
Sitel Denmark ApS

Sluseholmen 2 - 4, 3., DK-2450 Copenhagen SV

Annual Report for 1 January - 31 December 2019

CVR No 30 55 42 56

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/08 2020

Pedro Lozano de Castro
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Sitel Denmark ApS for the financial year 1 January - 31 December 2019.

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 financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 August 2020

Executive Board

Pedro Lozano de Castro
CEO

Ivan Markovic
Executive Officer

Independent Auditor's Report

To the Shareholder of Sitel Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sitel Denmark ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Hellerup, 31 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Information

The Company

Sitel Denmark ApS
Sluseholmen 2 - 4, 3.
DK-2450 Copenhagen SV

Telephone: + 45 3263 0900

CVR No: 30 55 42 56

Financial period: 1 January - 31 December

Financial year: 13rd financial year

Municipality of reg. office: Copenhagen

Executive Board

Pedro Lozano de Castro
Ivan Markovic

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Revenue	58,356	63,876	315,948	372,623	311,662
Operating profit/loss	3,001	2,883	24,818	19,730	15,149
Profit/loss before financial income and expenses	3,001	2,883	24,818	19,730	15,149
Net financials	-6,384	2,513	1,870	792	-231
Net profit/loss for the year	-2,760	3,628	20,627	15,952	11,394
Balance sheet					
Balance sheet total	216,490	217,686	239,327	199,112	94,530
Equity	52,094	54,853	51,225	30,599	14,646
Investment in property, plant and equipment	0	111	-49	179	-285
Number of employees	143	153	723	795	726
Ratios					
Gross margin	85.1%	81.9%	93.7%	92.5%	93.1%
Profit margin	5.1%	4.5%	7.9%	5.3%	4.9%
Return on assets	1.4%	1.3%	10.4%	9.9%	16.0%
Solvency ratio	24.1%	25.2%	21.4%	15.4%	15.5%
Return on equity	-5.2%	6.8%	50.4%	70.5%	127.3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Finance Society. For definitions, see under accounting policies.

Management's Review

Key activities

The Company's main activity involves trade and industry as well as call center services and outsourcing of specific company related functions and related business.

Development in the year

The income statement of the Company for 2019 shows a loss of DKK 2.759.877, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 52.093.542. Main driver for loss in 2019 is clearing of high GBP balance with Sitel UK on payables side against open AR amount in DKK that effected with high FX effects.

Special risks - operating risks and financial risks

Operating risks

Risk is lower compared to previous years, but still there due limited resources and in some instances 1 role covering 2 roles. We do have back-up plan in place where we share the knowledge and experience to have in place for worst case scenarios.

Market risks

Market is not yet mature enough for outsourcing, therefore having trouble to attract new clients, part from small deals such as Panduro and organic growth with Abbott, e-Boks and 3F.

From our analysis made, it is clear that the Nordic region growth comes with global partners, as to where our focus has changed, where we are in dialogues with 2-3 potential partners. We have also identified clear strategy of how to approach these partners and with the work at home solution, we can see that new possibilities has opened up for us where we can attract the right profiles.

However, due to COVID-19, we have experienced delay in these dialogues as our partners has put the projects on hold and in some cases postponed the initial timelines.

Foreign exchange risks

Main foreign currency transactions are with related party in GBP and EUR, where majority of GBP balance is cleared in 2019 with high DKK balance so we should not see similar FX in future periods.

Interest rate risks

As company only using Group companies loan support there is no risk of interest rates.

Management's Review

Credit risks

The company does not use financial instruments besides those mentioned in the annual accounts. The company neither uses derivative financial instruments.

Liquidity risks

Sitel Denmark is not considered to have liquidity problems during the upcoming year 2020 for the operation.

Strategy and objectives

Strategy

As for sales, points above mentioned in market risk section are connected to our strategy. We are also looking into existing clients globally, that we potentially could move to our Region in order to provide better quality. Since we know that the price is a big factor for our clients, we are also looking into opportunities offering lower prices than target in order to grow in DK, which has opened up more opportunities with the work at home solutions we can offer at this stage and at the same time offer lower prices.

Operational strategy remains the same, continue to build on the foundation we have at the moment, develop existing key people in the organization to take on more responsibilities and to share knowledge in order to minimize impact when/if attrition take place for our key people.

Targets and expectations for the year ahead

Our expectations are to grow with permanent partner in 2020, and secure revenue rather than having part time projects, as well as securing a global partner within work at home environment, but not limited to new partners, as the aim for us is to have at least 50% of our employees to work from home, which will be the main focus to change the strategy of how we and our partners see future business, within BPO industry. We refer to our comments in note 1 regarding impact of Covid-19.

Research and development

Sitel Denmark will continue to search for new opportunities on technological, operational or commercial level to improve the quality of its services to its customers and improve their satisfaction.

Sitel will drive continuous systems and process re-engineering and gradually move towards a social media strategy, with the resulting deflection from traditional contact channels.

Management's Review

External environment

The Danish outsourcing market is still in its infancy. Sitel are the largest outsourcing operator in the market, and as we grow towards maximum capacity we will invest to facilitate future expansion in the market place.

Intellectual capital resources

We are investing heavily in development of our internal IC resources. We operate a People First culture and have introduced support from our Global Work Force Management team. Equally a close co operation with our Global Continuous Improvement team is now well installed.

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Revenue		58,355,659	63,876,269
Other external expenses		-8,711,135	-11,539,504
Gross profit/loss		49,644,524	52,336,765
Staff expenses	2	-46,419,615	-49,246,971
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-224,242	-206,958
Profit/loss before financial income and expenses		3,000,667	2,882,836
Financial income		0	2,534,417
Financial expenses		-6,383,842	-20,985
Profit/loss before tax		-3,383,175	5,396,268
Tax on profit/loss for the year	3	623,298	-1,768,344
Net profit/loss for the year		-2,759,877	3,627,924

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Software		6,759	6,759
Goodwill		0	0
Intangible assets	4	6,759	6,759
Other fixtures and fittings, tools and equipment		417,900	84,812
Leasehold improvements		0	27
Property, plant and equipment	5	417,900	84,839
Other receivables		544,286	544,283
Fixed asset investments	6	544,286	544,283
Fixed assets		968,945	635,881
Trade receivables		5,529,301	10,307,352
Receivables from group enterprises		206,246,744	202,417,262
Other receivables		658,006	624,059
Deferred tax asset	7	765,666	142,368
Corporation tax		862,000	256,603
Receivables		214,061,717	213,747,644
Cash at bank and in hand		1,459,187	3,302,412
Currents assets		215,520,904	217,050,056
Assets		216,489,849	217,685,937

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		125,000	125,000
Retained earnings		51,968,542	54,728,419
Equity		52,093,542	54,853,419
Other payables		1,159,277	0
Long-term debt	9	1,159,277	0
Trade payables		826,780	1,204,396
Payables to group enterprises		156,499,748	155,154,063
Other payables	9	5,910,502	6,474,059
Short-term debt		163,237,030	162,832,518
Debt		164,396,307	162,832,518
Liabilities and equity		216,489,849	217,685,937
Subsequent events	1		
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125,000	54,728,419	54,853,419
Net profit/loss for the year	0	-2,759,877	-2,759,877
Equity at 31 December	125,000	51,968,542	52,093,542

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Management has not subsequently noted any material changes in the valuation of assets and liabilities

Management assesses that revenue and earnings in 2020 will be negatively affected by the COVID-19 outbreak. It is, however, too early yet to give an opinion as to the extent of the negative implications on the Company's outlook for 2020. Management assesses that the capital resources of the Company are sufficient.

	2019 DKK	2018 DKK
2 Staff expenses		
Wages and salaries	44,773,370	46,928,234
Pensions	1,715,864	2,058,416
Other staff expenses	-69,619	260,321
	46,419,615	49,246,971
Executive Board	0	0
Average number of employees	143	153

3 Tax on profit/loss for the year

Current tax for the year	0	1,181,397
Deferred tax for the year	-623,298	-3,468
Adjustment of tax concerning previous years	0	590,415
	-623,298	1,768,344

Notes to the Financial Statements

4 Intangible assets

	Software DKK	Goodwill DKK
Cost at 1 January	472,529	1,013,403
Additions for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>472,529</u>	<u>1,013,403</u>
Impairment losses and amortisation at 1 January	<u>465,770</u>	<u>1,013,403</u>
Impairment losses and amortisation at 31 December	<u>465,770</u>	<u>1,013,403</u>
Carrying amount at 31 December	<u>6,759</u>	<u>0</u>

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	6,008,210	451,558
Additions for the year	<u>557,330</u>	<u>0</u>
Cost at 31 December	<u>6,565,540</u>	<u>451,558</u>
Revaluations at 1 January	<u>0</u>	<u>0</u>
Revaluations at 31 December	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January	5,923,398	451,531
Depreciation for the year	<u>224,242</u>	<u>27</u>
Impairment losses and depreciation at 31 December	<u>6,147,640</u>	<u>451,558</u>
Carrying amount at 31 December	<u>417,900</u>	<u>0</u>

Notes to the Financial Statements

6 Fixed asset investments

	Other receiv- ables
	DKK
Cost at 1 January	544,286
Additions for the year	0
Cost at 31 December	<u>544,286</u>
Carrying amount at 31 December	<u>544,286</u>

7 Deferred tax asset

	2019	2018
	DKK	DKK
Deferred tax asset at 1 January	142,368	138,900
Amounts recognised in the income statement for the year	<u>623,298</u>	<u>3,468</u>
Deferred tax asset at 31 December	<u>765,666</u>	<u>142,368</u>

8 Distribution of profit

Retained earnings	<u>-2,759,877</u>	<u>3,627,924</u>
	<u>-2,759,877</u>	<u>3,627,924</u>

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	<u>1,159,277</u>	<u>0</u>
Long-term part	<u>1,159,277</u>	<u>0</u>
Other short-term payables	<u>5,910,502</u>	<u>6,474,059</u>
	<u>7,069,779</u>	<u>6,474,059</u>

Notes to the Financial Statements

	2019 DKK	2018 DKK
10 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	549,988	733,317
	549,988	733,317

11 Related parties

Basis

Controlling interest

ClientLogic BV, 59 Watford Road St. Albans
Hertfordshire AL1 2AE
Great Britain

Controlling Shareholder

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Sitel Worldwide Corporation Inc	Luxembourg

The Group Annual Report of Sitel Worldwide Corporation Inc may be obtained at the following address:

Groupe Acticall
33 boulevard du Prince Henri
L-1724 Luxembourg
RCS Luxembourg B171740

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Sitel Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year, change in Company size according to the Danish Financial Statements Act has resulted in additional disclosure requirements.

The Financial Statements for 2019 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Sitel Worldwide Corporation Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

12 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

12 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 2-4 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

12 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning expenses paid in advantages for the following year.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

12 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$