# *Tieto Denmark Support Services A/S*

Åhave Parkvej 27, DK-8260 Viby J

# Annual Report for 20 May - 31 December 2015

CVR No 36 90 58 75

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/3 2016

Lasse Aarno Tapani Heinonen
Chairman

# Contents

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tieto Denmark Support Services A/S for the financial year 20 May - 31 December 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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 J, 22 March 2016

**Direktion**

Lasse Aarno Tapani Heinonen

**Bestyrelse**

| | | |
|---|---|---|
| Juoko Tapani Lonka | Stefan Krebs | Esa Ilmari Hyttinen |
| Lars-Bo Engemann | Lasse Aarno Tapani Heinonen | |

# Independent Auditor's Report on the Financial Statements

To the Shareholder of Tieto Denmark Support Services A/S

## Report on the Financial Statements

We have audited the Financial Statements of Tieto Denmark Support Services A/S for the financial year 20 May - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

**Management's Responsibility 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.

**Auditor's Responsibility**
Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

# Independent Auditor's Report on the Financial Statements

**Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 20 May - 31 December 2015 in accordance with the Danish Financial Statements Act.

## Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 22 March 2016
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Simon Høgenhav
State Authorised Public Accountant

# Company Information

| | |
|---|---|
| **The Company** | Tieto Denmark Support Services A/S<br>Åhave Parkvej 27<br>DK-8260 Viby J<br><br>CVR No: 36 90 58 75<br>Financial period: 20 May - 31 December<br>Municipality of reg. office: Aarhus |
| **Board of Directors** | Juoko Tapani Lonka<br>Stefan Krebs<br>Esa Ilmari Hyttinen<br>Lars-Bo Engemann<br>Lasse Aarno Tapani Heinonen |
| **Executive Board** | Lasse Aarno Tapani Heinonen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup |

# Management's Review

### Main activity

### Development in the year

The income statement of the Company for 2015 shows a profit of DKK 58,474, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 558,474.

### 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 affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Income Statement 20 May - 31 December

| | Note | 2015 |
| --- | --- | --- |
| | | DKK |
| **Revenue** | | **5.978.535** |
| Other operating income | | 28.627 |
| Expenses for sub suppliers | | -3.664.356 |
| Other external expenses | | -408.513 |
| **Gross profit/loss** | | **1.934.293** |
| Staff expenses | 1 | -1.596.424 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -280.042 |
| **Profit/loss before financial income and expenses** | | **57.827** |
| Financial expenses | | -8.598 |
| **Profit/loss before tax** | | **49.229** |
| Tax on profit/loss for the year | 2 | 9.245 |
| **Net profit/loss for the year** | | **58.474** |

# Distribution of profit

**Proposed distribution of profit**

| | |
| --- | --- |
| Proposed dividend for the year | 0 |
| Retained earnings | 58.474 |
| | **58.474** |

# Balance Sheet 31 December

## Assets

| | Note | 2015 |
|---|---|---|
| | | DKK |
| Goodwill | | 11.481.742 |
| **Intangible assets** | 3 | **11.481.742** |
| **Fixed assets** | | **11.481.742** |
| Trade receivables | | 3.227.512 |
| Contract work in progress | 4 | 264.891 |
| Receivables from group enterprises | | 878.183 |
| Other receivables | | 340.035 |
| Joint taxation contribution | | 317.292 |
| Prepayments | | 1.078.010 |
| **Receivables** | | **6.105.923** |
| **Currents assets** | | **6.105.923** |
| **Assets** | | **17.587.665** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | 2015 |
|---|---|---|
| | | DKK |
| Share capital | | 500.000 |
| Retained earnings | | 58.474 |
| **Equity** | 5 | **558.474** |
| Provision for deferred tax | | 308.047 |
| Other provisions | | 25.000 |
| **Provisions** | | **333.047** |
| Trade payables | | 454.422 |
| Prepayments received recognised in debt | 4 | 3.529.755 |
| Payables to group enterprises | | 8.859.446 |
| Other payables | | 3.852.521 |
| **Short-term debt** | | **16.696.144** |
| **Debt** | | **16.696.144** |
| **Liabilities and equity** | | **17.587.665** |
| Contingent assets, liabilities and other financial obligations | 6 | |
| Related parties and ownership | 7 | |

# Notes to the Financial Statements

## 1 Staff expenses

| | 2015 |
|---|---|
| | DKK |
| Wages and salaries | 1.555.192 |
| Other social security expenses | 10.963 |
| Other staff expenses | 69.115 |
| | **1.635.270** |
| Invoiced to Group Companies | -38.846 |
| | **1.596.424** |
| **Average number of employees** | **12** |

## 2 Tax on profit/loss for the year

| | |
|---|---|
| Current tax for the year | -317.292 |
| Deferred tax for the year | 308.047 |
| | **-9.245** |

## 3 Intangible assets

| | Goodwill |
|---|---|
| | DKK |
| Cost at 20 May | 0 |
| Additions for the year | 11.761.784 |
| Cost at 31 December | 11.761.784 |
| Impairment losses and amortisation at 20 May | 0 |
| Amortisation for the year | 280.042 |
| Impairment losses and amortisation at 31 December | 280.042 |
| **Carrying amount at 31 December** | **11.481.742** |

# Notes to the Financial Statements

| | | 2015 |
|---|---|---|
| | | DKK |
| **4** | **Contract work in progress** | |
| | Selling price of production for the period | 1.612.388 |
| | Payments received on account | -4.877.252 |
| | | **-3.264.864** |
| | Recognised in the balance sheet as follows: | |
| | Contract work in progress recognised in assets | 264.891 |
| | Prepayments received recognised in debt | -3.529.755 |
| | | **-3.264.864** |

## 5 Equity

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | DKK | DKK | DKK |
| Equity at 20 May | 500.000 | 0 | 500.000 |
| Net profit/loss for the year | 0 | 58.474 | 58.474 |
| **Equity at 31 December** | **500.000** | **58.474** | **558.474** |

The share capital consists of 1 share of a nominal value of DKK 500,000. No shares carry any special rights.

## 6 Contingent assets, liabilities and other financial obligations

**Contingent liabilities**

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Tieto DK A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

The company has signed leases, which imposed a total rental obligation of kDKK 82 per 31 December 2015.

# Notes to the Financial Statements

## 7 Related parties and ownership

| | Basis |
|---|---|
| **Controlling interest** | |
| Tieto Oyj, Finland | Majority shareholder |
| **Other related parties** | |
| Juoko Tapano Lonka | Chairman of the Board of Directors |

**Transactions**

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties.

**Ownership**

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Tieto Oyj, Aku Korhosen tie 2-6, 00441 Helsinki, Finland

***Consolidated Financial Statements***

The Group Annual Report of  may be obtained at the following address:

Tieto Oyj
Aku Korhosen tie 2-6
00441 Helsinki
Finland

# Accounting Policies

## Basis of Preparation

The Annual Report of Tieto Denmark Support Services A/S for 2015 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.

Financial Statements for 2015 are presented in DKK.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

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 repayments 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.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

# Accounting Policies

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Income Statement

### Revenue

Revenue from the sale of services is recognised 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 recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for sub suppliers

Expenses for sub suppliers comprise the consumables consumed to achieve revenue for the enterprice.

### Other external expenses

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

# Accounting Policies

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### 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.

### 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.

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

# Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

### 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.

# Accounting Policies

### 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 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.

### Equity

***Dividend***

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

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### 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.

### 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

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