



Scanmarket A/S

Solbjerg Hedevej 39
8355 Solbjerg
CVR No. 26716381

Annual report 2019

The Annual General Meeting adopted the
annual report on 15.05.2020

Ole Peter Nielsen
Conductor

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Entity details

Entity

Scanmarket A/S

Solbjerg Hedevej 39

8355 Solbjerg

CVR No.: 26716381

Registered office: Aarhus

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Michael Betto Vibe Fiorini, chairman

Johnny Rindahl

Betina Charlotte Nygaard

Martin Stephan Welna

Ole Peter Nielsen

Christopher Ludt Parmo

Executive Board

Betina Charlotte Nygaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

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

Solbjerg, 15.05.2020

Executive Board

Betina Charlotte Nygaard

Board of Directors

Michael Betto Vibe Fiorini
chairman

Johnny Rindahl

Betina Charlotte Nygaard

Martin Stephan Welna

Ole Peter Nielsen

Christopher Ludt Parmo

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 01.01.2019 - 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.

Aarhus, 15.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Klaus Tvede-Jensen

State Authorised Public Accountant
Identification No (MNE) mne23304

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 3,576 k in the financial year 2019. 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.

The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		20,244,345	18,297,279
Staff costs	1	(10,446,580)	(10,356,119)
Depreciation, amortisation and impairment losses	2	(5,231,447)	(4,183,026)
Operating profit/loss		4,566,318	3,758,134
Income from investments in group enterprises		(11,423)	251,628
Other financial income	3	144,462	725,792
Other financial expenses	4	(109,146)	(715,386)
Profit/loss before tax		4,590,211	4,020,168
Tax on profit/loss for the year	5	(1,014,226)	(857,000)
Profit/loss for the year		3,575,985	3,163,168
Proposed distribution of profit and loss			
Retained earnings		3,575,985	3,163,168
Proposed distribution of profit and loss		3,575,985	3,163,168

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	17,812,972	12,832,413
Intangible assets	6	17,812,972	12,832,413
Other fixtures and fittings, tools and equipment		91,606	51,967
Leasehold improvements		413,047	0
Property, plant and equipment	8	504,653	51,967
Investments in group enterprises		25,080	2,935,247
Deposits		483,070	0
Other financial assets	9	508,150	2,935,247
Fixed assets		18,825,775	15,819,627
Trade receivables		11,332,175	8,968,329
Receivables from group enterprises		6,067,128	4,459,232
Other receivables		307,220	0
Prepayments		336,627	465,201
Receivables		18,043,150	13,892,762
Cash		762,730	318,288
Current assets		18,805,880	14,211,050
Assets		37,631,655	30,030,677

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		550,000	500,100
Reserve for net revaluation according to the equity method		0	372,613
Reserve for development expenditure		13,617,596	8,926,149
Retained earnings		3,697,274	(504,253)
Equity		17,864,870	9,294,609
Deferred tax		3,436,500	2,500,000
Provisions		3,436,500	2,500,000
Bank loans		4,333,436	5,236,926
Trade payables		1,579,653	787,612
Payables to group enterprises		4,281,819	6,503,134
Joint taxation contribution payable		78,203	104,000
Other payables		3,910,881	4,271,559
Deferred income		2,146,293	1,332,837
Current liabilities other than provisions		16,330,285	18,236,068
Liabilities other than provisions		16,330,285	18,236,068
Equity and liabilities		37,631,655	30,030,677
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,100	372,613	8,926,149	(504,253)	9,294,609
Increase of capital	49,900	0	0	4,950,100	5,000,000
Exchange rate adjustments	0	(5,724)	0	0	(5,724)
Transfer to reserves	0	0	4,691,447	(4,691,447)	0
Profit/loss for the year	0	(366,889)	0	3,942,874	3,575,985
Equity end of year	550,000	0	13,617,596	3,697,274	17,864,870

Notes

1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	9,721,697	9,880,933
Pension costs	527,715	345,370
Other social security costs	197,168	129,816
	10,446,580	10,356,119
Average number of full-time employees	31	25

2 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	5,168,608	4,129,794
Depreciation of property, plant and equipment	62,839	53,232
	5,231,447	4,183,026

3 Other financial income

	2019 DKK	2018 DKK
Financial income from group enterprises	0	2,167
Other interest income	459	1,324
Exchange rate adjustments	144,003	722,301
	144,462	725,792

4 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	31,803	508,945
Other interest expenses	35,928	206,441
Exchange rate adjustments	41,413	0
Other financial expenses	2	0
	109,146	715,386

5 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	78,203	104,000
Change in deferred tax	936,500	753,000
Adjustment concerning previous years	(477)	0
	1,014,226	857,000

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	41,896,793
Additions	10,149,167
Cost end of year	52,045,960
Amortisation and impairment losses beginning of year	(29,064,380)
Amortisation for the year	(5,168,608)
Amortisation and impairment losses end of year	(34,232,988)
Carrying amount end of year	17,812,972

7 Development projects

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

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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.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,846,671	0
Additions	80,739	434,786
Cost end of year	1,927,410	434,786
Depreciation and impairment losses beginning of year	(1,794,704)	0
Depreciation for the year	(41,100)	(21,739)
Depreciation and impairment losses end of year	(1,835,804)	(21,739)
Carrying amount end of year	91,606	413,047

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	2,562,634
Disposals	(80,000)
Cost end of year	2,482,634
Revaluations beginning of year	372,613
Exchange rate adjustments	(5,724)
Share of profit/loss for the year	(11,422)
Investments with negative equity value depreciated over receivables	13,670
Reversal regarding disposals	(2,826,691)
Revaluations end of year	(2,457,554)
Carrying amount end of year	25,080

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Scanmarket.com	England	Ltd	100
Scanmarket North America	USA	Inc	100

10 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	9,168,509	2,582,843
Liabilities under rental agreements or leases with group enterprises until expiry	0	1,760,213

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where HoldCo Sourcing A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

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.

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

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

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).

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**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 periods used are 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
Leasehold improvements	10 years

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 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 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 in 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.

Prepayments

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

Cash

Cash comprises bank deposits.

Deferred tax

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

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

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