

Based on an assessment of the capitalised development projects in progress, Management has concluded that the recoverable amount or value in use exceeds the carrying amount.

## Notes

	Other fixtures and fittings, tools and equipment DKK
<b>7. Property, plant and equipment</b>	
Cost beginning of year	1.744.489
Additions	81.623
<b>Cost end of year</b>	<b>1.826.112</b>
Depreciation and impairment losses beginning of the year	(1.634.024)
Depreciation for the year	(107.448)
<b>Depreciation and impairment losses end of the year</b>	<b>(1.741.472)</b>
<b>Carrying amount end of year</b>	<b>84.640</b>
	Investments in group enterprises DKK
<b>8. Fixed asset investments</b>	
Cost beginning of year	2.562.634
<b>Cost end of year</b>	<b>2.562.634</b>
Revaluations beginning of year	130.625
Exchange rate adjustments	55.317
Share of profit/loss for the year	131.435
Investments with negative equity depreciated over receivables	(62.278)
<b>Revaluations end of year</b>	<b>255.099</b>
<b>Carrying amount end of year</b>	<b>2.817.733</b>

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Scanmarket.com Limited	England	Ltd	100,0
Scanmarket North America	USA	Inc	100,0
Scanmarket Byg 11 ApS	Aarhus	ApS	100,0

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>9. Other payables</b>		
VAT and duties	361.516	0
Wages and salaries, personal income taxes, social security costs, etc payable	299.713	179.966
Holiday pay obligation	1.904.000	1.532.000
Other costs payable	1.542.332	973.681
	<b>4.107.561</b>	<b>2.685.647</b>

Other costs payable is mainly payables to ultimate shareholders.

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>10. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>2.890.870</b>	<b>2.912.000</b>
Herof liabilities under rental agreements or leases with group enterprises until expiry	<b>1.749.280</b>	<b>2.600.000</b>

### 11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Solbjerg ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### 12. Mortgages and securities

Bank loans are secured by way of a registered all-moneys mortgage with floating charge of DKK 4,000k nominal in intangible assets, property, plant and equipment and receivables.

### Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the bank debt in one of the subsidiaries by pledging its shares in Scanmarket Byg 11 ApS. The debt amount to DKK 3,335k at 31 December 2017. Book value of the shares amounts to DKK 2,795k at 31 December 2017.



## 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 with minor reclassifications.

### 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 non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

## Accounting policies

### Revenue

Revenue from the sale of software and consultancy services is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### 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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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.

### 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, including interest income on receivables from group enterprises.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

### 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 subsidiaries. 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).

## Accounting policies

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

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 of the assets. The amortisation period is 3-5 years.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment 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	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 goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is

## Accounting policies

imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises 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.

### 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 bank deposits.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets 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.

### Other financial liabilities

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