

Hays Specialist Recruitment (Denmark) A/S

Central Business Registration No 30908848

Kongens Nytorv 8

1050 Copenhagen

Denmark

ANNUAL REPORT 2017/2018

The Annual General Meeting adopted the annual report on 21. September 2018

Chairman of the General Meeting

Name: **Christoph Niewerth**

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Entity details

Entity

Hays Specialist Recruitment (Denmark) A/S

Kongens Nytorv 8

1050 Copenhagen K

Central Business Registration No.: 30908848

Registered in: Copenhagen

Financial Year: 01.07.2017 – 30.06.2018

Board of Directors

Christoph Niewerth (Chairman)

Klaus Peter Breitschopf

James Hilton

Executive Board

Klaus Peter Breitschopf

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hays Specialist Recruitment (Denmark) A/S for the financial year 1 July 2017 - 30 June 2018.

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 30 June 2018 of the Company and of the results of the Company operations for the financial year 1 July 2017 - 30 June 2018.

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, 21. September 2018

Executive Board

Klaus Peter Breitschopf

Supervisory Board

Christoph Niewerth
Chairman

James Hilton

Klaus Peter Breitschopf

Independent Auditor's Report

To the Shareholders of Hays Specialist Recruitment (Denmark) A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2017, and of the results of the Company's operations for the financial year 1 July 2017 - 30 June 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hays Specialist Recruitment (Denmark) A/S for the financial year 1 July 2017 - 30 June 2018, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes ("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 Financial 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 misstatement, 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 judgment and maintain professional skepticism 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 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, 21 September 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Wright
State Authorised Public Accountant
mne10053

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Management's Review

Primary activities

The primary activities of Hays specialist Recruitment (Denmark) A/S is the recruitment of specialists for permanent positions and for temporary assignments as subcontractors (contracting).

Development in activities and finances

Hays Specialist Recruitment (Denmark) A/S has been operating in Denmark for 10 years now. The organizational structure is set up to serve client's requirements in dedicated skill areas (specialisms) and contract types (Permanent Recruiting and Contracting).

All consultants have thorough academic qualifications and practical experiences in their chosen field, together with a solid recruiting knowhow. In the Fiscal Year 2017/2018, we have focused on keeping the Permanent Business on a stable level while investing in the Contracting Business.

There is a loss for Fiscal Year 2017/2018 with an amount DKK 241.958 (prior year: DKK 128.744) although gross margin was improved with 40% to DKK 13.230.685 (prior year: DKK 9.453.362) due to increase sales. But the improved gross margin did not recover increased staff costs due to growing employees from 24 to 27.

In Fiscal Year 2017/2018, Hays Denmark thoroughly executed the business plan "Coach Perm, keep coaching Contracting, build critical mass to avoid volatility for the business"

Headcount grew by 100% and fees grew by 24%, while we managed to keep the internal churn rate on a good level (< 20%). The phasing of the New Hires went as planned. Hays Denmark successfully grew the sales force above critical mass to avoid volatility and operate on a broader client base.

In both, in Perm and in Contracting business, we achieved all-time high figures and overall delivered two record months for Denmark. We however had to realize that the Business plan in terms of profitability was too ambitious. We ended on break-even level because of a Q4 that was weaker than expected.

From a financial perspective the plan is to be profitable again in Fiscal Year 2018/2019.

Events after balance sheet date

No events have occurred after the balance sheet date to this date which influence the evaluation of the this annual report.

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, as well as selected rules applying to reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

The Financial Statements are presented in DKK.

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 amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized 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 recognized 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 the 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.

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 one in effect at the payment date, or the rate at the balance sheet date are recognized 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

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called Gross Profit or Loss in accordance with section 32 of the Danish Financial Statements Act.

Revenue

Revenue from sale of services is recognized in the income statement when delivery is made to the buyer. Revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the company. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

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 write-downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions etc. for entity staff.

Depreciation and impairment losses

Depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortization, depreciation and impairment losses for the financial year, calculated based on the residual values and useful lives of the individual assets and impairment testing.

Other financial expense

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign

currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax

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

Balance Sheet

Intangible Assets

Intangible assets comprise only acquired software for internal use.

Intangible assets are measured at cost less accumulated amortization and impairment losses.

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

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

Intangible assets	5 years
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Intangible assets are written down to the lower of recoverable amount and carrying amount.

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	5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Depreciation period and residual value are reassessed annually.

Receivables

Receivables are measured at amortized cost, usually equaling nominal values less write-downs for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 based on the intended use of asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, 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 based on 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 crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized 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 onaccount taxation scheme are recognized in the income statement in financial income and expenses.

Other financial liabilities

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

Operating leases

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

Hays Specialist Recruitment (Denmark) A/S

Income Statement for 2017/2018	<i>Notes</i>	2017/2018	2016/2017
		DKK	DKK
Gross profit		13.230.685	9.453.362
Staff costs	1	-13.285.025	-9.312.233
Depreciation and impairment losses	2	-126.420	-148.656
Operating profit / loss		-180.760	-7.527
Financial Expenses	3	-61.198	-121.217
Profit / Loss before tax		-241.958	-128.744
Tax on profit / loss for the year		0	0
Profit / Loss for the year		-241.958	-128.744
 Proposed distribution of profit / loss			
Retained earnings		-241.958	-128.744
		-241.958	-128.744

Hays Specialist Recruitment (Denmark) A/S

Balance Sheet 30 June 2018	Notes	2017/2018	2016/2017
		DKK	DKK
Assets			
Acquired intangible assets		5.583	0
Intangible assets	4	<u>5.583</u>	<u>0</u>
Other fixtures, and fittings, tools and equipment		384.580	403.464
Property, plant and equipment	5	<u>384.580</u>	<u>403.464</u>
Fixed Assets		<u>390.162</u>	<u>403.464</u>
Current Receivables			
Trade receivables		14.697.168	6.902.540
Receivables from Group Enterprises		0	224.830
Other short-term receivables		662.912	687.660
Prepayments		225.030	191.331
Current Receivables		<u>15.585.110</u>	<u>8.006.361</u>
Cash		<u>1.970.113</u>	<u>2.566.487</u>
Current Assets		<u>17.555.224</u>	<u>10.572.848</u>
Assets		<u>17.945.386</u>	<u>10.976.312</u>
Liabilities			
Equity			
Contributed Capital	6	1.004.000	1.004.000
Retained Earnings		2.363.231	2.605.190
Equity		<u>3.367.231</u>	<u>3.609.190</u>
Current Liabilities			
Trade payables		7.561.996	3.040.740
Payables to group enterprises		4.122.324	2.112.179
Other payables		2.893.835	2.214.204
Current liabilities other than provisions		<u>14.578.155</u>	<u>7.367.123</u>
Liabilities other than provisions		<u>14.578.155</u>	<u>7.367.123</u>
Equity and liabilities		<u>17.945.386</u>	<u>10.976.312</u>

Statement of changes in equity for 2017/2018

	Contributed Capital DKK	Retained Earnings DKK	Total DKK
Equity beginning of year	1.004.000	2.605.190	3.609.190
Profit/Loss for the year	0	-241.958	-241.958
Equity end of year	1.004.000	2.363.231	3.367.231

Notes

	2017/18	2016/2017
	DKK	DKK
1. Staff Costs		
Wages and salaries	11.545.927	8.117.379
Pension costs	1.016.708	735.047
Other social security costs	447.350	392.909
Other staff costs	275.040	66.898
	13.285.025	9.312.233

Average number of employees 30 June 2018: 27 (30 June 2017: 24)

	2017/18	2016/2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	126.420	148.656
	126.420	148.656

	2017/18	2016/2017
	DKK	DKK
3. Financial expenses		
Financial expenses from group enterprises	14.878	25.558
Exchange rate adjustments	45.978	95.636
Financial expenses	342	22
	61.198	121.217

	Intangible assets
	DKK
4. Intangible assets	
Cost beginning of the year	274.328
Additions	5.775
<i>Cost end of year</i>	280.103
Amortisation an impairment losses beginning of year	-274.328
Additions	-193
<i>Amortisation an impairment losses beginning of year</i>	-274.520
Carrying amount end of year	5.583
	2017/18
	Other fixtures and fittings, tools and equipment
	DKK
5. Property, plant and equipment	
Cost beginning of the year	1.413.116
Additions	112.600
Disposals	-97.516
<i>Cost end of year</i>	1.428.200
Depreciation and impairment losses beginning of year	-1.009.652
Depreciation of the year	-126.228
Depreciation of Disposals	92.259
<i>Depreciation and impairment losses end of year</i>	-1.043.621
Carrying amount end of year	384.580

	Number	Nominal Value DKK
6. Contributed Capital		
Ordinary Shares	1.004.000	1.004.000
	1.004.000	1.004.000

By conversion of debt, the following capital increase have been implemented over the past five financial years:

On 21 September 2015, a capital increase was implemented in the amount of DKK 1,000 at a price of DKK 700,000.

On 24 March 2015, a capital increase was implemented in the amount of DKK 1,000 at a price of DKK 5,900,000.

On 31 May 2013, a capital increase was implemented in the amount of DKK 1,000 at a price of DKK 9,000,000.

On 23 December 2012, a capital increase was implemented in the amount of DKK 1,000 at a price of DKK 5,952,000.

7. Unrecognised rental and lease commitments

The company has entered into rental agreements which can be terminated with 6 month notice. The commitment in the termination period amounts to DKK 766k (30 June 2017: DKK 742k).

8. Contingent assets

The entity has unrecognized deferred tax assets of approximately DKK 4 million.

9. Related parties with control

Hays Holding GmbH, Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany, wholly owns the shares of the entity and thus has control of the entity.

10. Ownership

The company has registered that the following shareholders hold more than 5% of the voting share capital or of the nominal value of the share capital:

Hays Holding GmbH, Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany

11. Consolidation

Name and registered office of the parent preparing consolidated financial statements for the largest group:

Hays plc., 4th floor Central Wing, 250 Euston Road, London NW1 2AF, UK