# TIETO DK A/S

**Åhave Parkvej 27, 2.**

**DK-8260 Viby J**

**CVR-no 34469024**

## Annual Report

**1 January 2016 - 31 December 2016**

The Annual Report was presented and adapted at the Annual General Meeting of the Company on 6 June 2017

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Chairman

## Contents

## Company information

**The Company**
TIETO DK A/S
Åhave Parkvej 27, 2.
DK-8260 Viby J

| | |
|---|---|
| Municipality of reg. office: | Aarhus |
| CVR-no: | 34469024 |
| Financial Period: | 1 January 2016 - 31 December 2016 |
| Financial year: | 5th financial year |

**Executive Board**
Tom Leskinen, Chairman
Anna Karoliina Leinonen
Linda Rutkovska
Stefan Krebs

**Board of Directors**
Herluf Hansen

**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 2016 - 31 December 2016 for TIETO DK 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.

Viby, 6 June 2017

**Board of Directors:**

Herluf Hansen

**The Executive Board:**

| | | |
|---|---|---|
| Tom Leskinen<br>Chairman | Anna Karoliina Leinonen | Linda Rutkovska |
| Stefan Krebs | | |

## Independent Auditor's Report

To the Shareholder of Tieto DK 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 DK 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 ("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 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.

## Independent Auditor's Report

- 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.

**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, 6 June 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab, CVR-nr. 33 77 12 31

Ferass Hamade

State Authorised Public Accountant

## Management's Review

**Main activity**

Tieto DK A/S focuses on IT and consulting services for private clients. Customer focus is on telecommunications.

**Development in the year**

The income statement of the Company for 2016 shows a profit of DKK 1.656.103 and at 31 December 2016 the balance sheet of the company shows equity of DKK 5.197.701.

**Uncertainty relating to recognition and measurement**

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

**Subsequent events**

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

| Note | Income Statement | 2016<br>DKK | 2015<br>1.000 DKK |
|---|---|---|---|
| | **Income Statement 1 January - 31 December** | | |
| | **Gross profit/loss** | **25.798.152** | **50.275** |
| 1 | Staff expenses | -23.733.159 | -33.259 |
| | Depreciations, property, plant and equipment | -55.360 | -55 |
| | **Profit/loss before financial income and expenses** | **2.009.633** | **16.961** |
| | Financial income | 0 | 50 |
| | Financial expenses | -25.696 | -41 |
| | **Profit/loss before tax** | **1.983.937** | **16.970** |
| 2 | Tax on profit/loss for the year | -327.834 | -3.990 |
| | **Net profil/loss for the year** | **1.656.103** | **12.980** |
| | | | |
| | **Distribution of profit** | | |
| | Proposed dividend for the year | 0 | 8.300 |
| | Extraordinary dividend paid | 0 | 11.700 |
| | Retained earnings | 1.656.103 | -7.020 |
| | **Distribution of profit total** | **1.656.103** | **12.980** |

| Note | Balance Sheet | 2016 DKK | 2015 1.000 DKK |
|---|---|---|---|
| | **Assets 31. December** | | |
| | Other fixtures and fittings, tools and equipment | 6.326 | 62 |
| | **Property, plant and equipment** | **6.326** | **62** |
| | Other receivables | 516.363 | 516 |
| | **Fixed asset investments** | **516.363** | **516** |
| | **Fixed assets** | **522.689** | **578** |
| | Trade receivables | 0 | 2.229 |
| | Reviewables from group enterprises | 9.556.600 | 18.957 |
| | Deferred tax asset | 24.279 | 21 |
| | Corporation tax receivable | 450.562 | 0 |
| | Other receiveables | 0 | 50 |
| | Prepayments | 118.501 | 75 |
| | **Receiveables** | **10.149.942** | **21.330** |
| | **Cash at bank and in hand** | **0** | **316** |
| | **Currents assets** | **10.149.942** | **21.646** |
| | **Assets in total** | **10.672.631** | **22.224** |

| Note | Balance Sheet | 2016 DKK | 2015 1.000 DKK |
|---|---|---|---|
| | **Liability and Equity 31 December** | | |
| | Share capital | 1.000.000 | 1.000 |
| | Retained earnings | 4.197.701 | 2.542 |
| | Proposed dividend for the year | 0 | 8.300 |
| 3 | **Equity** | **5.197.701** | **11.842** |
| | Prepayments received recognised in debt | 0 | 2 |
| | Trade payables | 646.287 | 749 |
| | Payables to group enterprises | 1.982 | 218 |
| | Corporation tax | 0 | 3.689 |
| | Other payables | 4.826.661 | 5.725 |
| | **Short-term debt** | **5.474.930** | **10.383** |
| | **Short-term debt total** | **5.474.930** | **10.383** |
| | **Liabilities and equity** | **10.672.631** | **22.224** |

4 Contingent assets, liabilities and other financial obligations

## Notes to the Financial Statements

| | | 2016 DKK | 2015 1.000 DKK |
|---|---|---|---|

**1 Staff expenses**

| | 2016 DKK | 2015 1.000 DKK |
|---|---|---|
| Wages and salaries | 20.774.886 | 30.001 |
| Pension | 2.004.095 | 2.561 |
| Other social security expenses | 114.596 | 224 |
| Other staff expenses | 839.582 | 473 |
| **Staff expenses total** | **23.733.159** | **33.259** |
| Avarage number of employees | 30 | 43 |

**2 Tax on profit/loss for the year**

| | 2016 DKK | 2015 1.000 DKK |
|---|---|---|
| Current tax for the year | 440.948 | 3.905 |
| Deferred tax for the year | -2.214 | 84 |
| Adjustment of tax concerning previous year | -197.305 | 0 |
| Joint tax value for group enterprises, previous years | 86.405 | 0 |
| **Tax on profit/loss for the year total** | **327.834** | **3.990** |

**3 Equity**

| | **Share capital** | **Retained earnings** | **Proposed dividend** | **Total** |
|---|---|---|---|---|
| | 1.000 DKK | 1.000 DKK | 1.000 DKK | 1.000 DKK |
| Opening balance | 1.000 | 2.542 | 8.300 | 11.842 |
| Dividend distributed | 0 | 0 | -8.300 | -8.300 |
| Net profit/loss for the year | 0 | 1.656 | 0 | 1.656 |
| **Equity total** | **1.000** | **4.198** | **0** | **5.198** |

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

In 2012 a capital increase was carried out in connection with the merger, during which tDKK 500 were contributed to the share capital.

**4 Contingent assets, liabilities and other financial obligations**

The company has signed leases, which imposed a total rental obligation of tDKK 1.123 per 31 December 2016.

The company is jointly and severally liable with the sister company Tieto Denmark 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 DK 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.

The accounting policies applied remains unchanged from last year.

Financial Statements for 2016 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.

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 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.

## Accounting Policies

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 goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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.

**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.

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

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

## Accounting Policies

**Balance Sheet**

**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 | 3-5 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.

**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.

## Accounting Policies

**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.

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