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# ***EPAM Systems ApS***

Dampfærgevej 10, DK-2100 København Ø

## **Annual Report for 1 January - 31 December 2019**

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CVR No 25 39 44 02

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2020

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 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.

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

Copenhagen, 30 June 2020

## **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 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 EPAM Systems 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.

## 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 judgement and maintain professional scepticism throughout the audit. We also:

## **Independent Auditor's Report**

- 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, 30 June 2020

**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: 20th 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

## Income Statement 1 January - 31 December

	Note	2019 EUR	2018 EUR
<b>Gross profit/loss</b>		<b>874,659</b>	<b>1,624,230</b>
Administrative expenses		-73,232	-56,913
<b>Operating profit/loss</b>		<b>801,427</b>	<b>1,567,317</b>
Other operating expenses		0	-222
<b>Profit/loss before financial income and expenses</b>		<b>801,427</b>	<b>1,567,095</b>
Financial income		2,490,941	2,767,364
Financial expenses		-2,134,361	-1,880,261
<b>Profit/loss before tax</b>		<b>1,158,007</b>	<b>2,454,198</b>
Tax on profit/loss for the year	4	-255,808	-543,393
<b>Net profit/loss for the year</b>		<b>902,199</b>	<b>1,910,805</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year		13,000,000	0
Retained earnings		-12,097,801	1,910,805
		<b>902,199</b>	<b>1,910,805</b>



## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2019</u> EUR	<u>2018</u> EUR
Investments in subsidiaries		11,714	11,714
Deposits		2,760	0
<b>Fixed asset investments</b>		<b><u>14,474</u></b>	<b><u>11,714</u></b>
<b>Fixed assets</b>		<b><u>14,474</u></b>	<b><u>11,714</u></b>
Receivables from group enterprises		13,055,549	13,287,025
Other receivables		852	6,617
<b>Receivables</b>		<b><u>13,056,401</u></b>	<b><u>13,293,642</u></b>
<b>Cash at bank and in hand</b>		<b><u>14,720,694</u></b>	<b><u>11,344,803</u></b>
<b>Currents assets</b>		<b><u>27,777,095</u></b>	<b><u>24,638,445</u></b>
<b>Assets</b>		<b><u>27,791,569</u></b>	<b><u>24,650,159</u></b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 EUR	2018 EUR
Share capital		192,994	192,994
Share premium account		0	2,608,578
Retained earnings		679,078	10,168,301
Proposed dividend for the year		13,000,000	0
<b>Equity</b>	5	<b>13,872,072</b>	<b>12,969,873</b>
Payables to group enterprises		13,807,581	11,374,528
Corporation tax		98,661	281,445
Other payables		13,255	24,313
<b>Short-term debt</b>		<b>13,919,497</b>	<b>11,680,286</b>
<b>Debt</b>		<b>13,919,497</b>	<b>11,680,286</b>
<b>Liabilities and equity</b>		<b>27,791,569</b>	<b>24,650,159</b>
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## Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Total
	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	192,994	2,608,578	10,168,301	0	12,969,873
Net profit/loss for the year	0	0	-12,097,801	13,000,000	902,199
Transfer from share premium account	0	-2,608,578	2,608,578	0	0
<b>Equity at 31 December</b>	<b>192,994</b>	<b>0</b>	<b>679,078</b>	<b>13,000,000</b>	<b>13,872,072</b>

# Notes to the Financial Statements

## 1 Subsequent events

Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

During the first quarter of 2020, the spread of a new strain of coronavirus and the disease created by that virus, COVID-19, has created a global pandemic presenting substantial public health and economic challenges around the world. The global pandemic is affecting our employees, communities and business operations, as well as the global economy and financial markets. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19, the actions taken to contain it or treat its impact and the economic impact on local, regional, national and international markets.

Our results of operations have been adversely affected and could in the future be materially adversely affected by the global coronavirus pandemic (COVID-19).

The global coronavirus pandemic (COVID-19) has created significant volatility in the price of our common stock, uncertainty in customer demand for our services, and widespread economic disruption. The extent to which the coronavirus pandemic will further impact our business, operations and financial results will depend on numerous factors that are frequently changing or unknown, and that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' responses or planned responses to the pandemic; the impact of the pandemic on economic activity and any interventions intended to mitigate decreased economic activity; the effect on our customers and customer demand for our products, services, and solutions; our ability to sell and provide our products, services, and solutions, including as a result of travel restrictions, personnel working from home or with diminished technology and communication abilities, and social distancing; the ability of our customers to pay timely, if at all, for our services and solutions with or without discounts requested by our customers; and closures of our and our customers' offices and facilities.

Management assesses that the financial resources available are adequate.

## 2 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.

## 3 Staff

There are no employees and therefore no staff expenses for 2019 and 2018.

## Notes to the Financial Statements

	2019	2018
	EUR	EUR
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	255,372	543,393
Adjustment of tax concerning previous years	436	0
	<b>255,808</b>	<b>543,393</b>

## 5 Equity

The share capital is broken down as follow:

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

## 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 <a href="http://investors.epam.com">http://investors.epam.com</a>

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of EPAM Systems ApS for 2019 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 2019 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.

#### Administrative expenses

Administrative expenses comprise expenses for office expenses, etc.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including 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.

#### 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.

#### Other fixed asset investments

Other fixed asset investments consist of deposits.

#### 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.