
EPAM Systems ApS

Dampfærgevej 10, DK-2100 København Ø

Annual Report for 1 January - 31 December 2018

CVR No 25 39 44 02

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2019

Benjamin Lundström
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EPAM Systems ApS for the financial year 1 January - 31 December 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 31 December 2018 of the Company and of the results of the Company operations for 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, 29 May 2019

Executive Board

Jason Peterson

Board of Directors

Arkadiy Dobkin
Chairman

Jason Peterson

Independent Auditor's Report

To the Shareholder of EPAM Systems ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of EPAM Systems ApS for the financial year 1 January - 31 December 2018, 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 misstatement, whether due to fraud or error.

Independent Auditor's Report

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 in a manner that gives a true and fair view.

Independent Auditor's Report

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, 29 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jørgen Lund Antonsen

statsautoriseret revisor

mne10428

Company Information

The Company

EPAM Systems ApS
Dampfærgevej 10
DK-2100 København Ø

CVR No: 25 39 44 02
Financial period: 1 January - 31 December
Financial year: 19th financial year
Municipality of reg. office: København

Board of Directors

Arkadiy Dobkin, Chairman
Jason Peterson

Executive Board

Jason Peterson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

EPAM Systems ApS is a software company, providing development services for Enterprise Software Solutions with an emphasis on web services. EPAM Systems has established a software development business that provides significantly higher value for money for European and US clients. The immediate tactical goal is to enhance the service level and profitability by matching EPAM's global resources more closely to the needs of its clients.

Development in the year

The income statement of the Company for 2018 shows a profit of EUR 1,910,805, and at 31 December 2018 the balance sheet of the Company shows equity of EUR 12,969,873.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 EUR	2017 EUR
Gross profit/loss		1,624,230	2,484,082
Administrative expenses		-56,913	-57,705
Operating profit/loss		1,567,317	2,426,377
Other operating expenses		-222	0
Profit/loss before financial income and expenses		1,567,095	2,426,377
Financial income	2	2,767,364	632,551
Financial expenses	3	-1,880,261	-2,581,022
Profit/loss before tax		2,454,198	477,906
Tax on profit/loss for the year	4	-543,393	-108,158
Net profit/loss for the year		1,910,805	369,748

Distribution of profit

Proposed distribution of profit

Retained earnings		1,910,805	369,748
		1,910,805	369,748

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2018</u> EUR	<u>2017</u> EUR
Completed development projects		0	0
Intangible assets		0	0
Investments in subsidiaries		11,714	11,714
Fixed asset investments		11,714	11,714
Fixed assets		11,714	11,714
Receivables from group enterprises		13,287,025	25,360,349
Other receivables		6,617	10,981
Corporation tax		0	93,930
Receivables		13,293,642	25,465,260
Cash at bank and in hand		11,344,803	4,350,449
Currents assets		24,638,445	29,815,709
Assets		24,650,159	29,827,423

Balance Sheet 31 December

Liabilities and equity

	Note	2018 EUR	2017 EUR
Share capital		192,994	192,994
Share premium account		2,608,578	2,608,578
Retained earnings		<u>10,168,301</u>	<u>8,257,496</u>
Equity	5	<u>12,969,873</u>	<u>11,059,068</u>
Payables to group enterprises		11,374,528	18,751,872
Corporation tax		281,445	0
Other payables		<u>24,313</u>	<u>16,483</u>
Short-term debt		<u>11,680,286</u>	<u>18,768,355</u>
Debt		<u>11,680,286</u>	<u>18,768,355</u>
Liabilities and equity		<u>24,650,159</u>	<u>29,827,423</u>
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained</u>	<u>Total</u>
	<u>EUR</u>	<u>account</u>	<u>earnings</u>	<u>EUR</u>
	EUR	EUR	EUR	EUR
Equity at 1 January	192,994	2,608,578	8,257,496	11,059,068
Net profit/loss for the year	0	0	1,910,805	1,910,805
Equity at 31 December	192,994	2,608,578	10,168,301	12,969,873

Notes to the Financial Statements

1 Staff

There are no employees and therefore no staff expenses for 2018 and 2017.

	<u>2018</u> EUR	<u>2017</u> EUR
2 Financial income		
Exchange adjustments	2,767,364	632,551
	<u>2,767,364</u>	<u>632,551</u>
3 Financial expenses		
Other financial expenses	7,865	0
Exchange adjustments, expenses	1,872,396	2,581,022
	<u>1,880,261</u>	<u>2,581,022</u>
4 Tax on profit/loss for the year		
Current tax for the year	543,393	106,660
Deferred tax for the year	0	1,498
	<u>543,393</u>	<u>108,158</u>

5 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> EUR
A-shares	1,718,628	171,863
B-shares	211,304	21,131
		<u>192,994</u>

Notes to the Financial Statements

6 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
EPAM Systems, Inc The Group Annual Report of EPAM Systems, Inc may be obtained at the following address:	41 University Drive, Suite 202 Newtown, Pennsylvania 18940 USA http://investors.epam.com

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of EPAM Systems ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in EUR.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act we refer to the consolidated financial statements of EPAM Systems, Inc., the Company has not prepared consolidated financial statements.

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.

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.

Translation policies

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services and software is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of sales, advertising and marketing expenses.

Administrative expenses

Administrative expenses comprise expenses for office expenses, etc.

Financial income and expenses

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

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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.

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.