
Sofigate ApS

Vestergade 29, DK-1456 København K

Annual Report for 1 January - 31 December 2018

CVR No 36 07 60 11

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/3 2019

Sami Karkkila
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sofigate ApS for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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.

København K, 12 March 2019

Executive Board

Rolf Christian Greisen
Managing Director

Board of Directors

Sami Erkki Karkkila
Chairman

Jari Tapani Raappana

Sanna Siniketo

Independent Auditor's Report

To the Shareholder of Sofigate ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sofigate ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

Independent Auditor's Report

- 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, 12 March 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

Company Information

The Company

Sofigate ApS
Vestergade 29
DK-1456 København K

CVR No: 36 07 60 11
Financial period: 1 January - 31 December
Incorporated: 27 August 2014
Financial year: 4th financial year
Municipality of reg. office: København

Board of Directors

Sami Erkki Karkkila, Chairman
Jari Tapani Raappana
Sanna Siniketo

Managing Director

Rolf Christian Greisen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Handelsbanken
Østerfælled Torv 40. 1 tv.
2100 København Ø

Management's Review

Financial Statements of Sofigate ApS for 2018 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.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The company's purpose is to sell IT management consultancy and consultancy assistance.

Development in the year

The income statement of the Company for 2018 shows a loss of DKK 6,949,811, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 843,495.

Focus during 2018 has been on developing the client base and transforming the team into Sofigate's Business Technology Standard framework including all team members to attend the internal Business Technology Academies in Finland and Stockholm. The team size grew with around 30% and is now close to critical mass size in order to secure stability in demand and supply.

Many new clients have been acquired, including one where late 2018 a framework agreement was signed committing the equivalent of minimum five full year consultants invoicing more than 8 mio DKK for 2019. But it has not been enough to secure a satisfactory financial result for 2018 and going into 2019 if necessary, adjustments on the cost base will be made to secure a positive financial result for 2019.

Capital resources

During the year, the company has re-established the equity through a group contribution from the parent company. In order to strengthen the company's capital resources, the company has received a letter of Financial Support from the parent company, which is valid until 31 December 2019.

Financial period

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December 2018

	Note	2018 DKK	1/9 2016 - 31/12 2017 DKK
Gross profit/loss		11.137.740	19.112.966
Staff expenses	1	-17.834.889	-20.457.844
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-195.435	0
Profit/loss before financial income and expenses		-6.892.584	-1.344.878
Financial income	3	120.417	51.084
Financial expenses	4	-177.644	-119.900
Profit/loss before tax		-6.949.811	-1.413.694
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-6.949.811	-1.413.694

Distribution of profit

Proposed distribution of profit

Retained earnings	-6.949.811	-1.413.694
	-6.949.811	-1.413.694

Balance Sheet at 31 December 2018

Assets

	Note	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment		0	238.435
Property, plant and equipment	5	0	238.435
Deposits		0	398.722
Fixed asset investments		0	398.722
Fixed assets		0	637.157
Trade receivables		2.986.178	3.033.987
Contract work in progress	6	74.000	324.230
Receivables from group enterprises		276.266	135.636
Other receivables		926.875	0
Deferred tax asset		255.645	255.645
Prepayments		81.804	59.757
Receivables		4.600.768	3.809.255
Cash at bank and in hand		1.137.039	3.074.820
Currents assets		5.737.807	6.884.075
Assets		5.737.807	7.521.232

Balance Sheet at 31 December 2018

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		50.000	50.000
Retained earnings		793.495	-765.449
Equity		843.495	-715.449
Payables to group enterprises		0	3.040.719
Long-term debt	7	0	3.040.719
Trade payables		16.489	337.897
Contract work in progress, liabilities	6	516.051	0
Payables to group enterprises	7	1.210.677	592.875
Other payables		3.151.095	4.265.190
Short-term debt		4.894.312	5.195.962
Debt		4.894.312	8.236.681
Liabilities and equity		5.737.807	7.521.232
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50.000	-765.450	-715.450
Net profit/loss for the year	0	-6.949.811	-6.949.811
Group contribution	0	8.508.756	8.508.756
Equity at 31 December	50.000	793.495	843.495

Notes to the Financial Statements

	2018 DKK	1/9 2016 - 31/12 2017 DKK
1 Staff expenses		
Wages and salaries	15.414.711	18.393.380
Pensions	1.545.381	1.264.982
Other social security expenses	101.681	58.768
Other staff expenses	773.116	740.714
	17.834.889	20.457.844
 Average number of employees	 20	 14
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	49.483	0
Gain and loss on disposal	145.952	0
	195.435	0
 3 Financial income		
Other financial income	43	0
Exchange gains	120.374	51.084
	120.417	51.084
 4 Financial expenses		
Interest paid to group enterprises	126.259	61.245
Other financial expenses	9.803	34
Exchange loss	41.582	58.621
	177.644	119.900

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	238.435
Disposals for the year	-238.435
Cost at 31 December	0
Depreciation for the year	49.483
Impairment and depreciation of sold assets for the year	-49.483
Carrying amount at 31 December	0
Depreciated over	4 years

6 Contract work in progress

	2018 DKK	2017 DKK
Selling price of work in progress	962.383	324.230
Payments received on account	-1.404.434	0
	-442.051	324.230
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	74.000	324.230
Prepayments received recognised in debt	-516.051	0
	-442.051	324.230

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018 DKK	2017 DKK
Payables to group enterprises		
Between 1 and 5 years	0	3.040.719
Long-term part	0	3.040.719
Other short-term debt to group enterprises	1.210.677	592.875
	1.210.677	3.633.594

8 Contingent assets, liabilities and other financial obligations

Lease obligations.

Lease obligations under operating leases. Total future lease payments:

Within 1 year	160.620	654.000
Between 1 and 5 years	0	218.000
	160.620	872.000

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Sofigate ApS for 2018 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.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Change of accounting period

Due to a change in the company's ownership, the annual report for 2016 - 2017 was presented as an extended financial year for the period 1 September 2016 - 31 December 2017.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Revenue

Services are recognised 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 recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

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

Notes to the Financial Statements

9 Accounting Policies (continued)

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

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	4	years
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Depreciation period and residual value are reassessed annually.

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 amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

9 Accounting Policies (continued)

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, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Financial debts

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