ANNUAL REPORT

PROFIT HOLDING LTD

(01.01. - 31.12.2018)

TABLE OF CONTENTS

The Board of Director' Report 1
Consolidated Statement of Comprehensive Income (IFRS) 5
Consolidated Statement of Financial Position (IFRS) 6
Consolidated Statement of Cash Flows (IFRS) 7
Consolidated Statement of Changes in Equity (IFRS) 8
Notes to Consolidated Financial Statements 9
Parent Company Statement of Income (FAS) 35
Parent Company Balance Sheet (FAS) 36
Parent Company Cash Flow Statement (FAS) 37
Notes to the Parent Company's Financial Statements 38
Signatures for the Financial Statements 47
Auditor's Signature 48
Auditor's Report 49

PROFIT HOLDING OY
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Bertel Jungin Aukio 7B, 02600 Espoo
Merkitty kaupparekisteriin 08.08.2014
Verotuskunta Espoo

The Board of Director' Report

Profit Holding Ltd (originally Shelco 51 Ltd) was established on 1st July 2014 and registered in the Trade Register on 8th August 2014. Profit Holding Ltd acquired Profit Software Oy's shares on 30th September 2014 whereby Profit Holding Ltd Group was formed. Profit Holding Ltd Group consists of the parent company Profit Holding Ltd, Profit software Ltd and its subsidiaries Profit Software Oü in Estonia and Profit Software AB.

FINANCIAL RESULTS

Parent company Profit Holding Ltd's income was generated from management of the group companies, as the Managing Director of the Group operates under Profit Holding Ltd. Profit Holding Ltd operates otherwise as the financing company of Profit Software Ltd. Profit Holding Ltd's fiscal year 2018 net sales amounted to EUR 559 thousand (2017: EUR 428 thousand). The parent company's profit for the period was EUR 4 137 thousand (2017: EUR 5 300 thousand). Company's total assets on 31st December 2018 were EUR 42 058 thousand (2017: EUR 45 877 thousand) and shareholders' equity EUR 22 071 thousand (2017: EUR 17 824 thousand)

The Group's 2018 operating profit was EUR 6,1 million (2017: 6,0; 2016: 3,6). The Group's net profit for 2018 was EUR 5.7 million (2017: 4,7 2016: 3,0). Parent company Profit Software Oy's profit for the year was EUR 2,1 million (2017: 1.8; 2016: 1,7).

The Group's financial ratios are presented in Notes No. 26.

SUBGROUP

Profit Holding Ltd Group consists of the parent company Profit Holding Ltd, Profit software Ltd and its subsidiaries Profit Software Oü in Estonia and Profit Software AB in Sweden.

RESEARCH AND DEVELOPMENT

The 2018 research and development costs were EUR 2,8 million (2017: 1,7; 2016: 2,9)

During 2018, Profit Software released two versions of the Profit Life & Pension product.

Version 4.1, which was released in April 2018, included features required by the General Data Protection Regulation -act for the protection of personal information and privacy. In this version PLP-software's search functions were renewed the interfaces were expanded and especially for the needs of self-service channels. PLP-software's Swedish user interface was renewed.

Version 4.2, which was released in December 2018 included the features required by the IDD-directive for providing insurances. The software's interfaces were expanded in this version significantly, and a digitalization-roadmap was made for the basis of continuing development.

At the end of spring 2018. most of the resources in product development were decided to be focused into merging products for personal risks, such as severe work disability, technically on to the same software platform with the existing PLP-product. These functionalities will be released during 2019 as a release of the product "PLP-Risk".

THE BOARD OF DIRECTOR' REPORT

In the autumn of 2018, a quality improvement program was started, in within which practices and suggestions for improvement were collected. Based on these measures, during 2019 Profit will continue investing in continuing development of its' employees and moving forward with the product's quality assurance.

A software version was developed for the needs of the employment pension market, which created interest among the market.

In addition, we have continued to present our solutions in the Nordic and Baltic markets.

PERSONNEL

At the end of 2018, the number of employees was 232 (2017: 218). At the end of the year the number of employees was 230. The parent Company has 2 employees (2017: 2).

BOARD OF DIRECTORS AND AUDITORS

Members of Board were elected in Profit's Annual General Meeting held on 23rd of March 2018. The members are Benjamin Kramarz, Björn Norrbom and Ilkka Lohi. Authorized Public Accountant Mauri Eskelinen and KPMG Oy were re-nominated as the company's auditors. Ilkka Starck continues as the company's CEO.

SHARES, OPTIONS AND SHARE ISSUES

The parent company has in total 9 955 340 shares and one share series.

The option holders of the company had subscribed for a total of 59 231 new shares in accordance with the option agreements dated 30th September 2014 by making payments of EUR 1 per share.

The subsidiary Profit Software Ltd had on the fiscal year closing date 1 014 330 own shares which represents approximately 1.3% of all shares.

ASSESSMENT OF SIGNIFICANT RISKS AND UNCERTAINTIES

Risk management is part of the Group's normal planning, operational and monitoring processes. Risk management aims to identify, estimate, monitor and mitigate the operation-threatening risks. Risks can be classified into a few main categories, such as strategic, operational, financial and accidental risks.

Strategic, operational and financial risks:

Strategic and operational risks:

Profit's main business areas are Finland and the Nordic countries; therefore, the company is exposed especially to the business risks of these areas. Most of Profit's customers are in the financial and insurance sector. The success of Profit highly depends on general development of these industries and the clients' willingness to invest. To mitigate business risks and dependency on key projects, Profit will expand the product range and actively develop new business concepts and areas.

The growth plan of Profit requires notable investments to research, product development, sales and marketing. Insufficient financing could have a negative impact on Profit's business and growth plans. Efficient cost control and steady business growth are the main objectives of Profit to ensure sufficient cash reserves. At the end of 2018, the business has been almost at the budgeted level, and income financing is enough for the financing of the company.

As Profit works in Finland as well as in Estonia and Sweden, changes in the taxation and legislation of these countries may affect Profit's financial position. Business and personnel management in three different countries with different juridical, cultural and language environments is also challenging.

Accidental risks:

In principal, the Group has insurances to cover the damages caused by accidents, litigation and other legal proceedings.

Financial risks:

To manage the interest rate risk, the Group's loans are diversified with fixed and floating rates. The Group's finance department is responsible for taking procedures to cover the financial risks when necessary. Majority of the Group's cash flows are in euro, thus exchange rate risk is very small.

Most of the parent company's loans are at a floating rate. The bank loan EUR 10,8 million lent by OP merchant is charged with a floating rate of six-month Euribor plus 1.5%-2,5% margin. The financial impact caused by the fluctuations in the market may be considerable. One percentage increase in interest rate weakens the company's result by EUR 0.11 million. The bank loans contain covenant, which may have impact on the future financial costs.

POST FISCAL YEAR-END EVENT

There were no significant events 2018.

BUSINESS OUTLOOK FOR YEAR 2019

The Group continues to invest in innovation and product development as well as training of the employees. In addition, the company continues to expand its services for the needs of the whole financial sector in addition to the strong portfolio for insurance companies. As a result, the company can offer new solutions to support existing and new customers' system solutions, which implementation needs to be rapid in a rapidly changing environment.

The main objectives of 2019 are growth of profitable business in expanding the business from Profit's products and services to consulting, analytics and software development services, and supply of new products in FinTech sector. Growth is sought both in Finland and the Nordic countries. Sweden is the focus of the company's growth. The expansion of the company in Sweden is accelerated by hiring more experts in different fields.

THE BOARD OF DIRECTOR' REPORT

THE BOARD'S PROPOSAL FOR DISTRIBUTION OF PROFIT

The distributable fund of the parent company was EUR 21 109 thousand. The Board of Directors proposed to the Shareholders' General Meeting that it would distribute to the shareholders the total EUR 2 000 000 dividend received from the subsidiary company Profit Software Ltd in Spring 2087.

Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

Consolidated Statement of Comprehensive Income (IFRS)

	Notes	1.1.-31.12.2018	1.1.-31.12.2017
REVENUE	**1**	**24 694 713**	**21 012 941**
Other income	**2**	10 858	73 964
Materials and external services		-440 822	-306 622
Personnel expenses	**3**	-14 251 099	-10 752 037
Depreciations and Amortizations	**4**	-690 713	-442 854
Other operational expenses	**5**	-3 806 544	-3 179 063
INCOME BEFORE INTERESTS AND INCOME TAXES		**5 516 392**	**6 406 329**
Financing income and expenses	**7**	-519 678	-548 856
FINANCING INCOME AND EXPENSES		**-519 678**	**-548 856**
INCOME BEFORE INCOME TAXES		**4 996 714**	**5 857 472**
Income taxes	**8**	-811 408	-1 430 612
NET INCOME		**4 185 306**	**4 426 860**
TOTAL COMPREHENSIVE INCOME		**4 185 306**	**4 426 860**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Parent company		4 185 306	4 426 860
Non-controlling interests		0	0
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Parent company		4 185 306	4 426 860
Non-controlling interests		**0**	0
Basic earnings per share	**22**	0,42	0,45
Diluted earnings per share	**22**	0,31	0,33

Consolidated Statement of Financial Position (IFRS)

	Notes	31.12.2018	31.12.2017
ASSETS			
Fixed Asets			
Intangible assets	9	7 221 700	7 760 000
Goodwill	9	27 541 524	27 541 524
Tangible Assets	10	301 267	262 578
Deferred taxes	13		
FIXED ASSETS		**35 064 492**	**35 564 102**
Current Assets			
Accounts receivables and Other receivables	12	4 985 966	4 209 586
Cash and Cash equivalents	14	2 007 388	6 103 033
CURRENT ASSETS		**6 993 354**	**10 312 618**
TOTAL ASSETS		**42 057 845**	**45 876 721**
LIABILITIES AND EQUITY			
OWNER'S EQUITY			
Share capital		2 500	2 500
Reserve for Invested Non-restricted equity		9 968 232	8 741 029
Retained earnings		12 100 154	9 080 198
TOTAL OWNERS EQUITY	15	**22 070 886**	**17 823 728**
LIABILITIES			
Long-term Liabilities			
Loan payable	16	10 542 034	16 843 458
Accounts payable and Other payables	13	1 549 905	1 683 990
TOTAL LONG-TERM LIABILITIES		**12 091 939**	**18 527 448**
Current liabilities			
Loan payable	16	4 063 130	4 081 007
Accounts payable and Other payables	17	1 658 464	1 914 410
Accrued liabilities	17	2 173 427	3 530 129
TOTAL CURRENT LIABILITIES		**7 895 021**	**9 525 546**
TOTAL LIABILITIES		**19 986 960**	**28 052 993**
TOTAL LIABILITIES AND EQUITY		**42 057 846**	**45 876 721**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

Consolidated Statement of Cash Flows (IFRS)

	1.1.-31.12.2018	1.1.-31.12.2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	4 185 306	4 426 860
Adjustments to reconcile Net income		
Depreciations and Amortizations	690 713	450 660
Financial Income and Expenses	519 678	592 831
Taxes	811 408	1 484 912
Other Adjustments	0	102 200
Change in Operating Assets and Liabilities		
Change in Short-Term Receivables	-380 207	-4 271 723
Change in Short-Term Liabilities	-904 598	4 595 517
Paid and Received Interest	-263 307	-590 110
Paid and Received Tax	-1 784 837	-713 334
NET CASH FLOW FROM OPERATING ACTIVITIES	**2 874 157**	**6 077 813**
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets	-301 124	-279 622
Cash flow from merger	-1 502 683	0
Purchase of Subsidiary's Shares	204	-11 236 624
NET CASH FLOW FROM INVESTING ACTIVITIES	**-1 803 603**	**-11 516 246**
CASH FLOW BEFORE FINANCING ACTIVITIES	**1 070 554**	**-5 438 432**
Loan Withdrawls	0	17 920 000
Loan Payments	-6 526 667	-8 139 492
Finance Lease Repayments	-54 340	-39 354
Received Capital Return	0	-1 195 331
Issue of Shares	1 414 807	84 202
NET CASH FLOW FROM FINANCING ACTIVITIES	**-5 166 199**	**8 630 025**
CHANGES IN CASH AND CASH EQUIVALENTS	**-4 095 645**	**3 191 593**
Net cash on balance sheet		
Cash and Cash Equivalents at the Beginning of Period	6 103 033	2 911 440
Cash and Cash Equivalents at the End of Period	2 007 388	6 103 033
CHANGES IN CASH AND CASH EQUIVALENTS	**-4 095 645**	**3 191 593**

Consolidated Statement of Changes in Equity (IFRS)

	Share Capital	Retained Earnings	Reserve for Invested Non-Restricted Equity	Total Equity
EQUITY 1.1.2018	**2 500**	**9 080 198**	**8 741 029**	**17 823 728**
Comprehensive Income				
Net Income		4 185 306		4 185 306
Total Comprehensive Income		**4 185 306**		**4 185 306**
Transactions with Shareholders				
Return of Capital				
Convertible Loans			3 347	3 347
Issues of Shares			59 231	59 231
Evolvit Oy fusion		-1 165 351	1 164 625	-726
Transactions with Shareholders in Total		**-1 165 351**	**1 227 202**	**61 852**
EQUITY 31.12.2018	**2 500**	**12 100 154**	**9 968 232**	**22 070 885**

	Share Capital	Retained Earnings	Reserve for Invested Non-Restricted Equity	Total Equity
EQUITY 1.1.2017	**2 500**	**4 653 603**	**6 984 840**	**11 640 943**
Comprehensive Income				
Net Income		4 426 860		4 426 860
Total Comprehensive Income		**4 426 860**		**4 426 860**
Transactions with Shareholders				
Return of capital			-1 195 331	-1 195 331
Convertible loans			-102 682	-102 682
Issues of shares			3 054 202	3 054 202
Other Changes		-264		-264
Transactions with Shareholders in Total		**-264**	**1 756 189**	**1 755 925**
EQUTY 31.12.2017	**2 500**	**9 080 198**	**8 741 029**	**17 823 728**

Notes to Consolidated Financial Statements

ACCOUNTING POLICIES

Profit Holding Group develops and delivers software and system solutions for the financial sector, particularly for the insurance business.

The parent company Profit Holding Ltd is a Finnish private limited company domiciled in Espoo Finland. Its registered address is Bertel Jungin Aukio 7B, 02600 Espoo.

Copies of the Annual Report 2018 are available at Bertel Jungin Aukio 7B, 02600 Espoo.

Profit Holding Ltd.'s Board of Directors authorized the Financial Statements for issue on 23nd March 2019.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Profit Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and in accordance with the standards and interpretations effective on 31st December 2018. The consolidated financial statements also comply with Finnish IFRS as adopted by accounting and corporate law requirements.

The consolidated financial statements have also been prepared in accordance with the going-concern principle. The going-concern principle is defined based on the business plans and financial plans approved by the Board of Directors.

The consolidated financial statements are presented in euro and prepared under the historical cost convention except as disclosed below.

Preparation of financial statements in conformity with IFRS requires the Profit's management to make certain estimates and judgments in applying accounting principles, as described in more details at the end of the accounting principles.

CONSOLIDATION PROCEDURES

The consolidated financial statements include the accounts of the parent company Profit Software Oy and its wholly owned subsidiaries Profit Software AB and Profit Software OÜ that are entirely under the control of the parent company.

The accounting principles according to Profit's accounting policy are applied to all Group units, each of which are included separately in the consolidation. All internal transactions, internal profits, profit distributions and mutual shareholdings of Group companies are eliminated as part of the consolidation process.

FOREIGN CURRENCY TRANSLATION

The presentation currency of Profit Group is euro, which is the measurement currency of the parent company. Income statements of the foreign subsidiaries have been converted monthly into euros using the monthly average rate quoted by the European Central Bank on the balance sheet dates.

Translation differences generated in the process have been entered as retained earnings/loss for previous financial periods under shareholders' equity.

REVENUE RECOGNITION FROM CLIENT CONTRACTS (IFRS 15)

Products and Services	Obligations, time of revenue recognition and central terms of payment
Software maintenance services	The group offers its clients software maintenance services. The maintenance services includes i.e. software maintenance, answering support requests, and other software support for the client. The whole maintenance service is regarded as a single obligation. The pricing of the maintenance services is based on a monthly price, that includes a fixed monthly fee and a fixed amount of work. Possible changes in the scope of work is agreed beforehand and the maintenance services is billed on a monthly basis. The revenue recognition for the maintenance services is as time passes, because the client at the same time receives and uses the benefit gained from the company's obligation as the company is working with the obligation. Additional work included in the contract, in other words, hourly work that exceeds the fixed prices, is dealt with as a separate obligation, and it is priced on an hourly basis, based on the prices for separate work included in the contract.
System development's project work	The group offers its customers producing software, or parts of them, or other systems development. The contract is based on a general agreement and contracts for single projects. Systems development is delivered as projects to the customers. Revenue recognition for systems development's project work is over time.
Expert services	The group offers its customers expert work involved with IT-systems. A single client contract is comprised of a general agreement and a single contract to agree about the length and scope of the services. The pricing of expert services is based on a fixed hourly price agreed on beforehand. The revenue recognition for expert services is over time.
Yearly licences and maintanence	Customer agreements include software licenses and maintenance services. Software licenses that entitle to the use of the group's intellectual property as it exists at the time the license is granted are recognized as revenue at one time. Later versions of software

	licenses are not included in the original license agreement. The customer has the option to acquire subsequent license versions with a separate agreement, in which case the revenue from the subsequent license version is recognized at one time. The return on maintenance services is recognized over the term of the maintenance agreement during the contract period.

In the case of the sale of services to be recognized over time, the Group utilizes the practical tool of paragraph 15.B16 and recognizes the amount that it is entitled to invoice from the customer, as the Group has the right to receive from the customer a cash payment that is directly equivalent to the value of the customer's performance at the time of review.

The Group complies with standard payment terms for the industry, and the Group does not use extended payment terms.

When the outcome of projects cannot be estimated reliably, project costs are expensed in the same period in which they are incurred and the proceeds from the project are recognized only to the extent that the amount of the corresponding expenditure is likely to be available. If it is probable that the total expenditure required to complete the project exceeds the revenue from the project, the expected loss is recognized as an expense immediately.

OTHER OPERATING INCOME

Grants received as compensation for expenses incurred are recognized in the income statement at the same time when the expenditure of the grant are entered as an expense. Such grants are included in other operating income.

OPERATING PROFIT

IAS 1 *Presentation of Financial Statements* doesn't not define the concept of operating profit. Profit Software's operating profit is calculated as follows:

Operating profit is equal to revenue plus other operating income less the acquisition costs of materials and services including subcontractor costs, personnel costs, depreciation and impairment costs, and other operating costs. All other income statement items not mentioned here are presented below the operating profit. Foreign currency translation differences generated from operating activities are included in the operating profit.

RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Research and development costs incurred to develop new products and significant improvements in containing the development of new product versions will be capitalized as intangible assets, provided that the product is technically feasible, commercially exploitable, and that is expected to generate future economic benefits. Capitalized development costs include material, work and testing costs that are directly attributable to preparing the asset for its intended use.

Product Development expenditure is recognized as an expense and amortized over their useful lives. The estimated useful life of the capitalized development costs n the balance sheet is 5 years. Technological obsolescence, as well as the typical life cycle of products is taken into consideration in determining the useful life.

Amortization begins when the product version is released and is available for sale. Maintenance of existing products and minor enhancements are recognized as an expense.

INTANGIBLE ASSETS

Intangible assets including goodwill, computer software and capitalized development costs are initially recognized at the original acquisition costs, provided that the cost can be measured reliably and the future economic benefits attributable to the asset will flow to the company.

Subsequently, intangible assets are stated at historical cost less accumulated depreciation and any impairment losses.

Intangible assets are amortized in the income statement on straight-line basis over their useful lives. The estimated useful lives are 5 to 10 years.

Goodwill arising from business combinations is recognized when total combined value of the consideration transferred, the non-controlling interest in the acquiree and previously owned portion exceeds the fair value of the net assets acquired.

Goodwill is not amortized, but is tested for impairment annually and whenever there is any indication that the carrying value may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is stated at cost less accumulated impairment losses.

TANGIBLE ASSETS

Tangible assets include IT machinery and equipment. Tangible assets are measured at original acquisition costs less accumulated depreciation and eventual impairment. The estimated economic lifetime of IT machinery and equipment is 4-5 years. These assets are depreciated over their estimated useful life. Historical cost includes expenditure that is directly attributable to the acquisition of the tangible assets.

The useful life and residual value of the tangible assets are reviewed at least at each financial statement, and the necessary adjustments are made to meet the expected economic benefits changes.

Capital gains and losses from sale of tangible assets are recognized as operating income or expenses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The company will review on each balance sheet date whether there is any indication of decline in value for an asset. Whenever such indication appears, impairment test should be conducted and the carrying value of an asset or a group of identical assets should be compared to its recoverable amount. Impairment test is done automatically for the on-going R&D projects on annual basis regardless whether indication of impairment exists. The recoverable amount is the fair value or the asset less the costs of its sale, or its value in use, whichever is the higher. The value in use is the present value of the future cash flows expected to be derived from an asset or cash generating units. When the recoverable amount of an asset is less than its carrying amount, the carrying amount should be reduced to the recoverable amount. The impairment loss should be recognized as an expense immediately.

The impairment losses should be reversed in case of changes in situation and the recoverable value of an impaired asset has changed. Impairment losses on goodwill are not reversible under any circumstances.

LEASE – THE GROUP AS A LESSEE

Leases of tangible assets where the Group has a substantial part of the ownership risks and rewards are classified as finance leases. A finance lease is an asset in the balance sheet at the inception of the lease term of the leased asset at fair value or, if lower, the present value of minimum leases. Plant and equipment acquired under finance leases are depreciated over their useful life or over the lease term, which could be shorter than the useful life. Finance lease contracts are recorded in tangible assets, which are subject to impairment test as described above.

The present value of the finance lease liabilities is recorded as interest-bearing liabilities, which are categorized into current and non-current liabilities. Lease payments are recorded as financing costs and a reduction in debt during the lease period.

The rents of the rental agreements, for which substantially all the risks and benefits remain with the lessor are recognized as an expense on a straight-line basis over the lease period. Such leases mainly include real estate rentals and leasing cars.

FINANCING ASSETS AND FINANCING LIABILITIES (IFRS 9)

Recognition and classification of financial assets and liabilities

financial assets

Financial assets are classified in accordance with IFRS 9 to the following categories:

sequenced acquisition cost,

at fair value through other comprehensive income and

measured at fair value through profit or loss.

The classification is based on the objective of the business model and on the contractual cash flows of the investments or the fair value option in the initial acquisition. On the reporting date, the Group did not have items at fair value through other comprehensive income.

Transaction costs are included in the original carrying amount of financial assets when the item is not measured at fair value through profit or loss. All purchases and sales of financial assets are recorded on the trade date.

Financial assets at amortized cost are classified as trade receivables, loan receivables and other receivables that are non-derivative assets. Assets classified as a group are measured at amortized cost using the effective interest method. The carrying amount of current trade receivables and other receivables is assumed to be the same as the fair value. The Group recognizes the expected credit loss allowance for a financial asset that is measured at amortized cost.

For the estimation of expected credit losses in trade receivables, the so-called IFRS 9 standard is used. a simplified procedure where credit losses are recorded at an amount equal to expected credit losses over the entire life of the loan. Recorded credit losses are based on historical information about default on receivables and management's estimate of future credit losses.

Financial assets at fair value through profit or loss are classified as financial assets that have been acquired for trading or are classified at fair value through profit or loss at fair value through profit or loss. Financial assets held for trading are acquired primarily for the purpose of obtaining a profit in the short or long term and are presented in either long or short-term financial assets.

financial liabilities

Financial liabilities are classified in accordance with IFRS 9 to the following categories:

sequenced cost

measured at fair value through profit or loss

The Group has no financial liabilities at fair value through profit or loss at the end of the reporting period.

Valuable at Periodic Cost - Financial liabilities are initially recognized at fair value. Transaction costs are included in the original carrying amount of financial liabilities. Subsequently, all financial liabilities, except for derivative liabilities, are measured at amortized cost using the effective interest method. Items that are measured at amortized cost may include long and short-term liabilities, trade payables and other liabilities. Loans that are due in less than 12 months are shown under short-term loans.

COMPARATIVE ACCOUNTING PRINCIPLES, FISCAL YEAR 2017 (IAS39)

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Trade receivables are generated from sales of products, software licenses and services. They are classified into loans and other receivables – category, which is measured at acquisition cost. They are included in current assets, except when they mature more than 12 months.

Trade receivables are considered impaired when there is objective evidence that the receivable will not be recovered in full. If the amount of the impairment loss decreases later, the recognized impairment loss is reversed through profit and loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, call deposits with banks and rent deposits. The utilized amount of a credit limit is booked as a short-term loan liability in short-term liabilities.

FINANCIAL LIABILITIES

Financial liabilities are initially recognized at their fair value. Transaction costs are included in the original book value of the financial liabilities. Later, all financial liabilities are discounted with the effective interest method

Financial liabilities are categorized, on the basis of their due dates, into two main categories, long-term and short-term liabilities.

The fair value of the convertible loan has been calculated by using the market interest rate at the time when the loan was issued. The liability component is measured at amortized cost until it is amortized completely by converting the loan into shares or paying back the loan. The remainder of the amount of money, in other words, the equity component net of tax, is recorded to the invested non-restricted equity fund.

FINANCIAL COSTS

Financial costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalized as part of the cost of the asset when it is probable that they will generate future economic benefits, and the costs can be measured reliably. Financing costs are recognized as an expense in the period in which they are incurred. The Group has no such costs fulfilling the conditions of financing costs at the reporting date.

PENSIONS

Profit Holding Ltd’s subsidiaries’ statutory pension scheme is handled through pension insurance companies. Pension schemes for foreign subsidiary comply with the relevant regulations and practices in the relevant country where the group applies defined-contribution pension plan and has no obligation to make additional subsequent payments. The related costs are recognized in the income statement in the relevant period.

PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, the payment obligation is probable and the amount can be reliably estimated. A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations exceed the benefits received from the contract. A warranty provision is recognized when the product or service subject to the warranty terms and conditions have been sold and the magnitude of potential guarantee costs can be accurately enough to predict.

SHARES, OPTIONS AND OWN SHARES

Dividends are deducted from shareholders' equity when the Annual General Meeting has made the decision of dividend distribution. Purchase of own shares and its related direct purchase costs are recognized as a reduction in shareholders' equity.

INCOME TAXES AND DEFERRED TAXES

Tax expenses in the income statement comprise tax based on taxable income for the period and deferred taxes. Income tax is recognized otherwise in the income statement unless it’s recognized directly under equity or under comprehensive profit, in which case the tax impact will be also incorporated in the aforementioned items.

Deferred taxes are calculated on all temporary differences between the book value and taxable value. Investments in subsidiaries do not generate deferred taxes, as the Group is able to control the timing for the reversal of the temporary difference, and the temporary difference is unlikely to be reversed in the foreseeable future. Deferred taxes are recorded in using the statutory tax bases effective by the closing date of the fiscal year. However, a deferred tax liability is not recognized from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability, as it is not a business combination and its transaction has no impact on the accounting profit or on the taxable income.

Tax losses carried forward is recognized as a deferred tax asset, assuming that the company generates in the future taxable income against which the losses can be utilized. Recognition of deferred tax assets is assessed at each reporting date.

ACCOUNTING PRINCIPLES AND MAJOR UNCERTAINTIES AFFECTING MANAGEMENT'S ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions relating to the future. Actual results may differ from these estimates and assumptions. In addition, management must make judgements in applying the accounting principles and in recognizing revenue of the projects in progress. These estimates are based on management's best knowledge of current events and actions. Possible changes in estimates and assumptions are recognized in the period which the estimate or assumption is adjusted and in all subsequent periods.

The most important estimates included in the financial statements relate to the valuation of assets, trade receivables saleability, deferred tax asset arising from losses, impairment test of goodwill from business combinations, capitalization of product development costs.

DETERMINATION OF FAIRE VALUE OF AN ASSET ACQUIRED IN A BUSINESS COMBINATION

The Group's management believes that the estimates and assumptions used are sufficiently accurate for determining the fair values. In addition, the Group assesses at each balance sheet date whether there are any indications of tangible and intangible assets impairment.

IMPAIRMENT TEST

The Group carries out annually impairment test of goodwill, intangible assets and intangible assets with an indefinite useful life. In accordance with the accounting policies set out above, the Group assesses indications of impairment. The recoverable amounts of cash-generating units are calculated on the basis of value in use. These calculations require estimates.

NEW AND REVISED STANDARDS THAT CAME INTO FORCE FROM THE BEGINNING OF 2018

In 2018, the Group has adopted the following new or revised standards:

New IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, and how much, revenue can be recognized. IFRS 15 replaces the current income recognition guidelines, including IAS 18 Income, IAS 11 Long-Term Projects and IFRIC 13 Loyalty Programs. Under IFRS 15, an entity shall recognize a sale as an amount that reflects the consideration the entity expects to be entitled to the goods or services in question.

New IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018): This Standard supersedes the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the recognition and measurement of financial instruments. This also includes a new model of accounting for expected credit losses that is applied to determine impairment of financial assets. The standard for general hedge accounting has also been revised. The provisions of IAS 39 on the recognition and derecognition of financial instruments have been retained.

ADOPTION OF NEW AND AMENDED STANDARDS & INTERPRETATIONS

New IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019): IFRS 16 replaces the current IAS 17 Leases and related interpretations. The new standard substantially alters the accounting practices of lessee leases and, from the lessees' perspective, the division of finance leases and other leases is eliminated. According to the new standard, all leases will be included in the balance sheet of the lessee, subject to certain facilities. There are two reliefs from entering the balance sheet for short-term leases of up to 12 months and commodities up to about $ 5,000. The accounting practices of the lessors remain broadly unchanged. The Group's lease liability for ordinary leases at the balance sheet date was EUR 1.8 million.

Other unlisted, published, or revised standards and interpretations in this list are not expected to have a material impact on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue

The group applies IFRS 15 revenues from client contracts -standard, that defines the recording principles for revenues. According to IFRS 15, revenues are recorded, when authority over the product or service is transferred to the customer. The recording principles for the revenue of the group are described with further detail in the accounting principles.

The group’s revenue comprises of producing systems solutions and consulting services to customers in the financial sector. The group produces software solutions and consulting services mainly for insurance companies and banks.

Below is decribed the breakdown of the group's revenue

	1.1.-31.12.2018	1.1.-31.12.2017
License Maintenance	6 443 711	6 281 117
Customer Projects Related Development	7 351 935	7 693 381
Professional services	10 038 231	5 278 703
License	860 835	1 759 740
Total revenue	**24 694 713**	**21 012 941**

Below is described the breakdown of revenues by the timing of producing the services:

	1.1.-31.12.2018	1.1.-31.12.2017
Revenues registered at one time	22 664 696	19 011 668
Revenues registered over time	2 030 017	2 001 273
Customer Projects Related Development	701 273	762 236
Yearly license and maintenance	1 328 744	1 239 037
In total	**24 694 713**	**21 012 941**

2. Other income

	1.1.-31.12.2018	1.1.-31.12.2017
Grants	9 993	31 323
Other income	865	42 641
Other income in total	**10 858**	**73 964**

3. Personnel and Related parties

	1.1.-31.12.2018	1.1.-31.12.2017
Salaries	11 524 303	8 627 212
Pension Costs	1 845 989	1 376 383
Other Personnel Costs	880 807	748 442
Total Personnel Expenses	**14 251 099**	**10 752 037**

Average number of employees

	1.1.-31.12.2018	1.1.-31.12.2017
Finland	177	169
Sweden	3	3
Estonia	52	46
Total number of employees	**232**	**218**

Related party transactions

Profit Software Group consists of the parent company and its subsidiary.
Other related party consists of the Board of Directors and the Management.

Salaries and bonuses were paid to the Management team and to the members of the Board as follows:

	1.1.-31.12.2018	1.1.-31.12.2017
Salaries and Other Compensations to the Management Team	987 019	948 968
Compensations Paid for Board Members	20 000	20 000

No material/service transactions with the members of related parties took place during the fiscal year.
Via Venture Partners II K/S has granted to the parent company convertible loan which is further described in in Note 16.

Major shareholders:

Owner	**Number of shares**
Via Venture Partners Fond II K/S	4 017 500
Finnish Industry Investment Ltd	2 998 830
Ilkka Starck	1 026 605
Other Owners	1 912 405
	9 955 340

	2018	**2017**
Purchases from Profit Software Ltd	0	0
Sales to Profit Software Ltd	558 579	531 096
Group loans from Profit Software Ltd	0	0
Interests payable to Profit Software Ltd	55 000	55 000
Group Contribution from Profit Software Ltd	2 000 000	4 670 000
Long-term Loans payable to Profit Software Ltd	2 000 000	2 000 000

4. Depreciation and Amortizations

Depreciations and Amortizations	1.1.-31.12.2018	1.1.-31.12.2017
Intangible Assets		
Amortization of Goodwill	538 300	314 000
Amortization of Activated R&D Costs	0	50 186
Total Intangible Assets	**538 300**	**364 186**
Tangible Assets		
Machinery and Equipment	98 306	46 342
Finance Lease Amortizations	54 107	32 327
Total Tangible Assets	**152 413**	**78 669**
Depreciations and Amortizations in Total	**690 713**	**442 854**

5. Other Operating Expenses

	1.1.-31.12.2018	1.1.-31.12.2017
Office Rent	979 013	731 393
IT and Software Costs	726 052	523 969
Optional Personnel Expenses	773 277	500 295
Subcontractors	404 053	429 650
Other Expenses	924 149	993 756
Other Operating Expenses	**3 806 544**	**3 179 063**
Auditors fee		
Audit	38 133	30 881
Other services	6 289	45 218
Total	**44 423**	**76 098**

The change in the expected bad debt for the financial year is decribed in note 12 and the calculation principles in note 20

6. R&D Costs

R&D costs totalled EUR 2,8 million in the subsidiary in 2018 (1,7 MEUR 2017) . Development costs include costs that are directly attributable to preparing the asset for its intended use, i.a. personnel costs.

7. Financing Income and Expenses

	1.1.-31.12.2018	1.1.-31.12.2017
Financing Income		
Other Financing Income and Expenses	20 658	15 679
Financing Income in total	**20 658**	**15 679**
Financial Expenses		
Other Financial Expenses	-540 336	-564 536
Financial Expenses in total	**-540 336**	**-564 536**
Financing Income and Expenses Total	**-519 678**	**-548 856**

8. Income taxes

	1.1.-31.12.2018	1.1.-31.12.2017
Taxes payable for the Fiscal Year	-1 031 614	-1 484 912
Taxes payable for previous fiscal years	88 753	
Change in Deferred Tax Assets		62 707
Change in Deferred Tax Liabilities	131 453	-8 700
Income taxes in total	**-811 408**	**-1 430 906**

Further detail about deferred tax assets and deferred tax liabilities are presented in note 13

Tax Booked Directly in Own Equity

EUR 804669,31 was paid back to the convertible loan issued in financial year 2014. In following the original terms of the loan, EUR 1 057 683 before taxes and EUR 846 146 after taxes of the loan was booked into own equity at issuance of the loan. The repayment made n the financial year 2017 has been divided into own equity and liability in accordance with the proportions of the own equity as follows:

	2018	2017
Repayment	0	804 669
Repayment of Liabilities	0	676 316
Repayment of Equity	0	128 353
Equity Before Tax	0	128 353
Taxes	0	25 671
Equity after Tax	0	102 682

Reconciliation of Income Taxes	**1.1.-31.12.2018**	**1.1.-31.12.2017**
Income before Taxes	4 996 714	5 857 472
Taxes Calculated at the Domestic Tax Rate	-999 343	-1 171 494
Foreign Subsidiaries' Taxes	90 576	-180 285
Non-Deductible Expenses	-113	-516
Marketing Expenses 50%	-1 934	-3 259
Taxes for previous fiscal years	88 753	0
Tax Loss Carry-forward not Accrued Earlier	0	-78 475
Other	10 652	3 417
Reconciliation of Income Taxes	**-811 408**	**-1 430 612**
Effective Tax	16 %	24 %

9. Intangible Assets

2018	Customer Relations	R&D Costs	Goodwill	Total
Acquisition Costs 1.1	7 760 000	478 903	27 541 525	36 094 428
Additions		0		0
Acquisition				0
Acquisition Costs 31.12	7 760 000	478 903	27 541 525	36 094 428
Accumulated Amortization and Impairment 1.1	-314 000	-478 903	0	-792 903
Amortization	-538 300	0	0	-538 300
Accumulated Amortization and Impairment 31.1	-852 300	-478 903	0	-1 331 203
Net Book Value 1.1	**7 760 000**	**0**	**27 541 525**	**35 301 525**
Net Book Value 31.12	**6 907 700**	**0**	**27 541 525**	**34 763 225**

2017	Asiakassuhteet	Kehittämismenot	Liikearvo	Yhteensä
Acquisition Costs 1.1	0	478 903	20 196 789	20 675 692
Additions	8 074 000	0	7 344 736	15 418 736
Acquisition				0
Acquisition Costs 31.12	8 074 000	478 903	27 541 525	36 094 428
Accumulated Amortization and Impairment 1.1	0	-428 718	0	-428 718
Amortization	-314 000	-50 185	0	-364 185
Accumulated Amortization and Impairment 31.1	-314 000	-478 903	0	-792 903
Net Book Value 1.1	**0**	**50 185**	**20 196 789**	**20 246 974**
Net Book Value 31.12	**7 760 000**	**0**	**27 541 525**	**35 301 525**

Goodwill Impairment Test

Goodwill impairment is conducted annually. The company has no intangible assets with an indefinite useful life.

Impairment test is conducted at a cash generating unit level which generates its own cash inflow independent from the other cash generating units. No impairment loss was recognized from the impairment test conducted autum 2018.

In addition to the impairment test, the company assesses on continous basis the indications for the impairment of assets or goodwill. In case such internal or external indications exist, the Company performs impairment test by measuring the recoverable amount of an asset or a cash generating unit.

The recoverable amount of an asset or a cash generating unit is its fair value less costs to sell or its value in use, whichever is higher. The fair value is determined by discounting the future cash flow generated by the asset. The recoverable amount used in the company's impairment test is determined on its value in use.

If the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognized. The impairment loss is recorded in profit or loss. The impairment loss recognized in previous fiscal years from other assets than goodwill can be reversed, if there has been change in the values used in the impairment tests which resulted in an impairment loss.

The key assumptions which the management uses in estimating future cash flow cover the most recent budgets/forecasts. The key assumptions have the most sensitive impact on the recoverable value of the cash generating unit. The key assumptions which affect the forecasts are the profitability and the business volume of the company.

Profit Holding as a whole is the cash-generating unit in the impairment test and its goodwill has been allocated fully on the group level.

Impairment test 2018

The goodwill at the moment of the financial statement 2018 is 27,5 EUR (2017 27,5M EUR). The tested total carrying amount of cash generating unit exceeded the amount of goodwill at the moment of testing.

The key assumptions used in impairment test are following:

The operating profit of the company with the amortization was 6,2 EUR (2017 6,9M EUR) in the accounting period of 2018. Discount rate before taxes used in the testing was 9,83%. The growth rate of the forecast period was 2% which is down the line with the inflation expectations.

Based on the impairment test any somewhat possible change in key assumprions does not cause a situation where units accounting value would exceed recoverable amount of cash.

10. Tangible costs

2018	Machinery and Equipment	Machinery and Equipment/Finance Lease	Total
Capital Costs 1.1	271 665	156 561	428 226
Additions	191 102	0	191 102
Capital Costs 31.12	462 767	156 561	619 328
Accumulated Depreciations 1.1	-109 468	-56 180	-165 648
Depreciations	-98 306	-54 107	-152 413
Accumulated Depreciations 31.12	-207 774	-110 287	-318 061
Net Book Value 1.1	**162 197**	**100 381**	**262 578**
Net Book Value 31.12	**254 993**	**46 274**	**301 267**

2017	Machinery and Equipment	Machinery and Equipment/Finance	Total
Capital Costs 1.1	84 376	39 464	123 840
Additions	187 289	117 097	304 386
Acquisition			
Capital Costs 31.12	271 665	156 561	428 226
Accumulated Depreciations 1.1	-58 839	-23 853	-82 692
Depreciations	-50 629	-32 327	-82 956
Accumulated Depreciations 31.12	-109 468	-56 180	-165 648
Net Book Value 1.1	**25 537**	**15 611**	**41 148**
Net Book Value 31.12	**162 197**	**100 381**	**262 578**

11. Acquisitions

There were no acquisitions in 2018.

Business Acquisitions 2017
Subsidiary acquisition 2017

Group acquired the whole share capital of Evolvit oy on 14.6.2017 and thus gained control. Business activities of Evolvit includ
Consulting and Business Intelligence Services. Acquisition complements the range of services and expands the customer base.
The purchase price was 14,5 Million Euros and more detail of the purchase price is presented below

Thousand Euro	·ned consideration
Cash	11 530
Paid in shares	2 970
Cost	**14 500**

Million Euros from the amount paid cash is on the escrow account and will be paid later as certain conditions are fulfilled
The amount is not discounted because the risk free interest level is negative or close to zero and the effect of discounting
is not essential.

Group has booked 0,2 million euros of transaction fee incurred during the acquisition process
for valuation and consulting services from the bank. The fees are included in
other operational expenses of the consolidated income statement.

The values of acquired assets and liabilities at the acquisition date are as follows.

Thousand Euros	Booked Values
Intangible Assets	8 074
Tangible Assets	97
Accounts receivables	3 328
Other Receivables	374
Cash and Cash Equivalents	293
Total assets	**12 165**
Accounts payables	1431
Deffered Tax Liabilities	1615
Other Liabilities	1964
Total liabilities	**5 010**
Net Assets	**7 155**

Goodwill on Acquisition

Purchase price	14 500
Net assets of the acquired object	-7 155
Goodwill	**7 345**

The acquisition gained 7,3 Million Euros of Goodwill which is based on the synergy benefits expected from
the acquisition of Evolvit Oy.

Evolvit's turnover of 6 million euros and net profit of 0,7 milloion euros gained in the seven months' period
are included in the consolidated statement of comprehensive income of 2017. 2017 would have resulted a
turnover of 26 million euros and profit of of 5,5 million euros if the acquired business would have been included
from the beginning of accounting period of 2017.

12. Account Receivable and Other Receivables

	31.12.2018	31.12.2017
Accounts Receivable	4 735 247	4 103 975
Other Receivables	90 524	12 590
Accrued Income	160 194	93 021
Accounts recievable and other receivables in total	**4 985 966**	**4 209 586**

	31.12.2018	31.12.2017
Accounts Receivables Aging		
Accounts receivables undue	3 914 758	2 305 765
Accounts receivables due		
1-30 days	363 741	1 798 210
31-60 days	17 210	0
over 60 days	439 539	0
Total	**4 735 247**	**4 103 975**

Expected bad debt 31.12.2018

No credit loss has been recorded in the fiscal year 2018. Based on the group’s history and the group’s clients’ good payment behavior, the possibility for bad debt is very low.

The accounted value of sales and deposits is an evaluation of their fair value and the book values correspond with the amount that is the maximum amount of credit risk.

13. Deferred Tax Assets and Liabilities

Deferred Tax Assets	1.1.2018	Booked in earnings	Booked in own equity	Acquired Business Operations	31.12.2018
Loss Confirmed	0	0	0		0
Other Assets	0	0			0
Deferred Tax Assets in total	**0**	**0**	**0**	**0**	**0**

Deferred Tax Assets	1.1.2017	Booked in earnings	Booked in own equity	Acquired Business Operations	31.12.2017
Loss Confirmed	0	0	0		0
Other Assets	46	0	-46		0
Deferred Tax Assets in total	**46**	**0**	**-46**	**0**	**0**

Deferred Tax Liabilities	1.1.2018	Booked in earnings	Booked in own equity	Acquired Business Operations	31.12.2018
Convertible Loan	98 540	-11 489		-2 159	84 893
Acquisition	1 552 000	-107 660			1 444 340
Financial Instruments	33 449	-12 304	0	-473	20 672
Other Liabilities	0				0
Deferred Tax Liabilities in total	**1 683 989**	**-131 453**	**0**	**-2 632**	**1 549 905**

Deferred Tax Liabilities	1.1.2017	Booked in earnings	Booked in own equity	Acquired Business Operations	31.12.2017
Convertible Loan	144 631	-8 857	-37 234		98 540
Acquisition	0	-63 000		1 615 000	1 552 000
Financial Instruments	15 892	17 557	0		33 449
Other Liabilities	0				0
Deferred Tax Liabilities in total	**160 523**	**-54 300**	**-37 234**	**1 615 000**	**1 683 989**

14. Cash and Cash Equivalents

	31.12.2018	31.12.2017
Bank Accounts	1 788 137	5 898 377
Rental Deposits	219 251	204 656
Cash and Cash Equivalents in total	**2 007 388**	**6 103 033**

15. Shareholders' Equity

Restricted Own Equity	2018	2017
Capital stock		
Capital Stock 31.12.	**2 500**	**2 500**
Total Invested Restricted Equity 31.12.	**2 500**	**2 500**
Reserve for Invested Non-Restricted Equity		
Shares	8 800 260	10 039 042
Convertible Loans	3 347	-102 682
Evolvit Oy:n fusion	1 164 625	
Capital Return from the Invested Non-Restricted Equity Fund		-1 195 331
Reserve for Invested Non-Restricted Equity 31.12.	**9 968 232**	**8 741 029**
Retained Earnings	7 914 848	4 653 339
Profit of the Financial Period	4 185 306	4 426 860
Non-restricted Equity in total 31.12.	**22 068 385**	**17 821 228**
Total Equity	**22 070 885**	**17 823 728**

The parent company has 9 955 340 shares and one share series. The nominal value of one share is one euro.

The share capital 2 500 euros was paid in connection with the establishment of the company. The increase in the Invested non-restricted equity carried out in financial year 2018 was based the issue of shares completed on 26th September 2014. The proceeds of EUR 59 231 from the share subscriptions were recorded in the Invested Non-Restricted equity fund.

It was decided in the board meeting held on the 5th January 2016 that the deferred purchase price of EUR 152 980 owed to Ilkka Starck under the Share Purchase Agreement relating to the shares in Profit Software Oy becomes immediately due and accordingly, that Ilkka Starck had subscribed and paid for 152 980 new shares issued to him pursuant to the shareholder resolution dated 30 September 2014 by setting the entire EUR 152 980 receivable from the company against the subscription of the shares. The option holders of the company had subscribed for a total 217 891 new shares in accordance with the option agreements dated 30 September 2014 by making payments of EUR 1 per share.

The subsidiary Profit Software Ltd has a supply of 1 014 330 own shares on the closing date. The parent company Profit Holding Ltd does not have any own shares.

Option Schemes

The company has two subscription right based option schemes, of which one entitles to subscribe 5 715 000 shares and the other 1 390 250 shares.

The Company took from Via Venture Partners Fond II K/S a convertible loan of EUR 5 715 000 in terms and conditions that the loan is associated with a right to subscribe for shares in the Company by setting off the receivables against the subscription price of the shares. The subscription rights shall be issued gratuitously.
In order to be entitled to receive the subscription rights Via Venture Partners Fond II K/S is required to sign a separate loan agreement. The loan agreement was signed on 30th September 2014.

The other scheme of 1 390 250 options are reserved for the Company's or its subsidiary's key employees, managers or consultants and board members. All options were granted to the Management Shareholders. The vesting schedule of these options spans four years, and one forth of the granted options shall vest and become exercisable on each anniversary of the agreement date.

The subscription time of the shares begins immediately and ends on 31st of December 2020 at the latest.
The shares are paid at the time of subscription. Management determines all other operations related to share subscription.

The nominal value of one share is one euro in both of the option schemes. The value is based on the current value of the share at the time of the scheme arrangement. The nominal value is recorded in the Invested Non-Restricted Equity Fund in its entirety.

16. Liabilities

	Fair Value		Book Value	
Long-Term Interest Bearing Liabilities	**2018**	**2017**	**2018**	**2017**
Loans from Financial Institutions	6 783 308	13 248 455	6 783 308	13 248 455
Convertible Loans	3 747 268	3 547 081	3 747 268	3 547 081
Finance Lease Liabilities	11 458	47 922	11 458	47 922
Long-Term Interest Bearing Debts	**10 542 034**	**16 843 458**	**10 542 034**	**16 843 458**
Short-Term Interest Bearing Liabilities				
Finance Lease Liabilities	36 463	54 340	36 463	54 340
Current Portion of Long-Term Debts	4 026 667	4 026 667	4 026 667	4 026 667
Short-Term Interest Bearing Debts	**4 063 130**	**4 081 007**	**4 063 130**	**4 081 007**
Total Interest-Bearing Financial Liabilities	**14 605 164**	**20 924 465**	**14 605 164**	**20 924 465**

	2018	**2017**
Finance lease liabilities, minimum rent total amount		
During one year	37 705	57 636
Over one year and no more than five years	11 645	49 352
	49 350	106 988
Finance lease liabilities, minimum rent present value		
During one year	36 463	54 340
Over one year and no more than five years	11 458	47 922
Future financial costs	1 430	4 727
Finance lease liabilities total amount	49 351	106 989

IT equipment is included in the finance lease liabilities. Finance lease contracts last 3-5 years.

The book values of finance lease liabilities are equivalent to their fair values.

In the accounting period fo 2017 the company has renewed financing arrangements with which financing debts raised in previous periods are paid. New financing arrangements contains two bank loans with nominal values fo 6,1 and 12,0 million Euros. With the new bank loans the company has paid back the previous loans and financed company arrangements.
The interest rate of the bank loan is 6 months Euribor plus 1.5% margin. During the year 2017 EUR 1 360 000 of the loan will mature. Repayments and interest are payable semi-annually starting from the 30th March 2017.

The convertible loan has a fixed interest rate of 3.5% p.a. The loan and all accrued interest shall become due and payable in its entirety on the tenth anniversary of its drawndown date. The loan may not be pre-paid in whole or partly without the lender's prior written consent. The withdrawal fees of EUR 200 000 related to the loan have been accrued for the term of the loan using the effective interest rate method.

The bank loan terms include convenants that may affect the future financial expenses. The convenants are tested semi-annually and the next checkpoint is 31st December 2017. The Company has complied with all convenants

		Convertible bond loan	Long-term loan from financial institutions	Finance lease	**Total**
	1.1.2018	**3 547 081**	**17 275 122**	**102 262**	**20 924 465**
No effect on cash flow	**Convertible Bond**	200 187			**200 187**
	Effective interest		61 519		**61 519**
	Finance lease new contracts				**0**
Effect on cash flow	**Payment of convertible bonds**	0	0	0	**0**
	Raise of loans	0	0	0	**0**
	Repayment of credits	0	-6 526 667	0	**-6 526 667**
	Finance lease loans paid	0	0	-54 340	**-54 340**
31.12.2018		**3 747 268**	**10 809 974**	**47 922**	**14 605 164**

		Convertible bond loan	Long-term loan from financial institutions	Finance lease	**Total**
	1.1.2017	**4 023 562**	**6 722 905**	**15 842**	**10 762 309**
No effect on cash flow	**Convertible Bond**	328 189			328 189
	Effective interest		-26 754		-26 754
	Finance lease new contracts			125 773	125 773
Effect on cash flow	**Payment of convertible bonds**	-804 669			-804 669
	Raise of loans		17 920 000		17 920 000
	Repayment of credits		-7 341 029		-7 341 029
	Finance lease loans paid			-39 354	-39 354
	31.12.2017	**3 547 081**	**17 275 122**	**102 262**	**20 924 465**

17. Non-Interest bearing liabilities

Short-term amortized non-interest bearings valued to acquisition cost

	31.12.2018	31.12.2017
Accounts Payable	177 532	340 383
Accured Liabilities	2 155 842	3 507 209
Outstanding Interest	17 585	22 920
Other Liabilities	1 480 932	1 574 026
Total	**3 831 892**	**5 444 539**

18. Other Rental Agreements/Continget Liabilities

Minimum Rents Payable based on Other Non-Cancellable Leases:

	31.12.2018	31.12.2017
During one year	818 149	726 157
Over one year and no more than 5 years	942 018	342 897
Total	**1 760 168**	**1 069 054**

The group has rented all of its office space in use. Rent agreements are continuing with a 3-6 month notice. The group also has lease cars. The regular term of operating lease contracts is 3 years. Employee housing has one month notice period.

SECURITIES AND CONTINGENT LIABILITIES
(incl. VAT)

1. Type	Rahoittaja	Due 2019 leasing payments	2020 forward	Liability 2018	Liability 2017
Car lease	Leasing company	118 897	117 190	89 348	38 155
Copy machine leasing	Toshibakeskus	0	0	0	2 937
Camera Rent	Ikano Bank	6 296	1 475	14 642	10 252
Leasing liabilities 31.12.2018		**125 193**	**118 665**	**103 990**	**51 344**

Contingent liabilities	2018	2017
Business Mortgage (Profit Software Ltd and Evolvit Ltd)		32 000 000

Company mortgages have been given as guarantees for bank loans in 2018 (EUR 32 000 000).

19. Shares Owned by the Group

Group Companies	Home City	Home Country	Shareholding	Percentage of Voting Rights
Profit Holding Oy	Helsinki	Suomi	Emoyhtiö	
Profit Software Oy	Helsinki	Suomi	100 %	100 %
Profit Software Oü	Tallinna	Viro	100 %	100 %
Profit Software AB	Tukholma	Ruotsi	100 %	100 %

Profit Software Oy is owned by Profit Holding Oy. (100%)
Profit Software OÜ is owned by Profit Software Oy. (100%)
Profit Software Ab is owned by Profit Software Oy. (100%)

20. Financial Risk Management

The external financing and finance risks of Profit Software are focused on the financial management of the Profit Software group parent company which is responsibe for liquidity, adequacy of funding and financial risk management for the group. The main financial risks are interest rate risk, credit risk and liquidity risk. The risk management group of the company aims to minimize negative effects caused by changes in financial markets that may affect the group result. The Board of Directors accepts the general principles of the risk management, and the finance management is responsible for their practical implementations along with business groups.

On closing date 31st of December 2018, the group did not hold hedging instruments, thus the group does not apply hedge accounting according to IFRS 9 -standard.

Interest rate risk

The Group is not significantly but somewhat exposed to interest rate risks mainly due to the floating rated bank loan. The Group's convertible loan has a fixed interest rate.

The bank loan of EUR 6.8 million lent by OP is charged with a floating rate of six month Euribor plus 1.5% margin. The margin may also change based on the compliance of the convenant terms. The financial impact caused by the fluctuations in the market may be considerable. One percentage increase in interest rate weakens the company's result by EUR 0.1 million. Management believes that the Group is not significantly exposed to interest rate risks.

Credit risk

Credit risk is a risk that the other party of a financial instrument is unable to fulfill their obligations and thus produces a financial loss for the group. The group's credit risk is mainly formed of the credit risk involving it's clients' accounts receivables

The clients of the group are well-known and solvent domestic and foreign insurance companies, therefore the group has no significant credit risks. Credit risks related to commercial activities are primarily the responsibility of business units. The group has no significant receivable credit concentrations. Financial management supervises that terms and follow the given principles of financial politics.

The company applies a simplified approach to determining expected credit losses, whereby the calculation of expected credit losses due to trade receivables is based on the use of the booking matrix. In this case, the credit loss provision is determined on the basis of expected credit losses over the lifetime of the trade receivables.

The company utilizes its past experience of credit losses and historical information on trade receivables in assessing the expected credit losses for these financial assets over their lifetime. The assessment takes into account the company's management's assessment of future developments. The company updates its estimates based on historical data on expected credit losses, monitoring its customers' creditworthiness and future estimates for each reporting period. Expected credit losses are determined on the basis of fixed booking percentages according to the number of days of delayed payments for trade receivables. Changes in expected trade receivables are recognized in the income statement under other operating expenses.

Liquidity Risk

The group aims to constantly estimate and follow the amount of funding required by the business so that there would be enough liquids to finance the operation and to repay maturing loans.

The following table demonstrates the maturity analysis based on the contracts of undiscounted equities and interest payments in the financial statement 2018 ja 2017.

	Balance Sheet Value	31.12.2018 Cash flows	Under 1 Year	1-2 years	2-5 years	Over 5 years
Loans from financing institution	10 809 975	11 157 550	4 249 937	2 827 909	4 079 704	
Convertible bonds	3 747 268	5 119 881				5 119 881
Finance lease liabilities	47 921	49 351	37 705	11 646		
Accounts payables	177 532	177 532	177 532			
Total	**14 782 696**	**16 504 314**	4 465 174	2 839 555	4 079 704	5 119 881

	Balance Sheet Value	31.12.2017 Cash flows	Under 1 Year	1-2 years	2-5 years	Over 5 years
Loans from financing institution	17 275 122	18 267 434	4 352 817	4 271 165	9 643 452	0
Convertible bonds	3 547 081	8 061 572	0	0	0	8 061 572
Finance lease liabilities	102 262	106 987	57 636	37 705	11 646	
Accounts payables	340 383	340 383	340 383	0	0	
Total	**21 264 848**	**26 776 376**	4 750 836	4 308 870	9 655 098	8 061 572

Currency Risk

The most significant currency risk is related to the Swedish krona. The Group is exposed to currency fluctuations causing transaction risks. The Group has followed the changes in the currency and has traded kronas into euros when the krona has been strong.

21. Capital Management

The aim of capital management is to ensure going concern by using the optimal capital structure and to ensure the increase of shareholders' value. The optimal structure is supported by decisions related to distribution of dividend and issue of shares.

Key figures that describe the optimal capital structure are solvency ratio and net gearing.
At the end of 2018, the interest bearing net debts of the group were EUR 14 605 164 (31.12.2017 20 905 683)
When calculating the net gearing, the interest bearing debt is divided with the amount of own equity.
Net debts are interest bearing debts with reduced cash and cash equivalents.

	2018	2017
Interest Bearing Liabilities	14 605 164	20 924 465
Cash and Cash Equivalents	1 788 137	5 898 377
Net Interest Bearing Liabilities	12 817 027	15 026 088
Total Equity	22 070 886	17 823 728
Net gearing %	**58 %**	**84 %**

22. Earnings per Share

Undiluted earnings per share is calculated by diving the parent company's attributable profit by the weighted average number of shares during the financial year.

	2018	2017
Profit of the Financial Year	4 185 306	4 426 860
Weighted Average Number of Shares During the Period	9 955 340	9 896 109
Undiluted Earnings per Share	**0,42**	**0,45**

While calculating earnings per share with diluted number of shares, the weighted average takes into account all the dilutive effect of dilutive potential common shares. The Group's dilutive potential ordinary shares arise from convertible loans.

The convertible loan's dilutive effect has been calculated on assumption that the exchange of convertible loans to shares takes place at the time of their issuance.

The interest expenses adjusted by tax impact is added to the earnings of the financial year.

	2018	2017
Profit of the financial year	4 185 306	4 426 860
Interest of the convertible loan (adjusted by tax impact)	142 744	145 177
Diluted profit of the financial year	4 328 049	4 572 037
Weighted average number of shares during the period	9 955 340	9 896 109
Convertible loans changed to shares	4 218 800	4 076 057
Diluted number of shares	14 174 140	13 972 166
Diluted earnings per share	**0,31**	**0,33**

Parent Company Statement of Income (FAS)

	Notes	01.01.-31.12.2018	01.01.-31.12.2017
REVENUE	1	**558 579**	**428 304**
Materials and Services			
External Services		14	-6
Materials and Services in Total		**14**	**-6**
Personnel Expenses			
Salaries and Bonuses		-415 999	-238 187
Pension Costs		-77 710	-48 468
Other Personnel Expenses		-3 998	-6 794
Personnel Expenses in Total	2	**-497 707**	**-293 449**
Depreciations, Amortizations and Impairments			
Depreciations and Amortizations		0	0
Impairments		0	0
Total Depreciations, Amortizations and Impair	3	**0**	**0**
Other Operating Expenses	4,5	**-58 001**	**-149 533**
OPERATING INCOME		**2 885**	**-14 685**
Financing Income and Costs			
Earnings from Group Companies		2 000 000	2 000 000
Earnings from Other Investments			
Interest and Financing Income		0	201
Interest Costs and Other Financing Costs		-428 082	-621 420
Total Financing Income and Costs	6	**1 571 918**	**1 378 781**
NET INCOME BEFORE EXTRAORDINARY ITEMS		1 574 803	1 364 097
Extraordinary Items			
Received (Given) Grants from Group Companies		**3 100 000**	**4 670 000**
NET INCOME BEFORE TAX		**4 674 803**	**6 034 097**
Income Taxes	7	**-538 236**	**-733 806**
NET INCOME		**4 136 567**	**5 300 290**

Parent Company Balance Sheet (FAS)

ASSETS	Notes	31.12.2018	31.12.2017
FIXED ASSETS			
Intangible Assets			
Total Intangible Assets	8	**0**	**0**
Tangible Assets			
Total Tangible Assets	9	**0**	**0**
Investments			
Shares in Group Companies	10	38 048 620	38 048 620
Total Investments		**38 048 620**	**38 048 620**
FIXED ASSETS IN TOTAL		**38 048 620**	**38 048 620**
CURRENT ASSETS			
Short-Term Receivables			
Accounts Receivables	11	0	0
Receivables from Group Companies	11	300 624	3 284 450
Other Receivables	11	413	12 019
Accrued Receivables	11	56 774	286
Total Short-Term Receivables		**357 811**	**3 296 755**
Cash and Cash Equivalents	12	**32 101**	**67 866**
CURRENT ASSETS IN TOTAL		**389 912**	**3 364 621**
ASSETS		**38 438 532**	**41 413 241**

LIABILITIES AND EQUITY		31.12.2018	31.12.2017
OWNER'S EQUITY			
Share Capital		2 500	2 500
Reserve for Invested Non-Restricted Equity		8 237 562	8 178 331
Retained Earnings		8 735 305	3 435 015
Profit of the Period		4 136 567	5 300 290
OWN EQUITY IN TOTAL	13	**21 111 934**	**16 916 136**
LIABILITIES			
Long-Term			
Convertible Loans		4 218 800	4 076 057
Loans from Financial Institutions		6 886 667	13 413 333
Loans from Group companies		2 000 000	2 000 000
Total Long-Term		**13 105 467**	**19 489 390**
Short-Term			
Loans from Financial Institutions		4 026 667	4 026 667
Advances Received			0
Accounts Payable		4 316	7 786
Loan from Group Companies		27 500	27 500
Other Liabilities		72 365	61 831
Accrued Liabilities		90 284	62 436
Deferred Tax Liabilities		0	821 497
Short-Term Liabilities		**4 221 132**	**5 007 716**
TOTAL LIABILITIES	14	**17 326 598**	**24 497 106**
TOTAL LIABILITIES AND EQUITY		**38 438 532**	**41 413 241**

Parent Company Cash Flow Statement (FAS)

	01.01.-31.12.2018	01.01.-31.12.2017
Cash Flow from Operating Activities:		
Net Income Before Taxes	4 136 567	5 300 290
Deferred Taxes	0	821 497
Financing Income and Costs	428 082	621 219
NET CASH FROM OPERATING ACTIVITIES	**4 564 649**	**6 743 006**
Change in Long-Term Liabilities	142 744	145 177
Changes in Working Capital:		
Changes in Accounts Receivable	2 938 944	-3 111 468
Changes in Accounts Payable	34 912	22 506
Interest Paid	-428 082	-621 420
Interests Received	0	201
Paid Taxes	-821 497	-132 865
Change in Accruals		
CASH FLOW FROM OPERATING ACTIVITIES	**6 431 670**	**3 045 137**
Cash Flow from Investing Activities:		
Purchase of Subsidiaries' Shares		-11 762 000
CASH FLOW FROM INVESTING ACTIVITIES	**0**	**-11 762 000**
CASH FLOW BEFORE FINANCING	**6 431 670**	**-8 716 863**
Cash Flow from Financial Activities		
Loan Withdrawal	0	18 120 000
Loan Repayment	-6 526 667	-7 480 000
Paid Capital Refunds		-2 000 000
Payments from Issue of Shares	59 231	84 202
CASH FLOW FROM FINANCING	**-6 467 435**	**8 724 202**
NET CASH FLOW FROM FINANCING	**-35 765**	**7 339**
Changes in Cash and Cash Equivalents		
Cash and Cash Equivalents at the Beginning of the Period	67 866	60 527
Cash and Cash Equivalents at the End of the Period	32 101	67 866
CHANGES IN CASH AND CASH EQUIVALENTS	**-35 765**	**7 339**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the Parent Company's Financial Statements

ACCOUNTING PRINCIPLES

The financial statements of Profit Holding Ltd and Profit Holding Group for the period 01.01.2018 - 31.12.2018 are prepared in accordance with the Finnish Accounting Acts. Profit Holding Ltd (originally Shelco 51 Ltd, change registered on 6th November 2014) acquired Profit Software Ltd's shares on 30th September 2014 whereby Profit Holding Ltd Group was formed.

The financial statements of Profit Holding Group are prepared by the purchase method. The excess of purchase price over the acquiree's share equity value is allocated partially to fixed assets and shown as goodwill.

All internal transactions, internal profits, profit distributions and mutual shareholdings of Group companies are eliminated as part of the consolidation process.

Profit Holding Group develops and delivers software and system solutions for the financial sector, particularly for the insurance business.

The parent company Profit Holding Ltd is a Finnish private limited company domiciled in Espoo Finland. Its registered address is Bertel Jungin Aukio 7B, 02600 Espoo.

Copies of the Annual Report 2018 are available at Bertel Jungin Aukio 7B, 02600 Espoo.

FINANCIAL LIABILITIES

Financial liabilities related transaction costs are recognized as an expense.

LEASING

The leasing payments in the financial statements are recognized as an expense in accordance with the Finnish Accounting Standards.

INCOME TAXES

The taxes are recorded in accordance with the applicable Finnish law.

Tax losses carried forward have been recognized as deferred tax asset with extreme caution.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Revenue

	1.1.-31.12.2018	1.1.-31.12.2017
Other Revenue	558 579	428 304
Total Revenue	**558 579**	**428 304**

2. Personnel Expenses

	1.1.-31.12.2018	1.1.-31.12.2017
Salaries	-415 999	-238 187
Pension Costs	-77 710	-48 468
Other Personnel Expenses	-3 998	-6 794
Total Personnel Expenses	**-497 707**	**-293 449**

The Parent company's average number of employees during the financial year

Finland	2	1
Total Personnel	**2**	**1**

Related Party Transactions

Profit Holding Group's related parties include the parent company and its subsidiaries.
The Group's related parties include members of the Board of Directors and the management.

There has been no transaction of goods and services with the related parties during the fiscal year.

	1.1.-31.12.2018	1.1.-31.12.2017
Receivables from Profit Software Oy per 31.12	300 624	3 284 450
Payables to Profit Software Oy per 31.12	-2 027 500	-2 027 500

3. Depreciation, Amortization and Impairments

Profit Holding Oy has no depreciable tangible assets on its balance sheet.

4. Other operating expenses

	1.1.-31.12.2018	1.1.-31.12.2017
Rent Costs	0	0
IT hardware and software expenses	3 804	16 980
Other Personnel costs	2 793	817
External Services	19 228	102 522
Other Expenses	32 176	29 215
Total Other Operating Expenses	**58 001**	**149 533**

5. R&D costs

There were no R&D costs for Profit Holding Ltd. In 2018.

6. Financial income and expenses	1.1.-31.12.2018	1.1.-31.12.2017
Income from ownership in Group Companies	0	2 000 000
Other Interest and financial Income	0	201
Interest and other financial expenses to Group Companies	-55 000	-55 000
Interest and other financial expenses to others	-373 082	-566 420
Financial Income and Expenses	**-428 082**	**1 378 781**

7. Income Tax

	1.1.-31.12.2018	1.1.-31.12.2017
Taxes for the Current and Previous Periods	-538 236	-733 806
Total Income Tax	**-538 236**	**-733 806**

Changes in deferred tax assets have been recognized in the consolidated income statement.

8. Investments

	31.12.2018	31.12.2017
Shares in Group Companies		
Initial Balance	38 048 620	23 316 620
Additions	0	14 732 000
Net book value 31.12	**38 048 620**	**38 048 620**

9. Lyhytaikaiset myynti- ja muut saamiset

	31.12.2018	31.12.2017
Receivables from Group Companies	300 624	3 284 450
Other Receivables	413	12 019
Accrued Receivables	56 774	286
Total Trade Receivables and Other Receivables	**357 811**	**3 296 755**

10. Cash and cash equivalents

	31.12.2018	31.12.2017
Bank Accounts	32 101	67 866
Cash and Cash Equivalents in total	**32 101**	**67 866**

11. Owner's equity

Restricted owner's equity

	2018	2017
Initial balance	2 500	2 500
Share capital 31.12.	**2 500**	**2 500**
Total Restricted Own Equity 31.12.	**2 500**	**2 500**
Non-Restricted Equity		
Invested Non-restricted Equity Fund		
Initial Balance	8 178 331	6 319 459
Issue of Shares	59 231	3 054 202
Return of Capital		-1 195 331
Escrow Shares		0
Invested Non-restricted Equity Fund 31.12.	**8 237 562**	**8 178 331**
Retained Earnings	8 735 305	3 435 015
Tax Paid on Purchase of Own Shares		0
Profit of the Financial Period	4 136 567	5 300 290
Invested Non-restricted Equity Fund 31.12.	**21 109 434**	**16 913 636**
Total Equity	**21 111 934**	**16 916 136**

The parent company has 9 955 340 shares and one share series. The nominal value of one share is one euro. The share capital 2 500 euros was paid in connection with the establishment of the company. The increase in the invested non-restricted equity carried out in financial year 2017 was based on the issue of shares completed on 14th June 2017 (2 970 000e) and the share subscription on 30th September 2014 done based on option agreement determined on 20th February 2017 (84 202e). Payments worth 3 054 202 EUR received during the year 2017 are registered to the non-restricted Equity fund.
Payments worth EUR 59231,25 during the year 2018 are registered to the non-restricted equity fund.

The company has two subscription right based option schemes, of which one entitles to subscribe 5 715 000 shares and the other 1 390 250 shares.

The subsidiary Profit Software Ltd had a supply of 1 014 330 own shares on the closing date.

12. Liabilities

	31.12.2018	31.12.2017
Long-Term Liabilities		
Convertible Loans	4 218 800	4 076 057
Loans from Financial Institutions	6 886 667	13 413 333
Liailities to Group Companies	2 000 000	2 000 000
Total Long-Term Liabilities	**13 105 467**	**19 489 390**

Short-Term Liabilities

	31.12.2018	31.12.2017
Loans from Financial Institutions	**4 026 667**	**4 026 667**
Accounts Payable	**4 316**	**7 786**
Liabilities to Group Companies	**27 500**	**27 500**
Other Liabilities	**72 365**	**61 831**
Accrued Liabilities		
Vacation Pay Accrual	62 324	37 096
Interest Payable	17 585	22 920
Other Accrued Liabilities	10 375	2 420
Accrued Liabilities	**90 284**	**62 436**
Deferred Tax Liabilities	0	821 497
Total Short-Term Liabilities	**4 221 132**	**5 007 716**

Long-term liabilities consist of the bank loan and the convertible loan taken on the 30th September 2016. The carrying amount of the convertible loan consists of the loan principal of EUR 3 493 762,19 and the capitalized interest of EUR 582 294,32. Long-term liabilities also include long-term liabilities to Profit Software Ltd.

The interest rate of the bank loan is 6 months Euribor plus 1.5% margin. During the year 2019 EUR 1 360 000 + 2 666 666,66 will mature. Repayments and interest are payable semi-annually.
The bank loan terms include covenants that may affect the future financial expenses. The convenants are tested semi-annually and the next checkpoint is 30th of April 2019. The Company has complied with all covenants of the bank loan during the period of 2018.

The convertible loan has a fixed interest rate of 3.5% p.a.. The interest shall be compounded annually and accrued interest with the same fixed interest rate as the loan. The loan and all accrued interest shall become due and payable in its entirely on the tenth anniversary of its drawdown date. The loan may not be pre-paid in whole or partly without the lender's prior written consent.

GUARANTEES AND CONTINGENT LIABILITIES

1. Pledged Assets and Guarantees

Profit Holding Ltd has pletged the shares of its subsidiaries Elovit Ltd and and Profit Software Ltd.

2. Guarantee Given for the Parent Company Profit Holding Ltd and collarteral against them

Pledger	Pledgee	Pledged Amount	No.	Debt
Profit Software Ltd	OP	€24 000 000	1-8 ja 1-14	Loan
Profit Software Ltd	OP	€8 000 000	1.maalis	Loan

Profit Software Ltd has pledged EUR 32 000 000 for the loan of the parent company Profit Holding Ltd.

The privilege of the pledged notes are in numerical order so that number 1 à EUR 85 000 and numbers 2-14 à EUR 100 000 are more privileged than the numbers 1-5 à EUR 200 000.

3. Rents	Lessee	Leasing Payments Due 2019	After 2020	Leasing Payments Due 2018
Car Leasing	Leasing Companies	15 530	3 883	19 413
Leasing Contingent Liabilities 31.12.2018		**15 530**	**3 883**	**19 413**

NOTES TO THE PARENT COMPANY’S FINANCIAL STATEMENTS

NOTES ON PERSONNEL

Parent Company Profit Holding Ltd.'s Staff	1.1.2018-31.12.2018	1.1.2017-31.12.2017
During the Financial Year	2	1
Board of Directors	3	2
In total	5	3

HOLDINGS IN OTHER COMPANIES

Profit Holding Ltd's subsidiary Profit Software Ltd. Finland located in Helsinki
Address: Bertel Jungin Aukio 7 B, 02660 Espoo
Profit Holding Ltd. Owns 100% of Profit Software Ltd. Finland.
Profit Software Ltd. Finland's subsidiary Profit Software Ltd. Estonia located in Tallinn
Address: Pärnu mnt 127b, 11314 Tallinn, Estonia.
Profit Software Ltd. Finland owns 100% of Profit Software Ltd. Estonia.
Profit Holding Ltd's subsidiary Profit Software AB is located in Stockholm
Address: c/o True Value Redovisning AB, Platensgatan 20, 59135 Motala, Sweden
Profit software Ltd. Owns 100% of Profit Software AB.

Group Companies	**Location**	**Country**	**Shareholdings**	**Percentage of Voting Rights**
Profit Holding Oy	Helsinki	Finland	Parent Company	100 %
Profit Software Oy	Helsinki	Finland	Subgroup Parent Company	100 %
Profit Software OÜ	Tallinn	Estonia	100 %	100 %
Profit Software AB	Stockholm	Sweden	100 %	100 %

Parent Company's Shares in Subsidiary

Name	Nom. Value	Amount	Book Value	Shareholding
Profit Software Oy		76 274 333	38 048 620	100/100

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

CALCULATION OF DISTRIBUTABLE FUNDS OF THE PARENT

	2018	2017
Reserve for Invested Non-Restricted Equity	8 237 562	8 178 331
Retained Earnings/Loss	8 735 305	3 435 015
Purchase of Own Shares	0	0
Net Income of the Period	4 136 567	5 300 290
Total Distributable Funds	**21 109 434**	**16 913 636**

LIST OF ACCOUNT BOOKS USED

Procountor accounting software has been used for the accounting of the company.

	Document Numbers	
Annual Report		in paper
Accounting Journal and General Ledger		in electronic format
Purchase Invoices	10001 Accounts Payable	in electronic format
Sales Invoices	20001 Accounts Receivable	in electronic format
Bank Receipts	30001 Nordea	in electronic format
Bank Receipts	40001 Sampo	in electronic format
Bank Receipts	50001 Nordea EEK	in electronic format
Wage Receipts		in electronic format
Ledger Entries	90001 Memo	in electronic format

Signatures for the Financial Statements

SIGNATURES OF THE BOARD OF DIRECTORS

Helsinki .   2019

Kramarz Benjamin Chairman of the Board	**Ilkka Lohi** Member of the Board
Björn Norrbom Member of the Board	**Ilkka Starck** Chief Executive Officer

Auditor’s Signature

A report of completed inspection has been given today.

Helsinki . 2019

KPMG OY AB

Mauri Eskelinen, KHT

Auditor's Report