

# **Innofactor A/S**

Øster Allé 48, 7<sup>th</sup> floor, 2100 København Ø

**CVR-number 29 60 74 27**

## **Annual Report 2016**

Financial year: 01.01.2016 – 31.12.2016

Approved at the annual general meeting of shareholders on 15 June 2017



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Chairman

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## Company Information

The Company	Innofactor A/S Øster Allé 48, 7th floor 2100 København Ø
Executive Board	Jørgen Krog Kaufmann
Board of Directors	Sami Pekka Ensio, Chairman Jørgen Krog Kaufmann Patrik Olof Pehrsson
Auditors	PriceWaterhouseCoopers Statsautoriseret revisionspartnerselskab
Bankers	Nordea
Financial year	1 January - 31 December

## Management's Review

The Company's business review

The Company's objective is to sell consultancy services, etc. within business intelligence and data warehousing.

Significant changes in the company's activities and financial affairs

There has been no significant changes in the activities and financial position during the financial year.

## Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report 2016 of Innofactor A/S.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2016 and the results of operations for the financial year 1 January - 31 December 2016 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.


We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, 15. june 2017

### Executive Board

  
Jørgen Krog Kaufmann

### Board of Directors

  
Sami Pekka Ensio  
Chairman

  
Jørgen Krog Kaufmann

  
Patrik Olof Pehrsson

## Independent auditors' report

To the shareholders of Innofactor 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 for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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

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.

## Independent auditors' report

### 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.

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, 15 June 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Martin Lunden

State Authorised Public Accountant



Michael Blom

State Authorised Public Accountant

## Accounting Policies

### Basis of accounting

The Annual Report of Innofactor 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. Management has chosen to follow certain rules from reporting class C.

The company is included in the consolidated financial statement for Innofactor Plc, Espoo, Finland.

The accounting policies applied by the company are consistent with those of last year.

### Reporting currency

The financial statements are presented in Danish kroner.

### Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains 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.

### 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. If foreign exchange positions 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. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.



## Accounting Policies

### Income Statement

#### Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Other external expenses" and "Other operating income" are consolidated into one item designated "Gross profit".

#### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage-of-completion method). Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Employee expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The items is net of refunds made by public authorities.

#### Other operating income

Other operating income comprise items of a secondary nature compared to the core activities of the Company, such as profit from the Fairmount Agreement and received contribution to expenses for exploration.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

#### Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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## Accounting Policies

### Balance Sheet

#### Property, plant and equipment

Other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and amortization.

Depreciation is based on cost reduced by any expected residual value after the period of use.

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 is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures, fittings, tools and equipment	3-5	Years
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Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale.

#### Investments

Deposits, investments are measured at cost.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount. Investments comprise rent deposits, which is measured at cost.

#### Contract work in progress

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated based on the percentage of completion at the balance sheet date and the total expected income for the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of the contract work in progress cannot be made up reliably, the market value is measured at the costs incurred as far as they are expected to be paid by the purchaser. Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "provisions" and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

#### Deferred income assets

Deferred income recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

## Accounting Policies

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

### Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or 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 either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on 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 crystallised as current tax.

### Debt

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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## Profit and loss account 1 January - 31 December

Note	2016	2015
Gross profit	17.785.918	26.936.524
1 Employee expense	24.242.163	32.626.221
Depreciation, amortisation and impairment losses of property, plant and equipment	264.948	289.970
Profit (loss) from ordinary operating activities	-6.721.193	-5.979.667
2 Financial income	144	0
3 Financial expenses	177.498	288.307
Profit (loss) from ordinary activities before tax	-6.898.547	-6.267.974
4 Tax expense on ordinary activities	1.724.175	-1.354.804
Profit (loss)	-8.622.722	-4.913.170
Proposed distribution of results:		
Retained earnings	-8.622.722	-4.913.170
Profit for the year distributed	-8.622.722	-4.913.170

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 Balance sheet 31 December

## Assets

Note	2016	2015
5		
Fixtures, fittings, tools and equipment	483.252	379.590
Property, plant and equipment	483.252	379.590
Deposits, investments	434.422	470.580
Investments	434.422	470.580
Non-current assets	917.674	850.170
Trade receivables	7.982.799	8.900.398
Contract work in progress	39.170	29.000
Receivables from group enterprises	452.216	1.377.178
Deferred tax assets	0	1.366.175
Tax receivables	203.007	561.007
Other receivables	1.903.489	0
Deferred income assets	1.356.405	207.583
Receivables	11.937.086	12.441.341
Current assets	11.937.086	12.441.341
Total assets	12.854.760	13.291.511

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 Balance sheet 31 December

## Liabilities

Note	2016	2015
Share capital	500.000	500.000
Retained earnings	-6.095.638	2.527.084
6 Equity	-5.595.638	3.027.084
Other credit institutions	2.908.603	2.161.727
Trade payables	2.500.284	1.416.101
Payables to group enterprises	8.747.631	0
Other payables	2.910.877	5.722.021
Contract work in progress, liabilities	1.031.096	0
Deferred income, liabilities	351.907	964.578
Short-term debt	18.450.398	10.264.427
Total debt	18.450.398	10.264.427
Total liabilities	12.854.760	13.291.511
7 Disclosure of any unusual circumstances		
8 Collaterals		
9 Contractual obligation		
10 Contingent liabilities		
11 Going Concern		

## Notes to the annual accounts

	<u>2016</u>	<u>2015</u>
1 Employee expense		
Wages/salaries	20.483.651	27.103.205
Pensions	2.471.035	3.426.534
Other social security costs	265.427	318.810
Other staff costs	1.022.050	1.777.672
	<u>24.242.163</u>	<u>32.626.221</u>
Average number of employees	<u>32</u>	<u>42</u>
2 Financial income		
Adjustment, exchange rate	144	0
	<u>144</u>	<u>0</u>
3 Financial expences		
Interest expences, group entities	169.101	0
Adjustment, exchange rate loss	21	30.828
Interest surcharges and tax recognises af net financials	3.572	36.468
Other financial expenses	4.804	221.011
	<u>177.498</u>	<u>288.307</u>
4 Tax expense on ordinary activities		
Tax on the taxable income of the year	0	0
Increase/decrease in provision for deferred tax	1.366.175	-1.354.804
Prior years tax	358.000	0
	<u>1.724.175</u>	<u>-1.354.804</u>

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## Notes to the annual accounts

5	Property, plant and equipment	Fixtures and fittings, tools and equipment
	Cost at 1 January	1.108.200
	Additions in the year	368.610
	Desposals in the year	0
	Cost at 31 January	1.476.810
	Impairment losses and depreciation at 1 January	728.610
	Amortisation/depreciation in the year	264.948
	Reversal of amortisation/depreciation and impairment of disposals	0
	Impairment losses and depreciation at 31 December	993.558
	Carrying amount at 31 December	483.252

6	Equity	Share capital	Retained earnings
	Equity capital 1 January	500.000	2.527.084
	Capital increase	0	0
	Profit of the year	0	-8.622.722
	Equity capital 31 December	500.000	-6.095.638

### 7 Disclosure of any unusual circumstances

Other operating income included in the gross profit comprises items of a previous fraud case with earlier CEO in Denmark. The amount DKK 1.800.000 was agreed by court to be paid back to Innofactor A/S. Innofactor has had court cost in 2015 and 2016 for the whole amount.



## Notes to the annual accounts

### 8 Collaterals

A company charge of a nominal value of DKK 3.000.000 on the Company's unsecured claims, inventories and property, plant and equipment has been put up as security for the company's payables to credit institutions

### 9 Contractual obligation

Rente and lease liabilities include a rent obligation totalling DKK 4.667.934 until 30 June 2021.

### 10 Contingent liabilities

The company is jointly taxed with its parent, Innofactor Holding ApS, which acts as management company. The company is jointly and severally liable with the other jointly taxed Group companies for payment of withholding taxes payable and for corporate taxes.

### 11 Going Concern

In 2016, the Company realized a loss. The Company is mainly financed through loans from the Company's Parent Company. In Management's assessment, the Parent Company will be able to continue to support the Group's subsidiaries. The ultimate parent company, Innofactor Oyj, has issued a letter of support valid at least the annual general meeting approving the 2017 financial statements, which promises to secure the liquidity necessary for the planned activities in Innofactor A/S so that the Company may be regarded as a going concern.