Tieto Denmark A/S

Kongevejen 400 C
DK-2840 Holte

CVR-no 25680480

Annual Report

1 January 2016 - 31 December 2016

The Annual Report was presented and adapted at the Annual General Meeting of the Company on 19 June 2017

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Chairman

Contents

Company information

The Company
Tieto Denmark A/S
Kongevejen 400 C
DK-2840 Holte

Municipality of reg. office:	Rudersdal
CVR-no.:	25680480
Accounting period:	1 January – 31 December
Financial year:	17th financial year

Executive Board
Cristina Petrescu
Stefan Krebs
Peter Bernhard S Sverdrup Engelschiøn

Board of Directors
Torben Winther Kristensen

Revisor
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 for the financial year 1 January 2016 - 31 December 2016 for Tieto Denmark A/S.

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 2016 of the Company and of the results of the Company operations for 1 January 2016 - 31 December 2016.

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.

Holte, 19 June 2017

Board of Directors:

Torben Winther Kristensen

The Executive Board:

Cristina Petrescu Chairman	Stefan Krebs	Peter Bernhard S Sverdrup Engelschiøn

Independent Auditor's Report

To the Shareholder of Tieto Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tieto Denmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies.

Basic 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 judgment and maintain professional skepticism 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.

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.

Independent Auditor's Report

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.

Copenhagen, 19 June 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab, CVR-nr. 33 77 12 31

Ferass Hamade
State Authorised Public Accountant

Management's Review

Main Activities

Tieto Denmark A/S have a mission to help organizations administrate, share and use their information in such a way that the information becomes the most valuable asset in the organization.

Tieto Denmark A/S is a subsidiary of Tieto Oyj (Tieto Group with headquarters in Espoo, Finland).

Tieto Group aims to become customers' first choice for business renewal as the leading Nordic software and services company.

Tieto has around 14.000 experts in close to 20 countries. Turnover is approximately MEUR. 1.500 and total equity MEUR. 500.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Development in the year

Tieto Denmark A/S (until April 2016 known as Software Innovation A/S) merged with Tieto Denmark Support Services A/S (CVR. 36905875) in April 2016 with effect from January 2016.

The comparative figures has not been adjusted and therefore only shows for Software Innovation part of the continuing company.

The income statement of the Company for 2016 shows a profit of DKK 10.264.498 and at 31 December 2016 the balance sheet of the company shows equity of DKK 16.520.321.

Subsequent events

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

Note	Income Statement	2016 DKK	2015 1.000 DKK
	Income Statement 1 January - 31 December		
	Gross profit/loss	**55.692.093**	**33.431**
1	Staff expenses	-42.933.325	-30.636
	Depreciations, property, plant and equipment	-2.556.192	-725
	Profit/loss before financial income and expenses	**10.202.576**	**2.070**
	Financial income	31.672	138
	Financial expenses	-46.910	-9
	Profit/loss before tax	**10.187.338**	**2.199**
2	Tax on profit/loss for the year	77.160	0
	Net profit/loss for the year	**10.264.498**	**2.199**
	Distribution of profit		
	Proposed dividend for the year	8.700.000	0
	Retained earnings	1.564.498	2.199
	Distribution of profit total	**10.264.498**	**2.199**

Note	Balance sheet	2016 DKK	2015 1.000 DKK
	Assets 31 December		
3	Goodwill	9.801.487	0
	Intangibles fixed assets	**9.801.487**	**0**
4	Other fixtures and fittings, tools and equipment	1.416.624	1.484
	Property, plant and equipment	**1.416.624**	**1.484**
	Fixed assets	**11.218.111**	**1.484**
	Trade receivables	8.738.935	11.098
	Contract work in progress	4.862.884	5.480
	Receivables from group enterprises	10.323.445	6.655
	Other receivables	2.115.822	813
	Prepayments	2.990.602	268
	Receiveables	**29.031.688**	**24.314**
	Cash at bank and in hand	**0**	**2**
	Current assets	**29.031.688**	**24.316**
	Assets in total	**40.249.799**	**25.800**

Note	Balance Sheet	2016 DKK	2015 1.000 DKK
	Liability and Equity 31 December		
	Share capital	503.000	503
	Retained earnings	7.317.321	5.105
	Proposed dividend for the year	8.700.000	0
5	**Equity**	**16.520.321**	**5.608**
6	Provisions	586.896	0
	Provisions total	**586.896**	**0**
	Short-term debt	0	52
	Received prepayments from customers	3.997.209	5.092
	Trade payables	2.075.026	955
	Payables to group enterprises	2.854.716	1.138
	Other payables	11.053.467	11.764
	Prepayments	3.162.164	1.191
	Short-term debt	**23.142.582**	**20.192**
	Short-term debt total	**23.729.478**	**20.192**
	Liabilities and equity	**40.249.799**	**25.800**

7 Contingent assets, liabilities and other financial obligations

Noter		2016 DKK	2015 1.000 DKK
1	**Staff expenses**		
	Wages and salaries	38.174.820	29.668
	Pension cost	1.654.837	626
	Other social security expenses	272.113	342
	Other staff expenses	2.831.555	0
	Staff expenses total	**42.933.325**	**30.636**
	Average number of employees	55	49
2	**Tax on profit/loss for the year**		
	Adjustment of tax concerning previous year	-77.160	0
	Tax on profit/loss for the year total	**-77.160**	**0**
3	**Goodwill**		
	Addition, merger	11.761.784	0
	Cost at 31 December	11.761.784	0
	Addition, merger	-280.042	0
	Amortisation for the year	-1.680.255	
	Impairment losses and amortisation at 31 December	-1.960.297	0
	Goodwill total	**9.801.487**	**0**
4	**Other fixtures and fittings, tools and equipment**		
	Cost at 1 January	9.248.000	9.057
	Additions for the year	808.122	191
	Disposals during the year	-7.633.051	0
	Cost at 31 December	2.423.071	9.248
	Impairment losses and amortisation at 1 January	-7.763.561	-7.039
	Depreciation and amortisation of disposed assets	7.174.163	0
	Amortisation for the year	-417.049	-725
	Impairment losses and amortisation at 31 December	-1.006.447	-7.764
	Carrying amount at 31 December	**1.416.624**	**1.484**

	2016	2015
Noter	DKK	1.000 DKK

5 Equity

	Share capital	**Retained earnings**	**Proposed dividend**	**Total**
	1.000 DKK	1.000 DKK	1.000 DKK	1.000 DKK
Opening balance	503	5.105	0	5.608
Addition, merger	0	558	0	558
Share based payment	0	90	0	90
Net profit/loss for the year	0	1.565	8.700	10.565
Equity total	**503**	**7.318**	**8.700**	**16.521**

6 Provisions

Provisions amounting to kDKK 587 relates to loss-making contracts.

7 Contingent assets, liabilities and other financial obligations

The company has signed leases, which imposed a total future payment of kDKK 9.455 per 31 December 2016.

The company is jointly and severally liable with the sister company Tieto DK A/S for Danish corporation tax, tax on dividends and royalties within the joint taxation.

Accounting Policies

Basis of Preparation
The Annual Report of Tieto Denmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Tieto Denmark A/S (until April 2016 known as Software Innovation A/S) merged with Tieto Denmark Support Services A/S (CVR. 36905875) in April 2016 with effect from January 2016.

The comparative figures has not been adjusted and therefore only shows for Software Innovation part of the continuing company.

The accounting policies applied remains unchanged from last year.

Recognition and measurement
The Financial Statements have been prepared under the historical cost method.

Revenues are recognized 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, amortization, impairment losses and provisions as well as reversal 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 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 recognized 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 amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gain 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.

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

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are

Accounting Policies

recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

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

Services are recognized at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Gross Profit/loss
Net sales minus costs of raw materials and consumables and other external costs are summarized in the item "Gross profit/loss".

Expenses for raw materials and consumables
Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

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.

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

Accounting Policies

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

Intangibles fixed assets
Intangible fixed assets are measured at cost less accumulated depreciation. Depreciation is distributed on a straight-line basis over the expected useful lives.

Goodwill	7 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	3-9 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12.900 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 amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to it is lower recoverable amount.
The recoverable amount of the asset is calculated as the higher of net selling price and value in use.

Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Accounting Policies

Contract work in progress
Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.
Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments
Prepayments comprise prepaid expenses concerning rent, licenses, insurance premiums, subscriptions and interest.

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

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Financial debts
Other debts are measured at amortised cost, substantially corresponding to nominal value.

Prepayments
Prepayments, which are recognized as liabilities, comprise received payments relating to income in subsequent years.