
Sofigate ApS

Vestergade 29, DK-1456 København K

Annual Report for 2019

CVR-nr. 36 07 60 11

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/3 2020

Sami Ekki 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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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, 16 March 2020

Executive Board

Paul Mikael Nurmi
chief executive officer

Virpi Johanna Hentunen
Executive officer

Board of Directors

Sami Erkki Karkkila
Chairman

Sanna Siniketo

Jari Tapani Raappana

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, which comprise income statement, balance sheet 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.

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 Auditor's 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 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.
- 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, 16 March 2020

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: 5th financial year Municipality of reg. office: København
Board of Directors	Sami Erkki Karkkila, Chairman Sanna Siniketo Jari Tapani Raappana
Executive board	Paul Mikael Nurmi Virpi Johanna Hentunen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

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 2019 shows a loss of DKK 7,853,435, and at 31 December 2019 the balance sheet of the Company shows positive equity of DKK 1,012,430.

Focus during 2019 has been developing the client base and building on the frame agreement signed with a major client in late 2018. This has resulted in gross profit increasing 2019 over 2018 by 11%. The cost base has been adjusted during 2019 and has resulted in an amount of one-off costs. In conclusion significant progress has been made during 2019 towards the company's long-term goals and profitability.

The Sofigate Group continues to give strong support to the company both operationally and financially, and is fully committed to develop the Danish market.

Capital resources

During the year, the company has reestablished its 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 2020.

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

	Note	2019 DKK	2018 DKK
Gross profit/loss		12,419,973	11,137,740
Staff expenses	1	-20,153,843	-17,834,889
Depreciation and impairment losses of property, plant and equipment	2	0	-195,435
Profit/loss before financial income and expenses		-7,733,870	-6,892,584
Financial income		1,455	120,417
Financial expenses	3	-121,020	-177,644
Profit/loss before tax		-7,853,435	-6,949,811
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-7,853,435	-6,949,811

Distribution of profit

	2019 DKK	2018 DKK
Proposed distribution of profit		
Retained earnings	-7,853,435	-6,949,811
	-7,853,435	-6,949,811

Balance sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Trade receivables		4,868,467	2,986,179
Contract work in progress	4	361,599	74,000
Receivables from group enterprises		48,824	276,266
Other receivables		261,247	926,875
Deferred tax asset		255,645	255,645
Prepayments		5,075	81,804
Receivables		5,800,857	4,600,769
 Cash at bank and in hand		 961,209	 1,137,039
 Current assets		 6,762,066	 5,737,808
 Assets		 6,762,066	 5,737,808

Balance sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		50,000	-918,500
Retained earnings		962,430	1,761,995
Equity	5	1,012,430	843,495
Other payables		626,593	0
Long-term debt	6	626,593	0
Trade payables		58,210	16,489
Contract work in progress, liabilities	4	528,457	516,051
Payables to group enterprises		812,187	1,210,677
Other payables		3,724,189	3,151,096
Short-term debt		5,123,043	4,894,313
Debt		5,749,636	4,894,313
Liabilities and equity		6,762,066	5,737,808
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Notes to the financial statement

	2019	2018
	DKK	DKK
1. Staff Expenses		
Wages and salaries	17,733,000	15,414,711
Pensions	1,627,656	1,545,381
Other social security expenses	137,430	101,681
Other staff expenses	655,757	773,116
	20,153,843	17,834,889
 Average number of employees	 21	 20

	2019	2018
	DKK	DKK
2. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	0	49,483
Gain and loss on disposal	0	145,952
	0	195,435

	2019	2018
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	76,830	126,259
Other financial expenses	5,567	9,803
Exchange loss	38,623	41,582
	121,020	177,644

Notes to the financial statement

	2019	2018
	DKK	DKK
4. Contract work in progress		
Selling price of work in progress	823,824	962,383
Payments received on account	-990,682	-1,404,434
	-166,858	-442,051
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	361,599	74,000
Prepayments received recognised in debt	-528,457	-516,051
	-166,858	-442,051

5. Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50,000	793,495	843,495
Contribution from group	0	8,022,370	8,022,370
Net profit/loss for the year	0	-7,853,435	-7,853,435
Equity at 31 December	50,000	962,430	1,012,430

6. 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:

	2019	2018
	DKK	DKK
Other payables		
After 5 years	0	0
Between 1 and 5 years	626,593	0
Long-term part	626,593	0
Other short-term payables	3,724,189	3,151,096
	4,350,782	3,151,096

Notes to the financial statement

	<u>2019</u>	<u>2018</u>
	DKK	DKK
7. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>103,500</u>	<u>160,620</u>
	103,500	160,620

Notes to the financial statement

8. Accounting policies

The Annual Report for Sofigate ApS for 2019 has been prepared in accordance with the Danish Financial Statements Act for companies in 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 2019 are presented in DKK.

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

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

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.

Income statement

Net sales

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 expenses for premises, sales and as well as office expenses, etc.

Notes to the financial statement

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 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 item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of 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 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.

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, tool and equipment	4 years
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Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 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 amortisation and depreciation.

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

Notes to the financial statement

Other fixed asset investments

Other fixed asset investments consist of

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.

Contract work in progress

Contract work in progress 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, 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 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.