

ANNUAL AUDIT REPORT

as of December 31<sup>st</sup>, 2019

Hexaware Technologies GmbH

Frankfurt am Main

Auditor's Certificate and Final Remarks

I have audited the financial statements, the company's books of Hexaware Technologies GmbH for the fiscal year January 1<sup>st</sup> – December 31<sup>st</sup> 2019 and have issued an unqualified opinion:

"I have audited the annual financial statement, together with the bookkeeping systems of the Hexaware Technologies GmbH for the business year from January 1<sup>st</sup> – December 31<sup>st</sup> 2019.

The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code (HGB) and supplementary provisions in the articles of incorporation agreement are the responsibility of the Company's management. My responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on my audit.

I conducted my audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements published by the Institut der Wirtschaftsprüfer (IDW). These standards require that I plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. I believe that my audit provides a reasonable basis for my opinion.

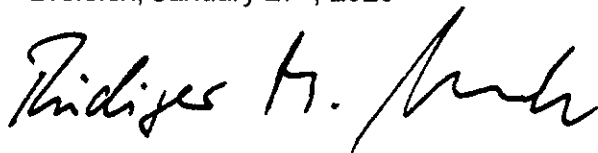
The audit has not led to any reservations.

In my opinion, the annual financial statements agree to the laws applicable, the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development."

The audit report has been prepared in accordance with the generally accepted principles for audit reports (IDW PS 450) published by the Institute of Chartered Accountants.

I refer to § 328 HGB (German Commercial Code).

Dreieich, January 27<sup>th</sup>, 2020

A handwritten signature in black ink, appearing to read 'Rüdiger M. Klonk', written in a cursive style.

Rüdiger M. Klonk

Certified Public Auditor

## Balance Sheet as of 31.12.2019

## Hexaware Technologies GmbH, Frankfurt am Main

	31.12.2019 €	31.12.2018 €	31.12.2019 €	31.12.2018 €
<b>ASSETS</b>			<b>SHAREHOLDER'S EQUITY and LIABILITIES</b>	
<b>A. FIXED ASSETS</b>			<b>A. SHAREHOLDER'S EQUITY</b>	
I. Tangible Assets			I. Share Capital, registered	180.900,00
1. Furnitures and fixtures, office equipment	22.985,02	3.566,80	II. Profit carried forward	3.890.477,04
II. Financial Assets			III. Profit for the year	266.239,35
1. Shares in affiliated companies	2.500,00	2.500,00		4.327.616,39
	25.485,02	6.056,80	<b>B. ACCRUALS</b>	
			1. Other accruals	910.874,33
			<b>C. LIABILITIES</b>	
<b>B. CURRENT ASSETS</b>			1. Payments received on accounts of orders	115.217,12
I. Inventories			- of which due within one year:	
1. Work in progress	181.852,19	72.764,17	€ 115.217,12 (prev. year: € 195,636.04)	
II. Receivables and other assets			2. Accounts payable trade	96.216,67
1. Accounts receivable trade	1.905.976,45	1.702.129,59	- of which due within one year:	
2. Receivables aff. Companies	3.971.330,53	3.700.523,05	€ 96.216,67 (prev. year: € 397.344,97)	
3. Other assets	162.782,21	149.977,21	3. Liabilities affiliated companies	817.817,45
III. Bank deposit	41.500,00	6.081.589,19	- of which due within one year:	
			€ 817.817,45 (prev. year: € 19.471,41)	
			4. Other liabilities	45.305,60
			- of which due within one year:	
			€ 45.305,60 (prev. year: € 246,675.20)	
			- Liabilities, taxes:	
			€ 45.305,60 (prev. year: € 232,669.42)	
			- Liabilities, social security:	
			€ 0,00 (prev. year: € 14,005.78)	
<b>C. PREPAID EXPENSES</b>	24.121,16	15.305,38		246.675,20
				859.127,62
	6.313.047,56	5.646.756,20		6.313.047,56
	6.313.047,56	5.646.756,20		5.646.756,20

Profit and Loss Statement  
for the period

01.01. - 31.12.2019

Hexaware Technologies GmbH, Frankfurt am Main

	2019	2018
	€	€
1. Sales	10.141.831,74	10.275.373,64
2. Decrease of work in process (prior year: decrease)	<u>109.088,02</u>	<u>-129.777,50</u>
3. Gross revenue for the period	10.250.919,76	10.145.596,14
4. Other income of which currency translation gains € 42.500,22 (prior year: loss € 68.518,46)	42.500,22	72.018,46
5. Cost of purchased services	5.404.031,14	5.485.628,50
6. Payroll expenses		
a) Salaries and wages	3.303.403,79	3.178.855,76
b) social security	<u>520.634,59</u>	<u>528.985,37</u>
7. Depreciation		
a) on fixed assets	6.170,55	6.390,48
8. Other operating expenses	<u>710.012,32</u>	<u>666.283,47</u>
9. Interest income	349.167,59	351.491,02
10. Taxes on income	36.071,76	0,00
11. Net income after tax	<u>119.000,00</u>	<u>118.000,00</u>
12. Profit for the year	266.239,35	233.491,02
	<u>266.239,35</u>	<u>233.491,02</u>

Hexaware Technologies GmbH, Frankfurt am Main  
Commercial Register of the Frankfurt am Main District Court, HRB 52325

Notes to the Financial Statements 2019

1. Application of the Accounting Directives Law (BiRiLiG)

The annual financial statements of our company have been prepared in compliance with the Accounting Law Modernization Act, applicable since May 29<sup>th</sup>, 2009.

We are a small company according to § 267 (1) HGB.

To improve clarity, all legal comments on the balance sheet as well as on the profit and loss account positions are given in the notes on the financial statement.

2. Accounting Principles and Valuation Methods

The valuation of tangible assets is based on acquisition or manufacturing costs.

The scheduled amortisation of fixed assets is charged over the anticipated useful life of 3 to 8 years for other assets, using the straight-line method.

Additions to movable fixed assets were depreciated on a pro rata temporis basis.

Low value items with a cost of purchase of up to € 800 have been written off immediately. Assets with a cost of purchase of more than € 800 are written off by straight-line method on the basis of the actual useful life.

In case of receivables and other assets, valuation is based in principle on nominal amounts.

Risks, which were recognizable up to the balance sheet completion date and possible liabilities, were taken into account by adequate provisions.

In general, liabilities have been stated at the amount repayable.

Receivables and liabilities in foreign currencies are converted at the spot rate of the business transaction date.

As of December 31<sup>st</sup>, 2019 receivables were capitalized at their lowest value on the basis of the buying rate, and liabilities at their highest value on the basis of the selling rate of the balance sheet date.

### 3. Notes to the Balance Sheet

The balance sheet item Liabilities affiliated companies includes trade payables to the amount of k€ 818.

Other liabilities include tax liabilities of k€ 45.

### 4. Other information

#### Number of employees

Employees on average in 2019: 42

Other financial obligations 2020 - 2023: Rent T€ 450

Name and corporate domicile of the parent company, which issues the consolidated financial statements for the biggest affiliated group:

Hexaware Technologies Ltd., Mumbai, India

The consolidated statements are published in Mumbai.

Frankfurt am Main, January 27<sup>th</sup>, 2020

The Management

Cash Flow Statement

The cash flow statement shows major financing transactions and the cash flow for the fiscal year ending December 31<sup>st</sup>, 2019.

	<u>2019</u> k€	<u>2018</u> k€
<u>I. Cash Flow</u>		
1. <u>Cash -flow</u>		
Profit for the year	266	233
+ Depreciation on fixed assets	6	7
+ Increase of accruals (prior year decrease)	185	-181
= <u>Cash flow for the year</u>	<u>457</u>	<u>59</u>
2. <u>Modification of funds from operating activities</u>		
+ Increase of inventories	-109	130
+ Increase of receivables and other assets (prior year decrease)	-4.189	648
+ Increase of liabilities (prior year increase) except accruals	206	165
	<u>-4.092</u>	<u>943</u>
<u>Cash flow from operating activities</u>	<u>-3.635</u>	<u>1.002</u>
<u>II. Investments in fixed assets</u>		
- Additions to fixed assets	-24	-2
	<u>-24</u>	<u>-2</u>
<u>III. Cash position</u>		
Cash at the beginning of the business year	3.701	2.701
+ Changes of cash position (Total I und II)	-3.659	1.000
= <u>Cash at the end of the business year</u>	<u>42</u>	<u>3.701</u>



BALANCE SHEET accounts

as of 31.12.2019

ASSETS

A. Fixed Assets

<u>Account</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	€	€
<u>I. Tangible Assets</u>		
1. Office equipment, furnitures, fixtures		
0400 Computer & Printer	4.402,45	1.521,17
0410 Office Equipment	1.082,57	0,00
0420 Office Furniture	17.500,00	0,00
0486 Small Value Items Pool 2015	0,00	1.186,06
0487 Small Value Items Pool 2017	0,00	849,57
	<u>22.985,02</u>	<u>3.556,80</u>
<u>II. Financial Assets</u>		
1. Shares in affiliated companies		
0502 Investment in affiliates	<u>2.500,00</u>	<u>2.500,00</u>
<u>B. Current Assets</u>		
<u>I. Inventories</u>		
7080 Unfinished Jobs	<u>181.852,19</u>	<u>72.764,17</u>
	<u>181.852,19</u>	<u>72.764,17</u>

<u>Account</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	€	€
<u>II. Receivables and other assets</u>		
1. Accounts receivable trade		
1400 Accounts receivable	1.959.344,01	1.752.997,15
0998 Doubtful debts	-53.367,56	-50.867,56
	<u>1.905.976,45</u>	<u>1.702.129,59</u>
2. Receivables from affiliated companies		
0717 Hexaware Tech. Inc. - USA	45.040,45	0,00
0721 Hexaware Tech. Ltd. - UK	1.426.290,08	0,00
1596 Rcvbls affiliated comp due > 1 y	2.500.000,00	0,00
	<u>3.971.330,53</u>	<u>0,00</u>
3. Other assets		
1500 Other assets	0,00	7.735,00
1525 Deposits	22.500,00	22.500,00
1530 Receivable from personnel	15.125,84	19.227,76
1540 Tax overpayments 2017	78.876,13	58.346,81
1541 Tax overpayments 2018	34.861,44	17.931,72
1543 Tax overpayments 2016	0,00	20.529,32
1548 VAT deductible following year	7.503,77	0,00
1600 A/P trade (Sollposten)	0,00	295,50
1740 Salary payable account	121,82	3.411,10
1741 Wage tax payable	2.410,47	0,00
1743 AP Soc.Security	1.382,74	0,00
	<u>162.782,21</u>	<u>149.977,21</u>
<u>III. Bank deposit</u>		
1210 Dresdner Bank -Kto 91294300	0,00	1.940.312,41
1215 Commerzbank Kto 91294301 US\$	0,00	1.744.591,77
1230 Dresdner Bank Kto. 912 943 84	41.500,00	15.618,87
	<u>41.500,00</u>	<u>3.700.523,05</u>
<u>C. Prepaid expenses</u>		
0980 Accrued income	<u>24.121,16</u>	<u>15.305,38</u>

SHAREHOLDER'S EQUITY AND  
LIABILITIES

<u>Account</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	€	€
<u>A. Shareholder's equity</u>		
<u>I. Share capital</u>		
0800 Paid-up capital	<u>180.900,00</u>	<u>180.900,00</u>
<u>II. Profit carried forward</u>		
0860 Retained earnings prior year	<u>3.880.477,04</u>	<u>3.646.986,02</u>
<u>III. Profit for the year</u>		
Profit for the year	<u>266.239,35</u>	<u>233.491,02</u>
Total amount shareholder's equity:	<u>4.327.616,39</u>	<u>4.061.377,04</u>
<u>B. Accruals</u>		
<u>1. Other accruals</u>		
0966 Provision for duty to retain records	5.000,00	5.000,00
0970 Provision for Other Expenses	683.683,35	489.830,62
0971 Provision for Vacation	175.590,98	185.220,92
0977 Provision for B/S & Audit fees	46.600,00	46.200,00
	<u>910.874,33</u>	<u>726.251,54</u>
<u>C. Liabilities</u>		
<u>1. Customer advances</u>		
1719 Advance billings	<u>115.217,12</u>	<u>195.636,04</u>
<u>2. Accounts payable trade</u>		
1600 A/P trade	<u>96.216,67</u>	<u>397.344,97</u>
	<u>96.216,67</u>	<u>397.344,97</u>

<u>Account</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	€	€
<u>3. Liabilities, affiliated companies</u>		
0701 Hexaware Tech. Ltd.- Mexico	0,00	8.973,26
0715 Hexaware Tech. Ltd.- Chennai	578.782,28	10.499,75
0716 Hexaware Tech. Ltd.- Mumbai	111.238,10	-1,60
0719 Hexaware Tech. Ltd.- Pune	122.891,07	0,00
0722 Hexaware Tech. Ltd.- Bangalore	4.906,00	0,00
	<u>817.817,45</u>	<u>19.471,41</u>
<u>4. Other liabilities</u>		
1741 Wage tax payable	0,00	64.593,65
1743 AP Soc.Security	0,00	14.005,78
1548 VAT Deductable following year	0,00	-7.210,16
1571 VAT Deductable -7%	-1.532,88	-1.293,51
1574 VAT Deductable -19% EU-purchase	-396,78	0,00
1576 VAT Deductable -19%	-311.415,12	-350.666,06
1577 VAT Deductable § 13b UStG 19%	-754.746,26	-783.921,82
1588 Import VAT	-21,78	0,00
1774 VAT Collected -19% EU-purchase	396,78	0,00
1776 VAT Collected -19%	1.881.064,72	1.895.686,35
1780 VAT Prepayment	-1.382.451,34	-1.219.289,85
1781 VAT Deposit -1/11	-140.338,00	-149.151,00
1787 VAT § 13b UStG 19%	754.746,26	783.921,82
	<u>45.305,60</u>	<u>246.675,20</u>

Summary of profit and loss accounts

01.01. - 31.12.2019

<u>Account</u>	<u>2019</u>	<u>2018</u>
	€	€
<u>1. Sales</u>		
8000 Advance Billings	-25.588,15	134.213,83
8336 Non taxable other services	165.468,43	164.930,47
8338 Non taxable turnover third countries	280.480,55	175.248,43
8400 Sales Revenue -19% VAT	10.010.257,16	9.970.796,80
8721 Revenue deductions VAT 19%	-288.786,25	-169.815,89
	<u>10.141.831,74</u>	<u>10.275.373,64</u>
<u>2. Decrease or decrease in work in process</u>		
8970 Change work in progress	<u>109.088,02</u>	<u>-129.777,50</u>
<u>3. Income from disposal of items of fixed assets</u>		
8820 Rev. Sales tnglb fxdassets 19%VAT	<u>0,00</u>	<u>3.500,00</u>
<u>4. Other income</u>		
2660 Difference-in-Exchange(Gain/Loss)	<u>42.500,22</u>	<u>68.518,46</u>
	<u>42.500,22</u>	<u>68.518,46</u>
<u>5. Cost of purchased services</u>		
3100 Outside Services	0,00	334.888,74
3101 Outside Services- Endata	1.265.702,17	1.261.392,30
3123 Outside Services EU 19%	0,00	0,00
3125 Outside Services- HTL (§ 13b)	4.138.307,64	3.889.325,63
3850 Customs charges	21,33	21,83
	<u>5.404.031,14</u>	<u>5.485.628,50</u>
<u>6. Payroll expenses</u>		
<u>a ) Salaries and wages</u>		
4120 Salaries	3.202.565,79	3.211.444,61
4121 Bonus/ Provision	100.838,00	-32.588,85
	<u>3.303.403,79</u>	<u>3.178.855,76</u>

<u>Account</u>	<u>2019</u> €	<u>2018</u> €
<b><u>b) Social security</u></b>		
4130 Employer Cont. -S. Security	516.639,35	515.157,29
4138 Employer's Liability contribution	-2.234,64	13.352,06
4140 Voluntary S. Sec. contrib. wage tax free	6.229,88	476,02
	<u>520.634,59</u>	<u>528.985,37</u>
 Total of payroll expenses	 <u>3.824.038,38</u>	 <u>3.707.841,13</u>
<b><u>7. Depreciation</u></b>		
<b><u>a) on fixed assets</u></b>		
4830 Depreciation	4.037,31	4.370,09
4855 Imm. Write off low value assets	97,61	805,70
4862 Depreciation Pool	2.035,63	1.214,69
	<u>6.170,55</u>	<u>6.390,48</u>
<b><u>8. Other operating expenses</u></b>		
<b><u>a) Room expenses</u></b>		
4210 Rent	92.728,60	69.800,90
4240 Gas, current, water	2.247,49	1.080,74
4250 Cleaning Expenses	4.415,45	4.844,33
	<u>99.391,54</u>	<u>75.725,97</u>
<b><u>b) Insurance premiums, fees and contributions</u></b>		
4139 Compensation charge SchwerbehindertenG	-3.320,00	5.280,00
4360 Insurances	8.410,74	8.815,88
4380 Subscriptions	44.625,49	34.516,51
4396 Deductable default fines/ penalty payments	4.310,44	459,81
4397 Non Deductable default fines/ penalty payments	6,84	564,00
	<u>54.033,51</u>	<u>49.636,20</u>
<b><u>c) Repair and maintenance</u></b>		
4805 Repairs office equipment	0,00	131,28
4806 Maintenance cost for hard & software	8.528,45	6.098,01
4809 Other repairs and maintenance	212,12	232,01
	<u>8.740,57</u>	<u>6.461,30</u>

<u>Account</u>	<u>2019</u> €	<u>2018</u> €
<u>d) Selling expenses</u>		
4600 Marketing Expenses	26.358,90	27.540,30
4630 Presents up to value of € 35	742,58	338,32
4631 N-c bnft. 3rd part., dedctlb, s.37b EStG	52,89	0,00
4635 Presents non deductible	1.475,00	800,00
4651 Oth exp lim deductblty (dedctbl prtn)	0,00	69,71
4652 Expns lim dedctblty (non-dedctbl prtn)	0,00	29,87
4653 Business courtesies	921,14	2.317,56
4654 Entertainment costs- non deductible	26.831,24	9.202,36
4655 Business expenses- non deductible	4.273,65	10.107,42
4660 Travel Expenses	154.827,78	162.706,49
4661 Travel Exp. Sales people & support staff	94.959,00	57.021,29
4663 Employee travel expenses, cost of travel	1.719,84	386,10
4668 Employee mileage reimbursement	1.347,78	0,00
	<u>313.509,80</u>	<u>270.519,42</u>
<u>e) Distribution costs</u>		
4730 Outgoing freights	2.604,43	1.769,73
	<u>2.604,43</u>	<u>1.769,73</u>
<u>f) Various operating expenses</u>		
2150 Difference-in-Exchange(Gain/Loss)	4.620,34	0,00
2285 Backpayments of prior years txs	1.360,64	0,00
4142 Recruitment expenses	20.250,00	37.525,00
4900 Other operating expenses	865,03	940,97
4910 Post/Courier	341,15	221,70
4920 Telephone	25.177,52	24.138,27
4925 Fax and internet costs	1.789,63	419,04
4930 Office Expenses	3.612,17	3.307,05
4940 Newspapers, Books	4.274,58	727,75
4950 Legal and Consultancy Exp.	51.952,41	42.671,05
4951 Translation Expenses	6.949,39	398,60
4955 Bookkeeping Costs	42.067,50	43.553,38
4956 Payroll expenses	9.345,31	7.222,80
4957 Audit expenses	25.351,39	26.530,00
4964 Expenses for licences	7.714,68	61.489,87
4970 Bank Charges	19.922,92	12.905,37
	<u>227.232,47</u>	<u>262.050,85</u>

<u>Account</u>	<u>2019</u> €	<u>2018</u> €
<u>g) Losses on write-downs or on disposals of current assets and transfers to valuation allowances on receivables</u>		
2451 Doubtful debts	<u>2.500,00</u>	<u>0,00</u>
<u>h) Miscellaneous other operating expenses</u>		
2381 Non-cash bnfts, dntns scientfc/cult. prps	2.000,00	0,00
2382 Donations to charity	<u>0,00</u>	<u>100,00</u>
	2.000,00	100,00
 Total of other business expenses	 <u>710.012,32</u>	 <u>666.263,47</u>
<u>9. Interest income</u>		
2650 Interest Income	198,49	0,00
2657 Interest Income § 233a AO taxable	0,00	0,00
2659 Othr int./sim. incm affiliated companies	<u>35.873,27</u>	<u>0,00</u>
	<u>36.071,76</u>	<u>0,00</u>
<u>10. Taxes on income</u>		
2200 Corporate income tax	93.154,00	50.542,00
4320 Trade tax	<u>25.846,00</u>	<u>67.458,00</u>
	<u>119.000,00</u>	<u>118.000,00</u>