

Tieto Denmark A/S

Kongevejen 400 C

DK-2840 Holte

CVR-no 25680480

Annual Report

1 January 2017 - 31 December 2017

The Annual Report was presented and adopted at the Annual General Meeting of the Company
on 15 June 2018

Chairman

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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:	18th financial year

Executive Board

Cristina Petrescu, chairman
Stefan Krebs
Peter Bernhard S Sverdrup Engelschiøn

Board of Directors

Torben Winther Kristensen

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 for the financial year 1 January 2017 - 31 December 2017 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 2017 of the Company and of the result of the Company operations for 1 January 2017 – 31 December 2017.

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, 15 June 2018

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 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 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 2017, 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.

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.

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 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.

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.

Copenhagen, 15 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab, CVR-nr. 33 77 12 31

Ferass Hamade

State Authorised Public Accountant

mne35441

Management's Review

Main Activities

Tieto Denmark A/S focuses on IT and consulting services for private clients. Customer focus is on case and document management.

Tieto Denmark A/S have a vision to shape a smarter society, by managing and sharing information, because we are all part of it.

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 other uncertainties.

Measurement of work in progress contains estimates over the completion percentages for the specific projects. The actual realization of the projects could deviate significantly from the applied estimates.

Developments in activities and economic conditions

The company has continued its normal operating activities. There have been no single events in the financial year, which is so significant that it requires mentioning in the management's review.

The year's development and performance are considered satisfactory. The revenue in 2017 has increased with kDKK 4.218 compared with 2016. The net profit in 2017 has increased with kDKK 296 compared to 2016. The equity in 2017 has increased with kDKK 1.776 compared to 2016. The development is considered satisfactory and is expected to continue in 2018.

The expectations for 2018 are on the same level as in 2017.

The expected development

It is assumed that revenue and results for the financial year 2018 will be at same level as reported for the financial year 2017.

Intellectual capital resources

In order to be able to continue developing and providing competitive solutions, it is decisive that the company is able to recruit and retain highly educated employees.

The company continues to make investments in current recruitment, upgrading of skills and certification of both new and experienced consultants and developers. The company will continue to focus on maintaining and developing its competence levels within all core competences in 2018.

Management's Review

Risk profile and risk management

The Board and management have an ongoing dialogue about important issues in the company, including the risks that are considered to affect the company significantly. There are no greater specific risks affecting the company.

Impact of the external environment

We are convinced that our long-term success as a company is connected to our part in improving environmental and social conditions in the world. This requires a business model that takes into account all aspects of sustainability, covering our own operations and suppliers as well as our services. Therefore, sustainability is a natural part of our daily business operations and integrated into our whole value chain.

Financial Highlights

In 1.000 DKK	2017	2016	2015	2014	2013
Profit/loss					
Gross profit	47.905	53.533	33.431	28.587	23.755
Operating profit/loss	7.913	10.203	2.070	50	-8.229
Profit/loss of financial income and expenses	-10	-15	129	42	-113
Net profit/loss for the year	10.560	10.264	2.199	8	-8.342
Balance sheet					
Investments in property, plant and equipment	175	808	191	683	380
Current assets	35.453	29.032	24.316	19.294	24.848
Assets in total – balance sheet total	44.677	40.250	25.800	21.313	27.349
Equity	18.296	16.520	5.608	3.409	3.401
Provisions	1.137	587	0	0	0
Short-term debt	25.245	23.143	20.192	17.850	23.948
Ratios in %					
Solvency ratio	41,0	41,0	21,7	16,0	12,4
Return on equity	60,7	92,8	78,4	0,2	-245,3
Employees					
Average number of employees	52	55	49	48	54

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (April 2015).

The company has in 2016 merged with Tieto Denmark with Software Innovation A/S as the continuing company.

The predecessor accounting method has been used. The company has in accordance with the Danish Financial Statement Act chosen not to change the comparative figures. The figures for 2013-2015 solely comprise figures from Software Innovation A/S.

		2017	2016
Note	Income Statement	DKK	1.000 DKK
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Income Statement 1 January - 31 December			
	Gross profit/loss	47.905.208	53.533
1	Staff expenses	-37.841.971	-40.774
	Depreciations of intangible fixed assets and property, plant and equipment	-2.137.397	-2.556
	Other operating expenses	-13.040	0
	Profit/loss before financial income and expenses	7.912.800	10.203
	Financial income	3.109	32
	Financial expenses	-13.033	-47
	Profit/loss before tax	7.902.876	10.188
2	Tax on profit/loss for the year	2.656.898	77
	Net profit/loss for the year	10.559.774	10.265

		2017	2016
Note	Balance Sheet	DKK	1.000 DKK
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	Assets 31 December		
3	Goodwill	8.121.231	9.801
	Intangibles fixed assets	8.121.231	9.801
4	Other fixtures and fittings, tools and equipment	1.103.095	1.417
	Property, plant and equipment	1.103.095	1.417
	Fixed assets	9.224.326	11.218
	Trade receivables	16.873.681	8.739
5	Contract work in progress	5.745.363	4.863
	Receivables from group enterprises	7.329.414	10.323
6	Deferred tax assets	2.656.898	0
	Other receivables	1.031.282	2.116
	Prepayments	1.816.471	2.991
	Receivables	35.453.109	29.032
	Current assets	35.453.109	29.032
	Assets in total	44.677.435	40.250

		2017	2016
Note	Balance Sheet	DKK	1.000 DKK
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Liability and Equity 31 December			
	Share capital	503.000	503
	Retained earnings	8.292.690	7.317
	Proposed dividend for the year	9.500.000	8.700
	Equity	18.295.690	16.520
5	Provisions	1.136.599	587
	Provisions total	1.136.599	587
5	Received prepayments from customers	2.556.370	2.897
	Trade payables	1.772.921	2.075
	Payables to group enterprises	5.705.206	2.855
	Other payables	10.475.065	11.053
5	Prepayments	4.735.584	4.263
	Short-term debt	25.245.146	23.143
	Short-term debt total	26.381.745	23.729
	Liabilities and equity	44.677.435	40.250
7	Contingent assets, liabilities and other financial obligations		
8	Related parties and ownership		
9	Subsequent events		
10	Distribution of profit		
11	Accounting policies		

	2017	2016
Equity Statement	DKK	1.000 DKK
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Equity Statement 1 January - 31 December		
Share capital at 1 January	503.000	503
Share capital	503.000	503
Retained earnings at 1 January	7.317.321	5.105
Addition, merger	0	558
Shared based payment	-84.405	90
Net profit/loss for the year	1.059.774	1.564
Retained earnings	8.292.690	7.317
Proposed dividend at 1 January	8.700.000	0
Paid out dividend	-8.700.000	0
Proposed dividend at 31 December	9.500.000	8.700
Proposed dividend	9.500.000	8.700
Equity total	18.295.690	16.520

The share capital consists of 503 shares of a nominal value of DKK 1.000. No shares carry any special rights.

In 2016 there has been an addition to the equity in connection with the merger between Tieto Denmark and Software Innovation. The addition amounts to kDKK 558. There has not been any other movements in the equity over the last 5 years.

	2017	2016
Notes to financial statements	DKK	1.000 DKK

1 Staff expenses

Wages and salaries	33.581.068	35.927
Pension cost	1.725.940	1.655
Other social security expenses	245.743	272
Other staff expenses	2.289.220	2.920
Staff expenses total	37.841.971	40.774
Average number of employees	52	55

In pursuance of section 98b(3) of the Danish Financial Statements Act, the remuneration to the Executive Board and the Board of Directors is not stated.

2 Tax on profit/loss for the year

Deferred tax for the year	641.244	0
Adjustment of tax concerning previous year	-3.298.142	-77
Tax on profit/loss for the year total	-2.656.898	-77

3 Goodwill

Cost at 1 January	11.761.784	0
Addition, merger	0	11.762
Cost at 31 December	11.761.784	11.762
Impairment losses and amortisation at 1 January	-1.960.297	0
Addition, merger	0	-280
Amortisation for the year	-1.680.256	-1.680
Impairment losses and amortization at 31 December	-3.640.553	-1.960
Goodwill total	8.121.231	9.801

	2017	2016
Notes to financial statements	DKK	1.000 DKK
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4 Other fixtures and fittings, tools and equipment		
Cost at 1 January	2.423.071	9.248
Additions for the year	175.251	808
Disposals during the year	-55.167	-7.633
Cost at 31 December	<u>2.543.155</u>	<u>2.423</u>
Impairment losses and amortisation at 1 January	-1.006.446	-7.764
Depreciation and amortisation of disposed assets	23.527	7.174
Amortisation for the year	-457.141	-417
Impairment losses and amortisation at 31 December	<u>-1.440.060</u>	<u>-1.007</u>
Carrying amount at 31 December	<u>1.103.095</u>	<u>1.417</u>
5 Work in progress		
Sales value	23.505.105	8.333
Received prepayments	-20.316.112	-6.619
	<u>3.188.993</u>	<u>1.713</u>
<i>Classification</i>		
Contract work in progress	5.745.363	4.610
Received prepayments from customers	-2.556.370	-2.897
	<u>3.188.993</u>	<u>1.713</u>
Loss making contracts	-1.136.599	-587
Prepayments	-4.735.584	-4.010
6 Deferred tax assets		
Deferred tax assets at 1 January	0	0
Adjustment of tax concerning previous year	3.298.142	0
Adjustment for the year	-641.244	0
Deferred tax assets 31 December	<u>2.656.898</u>	<u>0</u>

Deferred tax assets comprise primarily of intangible and tangible fixed assets.

	2017	2016
Notes to financial statements	DKK	1.000 DKK

7 Contingent assets, liabilities and other financial obligations

The company has signed leases, which imposed a total obligation of tDKK 7.451 per 31 December 2017, of this tDKK 5.109 is payable after 1 year.

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.

8 Related parties and ownership

Controlling interest

Tieto Oyj, Finland, Majority of voting rights

Transactions

All transactions with related parties are conducted on market terms.

Consolidated Financial Statements

The Company's immediate and ultimate parent company, which prepares the consolidated financial statements in which the company is a subsidiary, Tieto Oyj, Finland

The consolidated financial statements for Tieto Oyj, Finland, can be obtained at the following address:

Tieto Oyj
Keilalahdentie 2-4
P.O.Box 2, 02101
FI-02150 Espoo
Finland

or on the Groups website www.tieto.com.

9 Subsequent events

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

10 Distribution of profit

Proposed dividend for the year	9.500.000	8.700
Retained earnings	1.059.774	1.564
Distribution of profit total	10.559.774	10.264

Accounting Policies

11 Accounting policies

Basis of Preparation

The Annual Report of Tieto Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statement Act applying to enterprises of reporting class C for medium enterprises.

Due to its size the company has changed from reporting class B to reporting class C for medium enterprises. There has been no effect on equity, income statement or balance sheet total in this respect.

The Cash Flow Statement is omitted in accordance with section 86 of the Danish Financial Statement Act (årsregnskabet). We refer to the Annual Report for the group, see note 8.

Financial Statements for 2017 are presented in DKK.

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.

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 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.

Accounting Policies

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.

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".

The items revenue, direct costs, other operating income and external expenses have been due to competitive considerations aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

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.

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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect to the joint taxation is allocated to Danish enterprises in proportion to their incomes.

Accounting Policies

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 3-6 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13.200 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 its 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.

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 recognized as an expense in the income statement.

Accounting Policies

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 recognized in the income statement as incurred.

Prepayments

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

Loss-making contracts

If the total cost of work in progress is expected to exceed the total sales value, the expected loss is recognized as a loss-making contract under provisions and expensed in the income statement.

Dividend

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

Financial debts

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

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.

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 repayments under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Accounting Policies

Prepayments

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

Key figures in the management review

Key figures are calculated as follows:

Solvency ratio $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$

Return on equity $\frac{\text{Change in equity} \times 100}{\text{Equity at the beginning of the year}}$