



**Ropo Capital**

**RopoHold Oyj  
Financial statement and report by the  
Board of Directors for the financial year  
1 January–31 December 2018**

**Unofficial translation**

RopoHold Oyj

Street address Viestikatu 7, 70100 KUOPIO

Domicile Kuopio

Country Finland

Business ID 2749630-9

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## Management report

### Financial year 1 January–31 December 2018

RopoHold Oyj is the parent company in the Ropo Group. The Group's head office is located in Kuopio at the following address: Viestikatu 7, 70100 Kuopio, Finland.

### The Group relations

The parent company of the Ropohold Group is RopoHold Oyj (business ID 2749630-9). RopoHold Oyj owns 100% of the sub-group, for which Ropo Capital Oy (business ID 2495037-7) is the parent company. The sub-group has three subsidiaries, Ropo Invest Oy (business ID 2495192-7), Ropo Finance Oy (business ID 2525979-9) and Trust Kapital Baltics Oü (business ID 1214121), which are 100% owned by the parent company of the sub-group. Of the Group companies, Ropo Finance Oy offers financing services related to accounts receivable, whereas Ropo Invest Oy operations involve the management of accounts receivable portfolios. Trust Kapital Baltics Oü, a subsidiary registered in Estonia, has not conducted any business during the financial year, and the company is being dissolved.

### Development of operations

#### *Net sales*

During the financial year, the Ropohold Group's business operations developed in line with the planned strategy. The Group continued to successfully offer its existing information logistics customers an invoice lifecycle service package, i.e. the provision of information logistics, ledger services and payment monitoring and recovery services. The Group was successful in converting its operation service customer relationships in accordance with its objectives for the invoice lifecycle service model and concluded new agreements concerning the deployment of lifecycle services. The completion of invoice lifecycle service deployment projects during this year had a positive impact on the consolidated profit.

During the financial year 2018, the Group's net sales increased to EUR 46 million (2017: EUR 37 million), with net sales growth of 23%. Extending the services offered to the Group's larger information logistics customers to include invoice lifecycle services and the successful sale of invoice lifecycle services to new customers were the key drivers for the net sales growth. The largest sector in the Group's customer base, measured in net sales, has traditionally been the energy sector, and the Group also

has a strong clientele in health care and community services, where growth was driven especially by the successful generation of new business in 2018. In addition, the demand for financing services for the SME customer base increased and had a positive effect on net sales, but this had only a minor effect on the consolidated net sales.

#### *Profitability*

Net sales for payment monitoring services increased by 32%, with the growth in the financial business being 35% year-on-year. In February 2017, the Group acquired the shares of Enfo Zender Oy, a company offering information logistics services, and this company acquisition impacts the comparability of the financial years 2017 and 2018. The acquired company's business has been merged with the consolidated figures starting from February 2017. The comparable net sales for information and logistics services declined slightly from the previous year due to the Group's strategic focus on the provision of services for the entire invoice lifecycle.

The Group's management monitors profitability development based on EBITDA development. The Group's EBITDA, adjusted for non-recurring items, increased to EUR 11.9 million (with EBITDA margin of 25%), compared with the previous year's EBITDA of EUR 7.4 million (20%). The Group reported EBITDA of EUR 11.3 million. The increase in EBITDA reflects the invoice lifecycle services' increased share of the Group's net sales and the reduced share of the information logistics service, where the EBITDA after variable costs is lower than in the larger lifecycle service package. The distribution costs of paper letters continued to increase during the financial year and had a negative impact on the Group's EBITDA, while the trend of increased use of e-invoicing partly cancelled out the negative impact that the increased distribution costs had on profitability.

#### *Operating expenses*

The number of the Group's employees increased from 133 (at the end of 2017) to 177 (at the end of 2018). During the year, the Group successfully opened a new customer service centre in Kuopio and succeeded well in recruiting. Personnel expenses increased to EUR 8.6 million (28% year-on-year). The Group's other operating expenses are highly scalable to business growth, with comparable costs adjusted for non-recurring expenses decreasing slightly compared to the previous year. The cost reduction is explained by the cost synergies achieved with the acquisition of Enfo Zender Oy, which took place in 2017. The non-recurring expenses identified by the Group and included in the balance sheet amount to approximately EUR 0.6 million. The

expense items are mainly related to the external experts used by the company, for example, in relation to the company's first IFRS financial statements and reporting related to the company's strategy work.

#### *Investments*

Capitalised investments included in the consolidated balance sheet for the financial year amounted to EUR 0.3 million. For the financial year, the most significant investments included in the balance sheet were related to the capitalisation of consultancy costs related to the development of the Group's analytics tools and the furniture purchases for the Group's Kuopio office.

The company's operating profit is burdened by the depreciation of the acquisition prices allocated to assets from the company acquisitions carried out in the previous years. Depreciation in 2018 amounted to EUR 4.4 million (EUR 4.1 million in 2017). At the end of the financial year, the acquisition costs for the assets capitalised in the balance sheet stood at EUR 48.5 million. The unallocated share of acquisition costs has been recognised as goodwill. Goodwill impairment testing based on the figures for 30 September 2018 did not result in any goodwill write-downs.

The volume of invoice financing services was the highest in the summer 2018, mainly due to the demand from construction companies. Towards the end of 2018, the Group initiated moderate marketing activities to offer financing services to existing customers, which resulted in an increase in the number of financing customers. However, the total number of financing customers of the Group is still low, and the distribution of net sales is relatively concentrated, which is why any changes in the demand for financing services from individual larger customers can have a major effect on the monthly volumes and the size of the financing base. The average maturity of loans granted by the Group is one month, which renders the financing portfolio susceptible to the impact of changes in the monthly demand. At the end of the year, the value of the financed receivables amounted to EUR 5.5 million (EUR 5.7 million on 31 December 2017). Investments in financial operations were EUR 0.1 million negative (EUR 2.8 million positive in 2017).

#### *Cash flow*

The cash flow for the Group's operational business remained strong in 2018. The cash flow from operating activities, excluding interest and tax payments, amounted to EUR 11.8 million. The Group's financial position and equity ratio were weakened by the EUR 12 million repayment of capital from the reserve for invested unrestricted equity, which

took place in June 2018. The interest expenses paid by the company are mainly related to the EUR 50 million bond that the company issued in December 2017.

### **Major risks and uncertainty factors**

The main risks for the Group involve strategic risks, such as the choice of business activities and markets in which the group operates or seeks growth, as well as choices related to its own service offerings. In addition, the operational risks related to its operations may be significant and result in notable financial losses for Group companies, if realised.

Risks identified with regard to the customer base include concentration risks. Risks associated with the concentration of the customer base may arise as a result of consolidations within industries, with new individual customers constituting major risk concentrations among Ropo's clientele. On the other hand, the emergence of larger customer concentrations would also provide significant opportunities for Ropo to increase its market share through successful, individual customer acquisitions, or through the inorganic growth of existing customers.

Partnerships in the production process enable the Group to adapt to changes in the competition and market. Internal control tools are used to try and minimise the risks arising from partnerships. Actions among competitors, such as price competition, could negatively impact on Ropo's acquisition of new customers, the loyalty of current customers, and the business's profitability. In particular, risks posed by the regulatory environment concern the debt collection sector and associated operations. The company's profitability may be negatively affected if such risks are realized. Other changes in the operating environment, such as changes in the general economic situation, could affect the company's activities indirectly, by reducing the availability of financing, for example. Other changes in the operating environment may arise for reasons such as the rapid digitalisation of payment methods, which would change the generally applicable payment method standards.

Financial risks include the development of significant factors affecting the profitability of the business, such as trends in general costs and the unit cost of production, and risks associated with the Group's financial position, such as interest, liquidity and credit risks.

## Financial indicators

### Ropohold -group

Key figures	31.12.2018	31.12.2017	31.12.2016
Net Sales	45 796 232	37 141 266	8 260 769
EBIT	6 903 952	3 274 011	834 424
EBIT %	15 %	9 %	10 %
Profit before taxes	2 714 499	1 069 312	-744 353
Employees (average)	165	124	80
Salaries and bonuses	-7 089 815	-5 543 188	-2 386 994
Equity ratio	4 %	17 %	29 %
Return on equity	29 %	5 %	-12 %

### RopoHold Oyj -parent company

Key figures	31.12.2018	31.12.2017	31.12.2016
Net Sales	2 733 068	2 104 737	131 130
EBIT	150 865	180 102	-66 219
EBIT %	6 %	9 %	-50 %
Profit before taxes	3 309 645	2 552 468	-736 273
Employees (average)	2	2	2
Salaries and bonuses	-424 481	-398 095	-138 866
Equity ratio	8 %	20 %	33 %
Return on equity *adjusted by group contribution	-38 %	19 %	-12 %

## Major events during the financial period

In February, the Group opened a new customer service centre in Kuopio and recruited a total of 40 new employees to Kuopio. Overall, the number of the Group's employees increased to 177 at the end of the year (133 employees at the end of 2017).

In February 2018, the Group's parent company raised its share capital to EUR 80 thousand and became a public limited liability company. The Group published its first IFRS financial statements for 2017 at the end of April 2018.

In March, the extraordinary General Meeting elected Mika Ruokonen, Doctor of Sciences (Economics), as a new member of the Board of Directors.

In June, the Group's invoice lifecycle services were granted an ISO 9001 certificate, in recognition of their quality system's compliance with the lifecycle services standard.



In 2018, an ISAE3402 audit was carried out in the Ropohold Group for Ropo's own Ropo24 system.

In August 2018, the company listed the EUR 50 million bond it issued in December 2017 on the list maintained by NASDAQ Helsinki Stock exchange.

The company's principal shareholder, the funds managed by Sentica Partners Oy, announced in October that it had started strategic clarification work to ensure that the company's strong growth in Finland will continue, and that the company is capable of Internationalization in the near future. One possible outcome of this work is that the ownership of Ropo Capital will expand or change. The company will provide information on the results once the work is completed.

#### **Major events after the end of the financial year and an estimate of the likely future development**

The additional recruitment the Group planned for the end of 2018 was postponed to early 2019. The number of employees in the Group's customer service centre will increase by approximately 10 employees in early 2019, which will help respond to the increase in the volume of invoice lifecycle services, as the new invoice lifecycle customers enter the production phase. Due to the availability of employees and the required employee profile, growth will primarily take place in Kuopio. In addition, the Group will hire summer employees to maintain the service level during the holiday months.

The Ropohold group will continue to invest in the provision of invoice lifecycle services to its customers. The Group will continuously provide new services and service concepts to both new and existing customers.

During the first half of the year, the scalability of Ropo's customer service will be supported by the deployment of Ropo Online self-service solutions and the related chat service. At the same time, the company will investigate solutions that utilize automation to increase the efficiency of end-customer service, both with the group's own technology department and with external partners.

Extension projects related to the provision of invoice lifecycle services, particularly for financing products, have been pushed forward after the end of the financial year. In addition, the company is currently running projects aiming to further improve and expand services related to corporate customer reporting by developing the company's BI reporting offering.

On the technology front, the beginning of the year has traditionally been marked by the completion of several customer projects and the beginning of the production phase for customers. In addition to this, the Technology unit has continued and initiated development projects in accordance with the roadmap, with the new financing service project and the launch of an entirely new Ropo online service being the most important projects during the first quarter. Furthermore, the organisation has focused on developing the software development process from the point of view of process scalability so that new features could be taken to production faster and with higher quality.

The scalability projects for the Ropo24 service, with the replacement of the cloud platform in a key role, are also important for this year. Moreover, the shutdown of legacy platforms will continue, and IT support will be reorganised to allow us to serve the Group's internal development projects with higher quality and transparency.

### **Outlook**

The group's single most important sector is energy. With the consolidation trend in this sector, invoice volumes are expected to grow in the future. At the same time, the rate of digitalisation in invoicing will increase further. In the future, the new electronic channels for invoice sending that are now available in Finland will further promote digitalisation. There is growing demand for various financing services by the Group's clientele. To meet the increased demand, the Group will publish new financing services for customers in 2019.

Significant demand for invoice lifecycle services has also been identified in other Nordic countries. In autumn 2018, the Group started strategic clarification work to map the various options for internationalisation in order to meet the customers' needs. The results of this work are expected to be available and the subsequent measures completed during the current financial year.

### **Clarification of the extent of research and development operations**

The company's basic business systems were developed further during the financial year. System development has been carried out to improve the service package for lifecycle service products. A total of EUR 0.01 million of product development costs have been capitalized in the balance sheet.

### **Company management and auditors**

During the financial year, Pentti Tuunala acted as RopoHold Oyj's Chair of the Board, with Johan Wentzel, Petri Tukiainen, Mikko Isotalo and Mika Ruokonen (starting from 7 March 2018) as ordinary members of the Board. Reeti Saarinen is a deputy member of the Board.

The company's CEO is Artti Aurasmaa. The other members of the management team are Sami Levy, CCO; Ilkka Sammelvuori, CTO; Sami Pyylampi, Service Operations Director; and Toni Rönkkö, CFO (starting from 1 March 2018).

The auditor of the company is Ernst & Young Oy, with Elina Laitinen, APA, as the principal auditor.

### **Decisions of Annual General Meeting**

At the beginning of the financial year, RopoHold Oyj's shareholders made two unanimous decisions. The company was converted into a public limited liability company, the share capital was increased by EUR 77,500, and the articles of association were updated to reflect these changes in a meeting held on 2 February 2018. In a meeting held on 7 March 2018, Mika Ruokonen was elected as a new member of the Board of Directors.

The Annual General Meeting of RopoHold Oyj was held on 24 April 2018. RopoHold confirmed the financial statements of the parent company and Group and discharged the members of the Board of Directors and the CEO from liability. In accordance with the proposal of the Board of Directors, the AGM decided on the distribution of a dividend of EUR 0.035 per share for series B shares, totaling EUR 68,250, for the financial period 1 January to 31 December 2017. The Annual General Meeting decided to retain the services of the audit firm Ernst & Young Oy as the auditor, and Elina Laitinen, APA, as the principal auditor.

At the extraordinary general meeting held on 30 May 2018, the decision was taken to return EUR 12 million in capital from the reserve for invested unrestricted equity.

### **Corporate governance statement**

Ropo's corporate governance statement is available on the company's investor website at <https://www.ropocapital.fi/en/company/investors/>.

The shareholding of RopoHold Oyj's shares is as follows: Sentica Buyout IV Ky 49.62%, KPY Sijoitus Oy 26.75%, Crane Hill Invest Oy 5.14%, TMR Invest Oy 5.14 %, the company's management 8.05%, private persons employed by the company 2.40%, Sentica Buyout IV Co-Investment Ky 1.43% and other private persons 1.47%.

Ropohold Group's highest parent company is Sentica Buyout IV Ky. Sentica Buyout IV Ky owns 54.99% of the voting shares, KPY Sijoitus Oy 29.64%, Crane Hill Invest Oy 5.7% and TMR Invest Oy 5.7%. Sentica Buyout IV Ky is a Finnish private equity investor. KPY Sijoitus Oy, Crane Hill Invest Oy and TMR Invest Oy are Finnish investment companies.

The members of RopoHold Oyj's management team and the CEO own a total of 288,700 A Series shares and 1,320,000 B Series shares. These correspond to 8.05% of all shares and 1.6% of the number of votes attached to the shares. The members of the company's management have not been granted stock options or other special rights in shares.

The table below presents the distribution of the company's shares by share type. The information has been reported on the balance sheet date and no changes have been made by the time the financial statements were signed.

List of shareholders	Shares A	% of Shares A	Shares B	% of Shares B	Shares (A and B)	% of total number of shares
Sentica Buyout IV Ky (2511391-7)	9 921 293	54,99 %	0	0,00 %	9 921 293	49,62 %
Sentica Buyout IV Co -Investment Ky (2511383-7)	285 798	1,58 %	0	0,00 %	285 798	1,43 %
KPY Sijoitus Oy (2194953-0)	5 347 268	29,64 %	0	0,00 %	5 347 268	26,75 %
Crane Hill Invest Oy (2726434-8)	1 027 842	5,70 %	0	0,00 %	1 027 842	5,14 %
TMR Invest Oy (2713179-9)	1 027 842	5,70 %	0	0,00 %	1 027 842	5,14 %
Ropo Group management	288 700	1,60 %	1 320 000	67,69 %	1 608 700	8,05 %
Ropo Group workers	0	0,00 %	480 000	24,62 %	480 000	2,40 %
Other private individuals	144 000	0,80 %	150 000	7,69 %	294 000	1,47 %
<b>Total</b>	<b>18 042 743</b>	<b>100,00 %</b>	<b>1 950 000</b>	<b>100,00 %</b>	<b>19 992 743</b>	<b>100,00 %</b>

### **Proposal by the Board of Directors for distribution of profits and proposal for any distribution of other unrestricted equity**

The parent company's profit for the financial year was EUR 3,206,703.48. The Board of Directors proposes that Series B shares be paid a dividend of 3.5 cents/share, amounting to a total of EUR 68,250 and that the profit for the financial year will be transferred to retained earnings.

## Consolidated statement of comprehensive income, IFRS

Consolidated statement of comprehensive income			
Euros	Notes	1.1.-31.12.2018	1.1.-31.12.2017
<b>Net sales</b>	8	45 796 232	37 141 266
Other operating income	9	698 169	445 893
Purchases during the financial year		-70 407	-91 747
Changes in inventory	17	-1 675	2 208
External services		-21 664 883	-18 973 041
Employee benefit expenses	11	-8 649 094	-6 783 069
Depreciation	10	-4 390 062	-4 089 204
Impairment	18	3 711	-8 641
Other operating expenses	9	-4 818 039	-4 369 655
<b>Operating profit</b>		<b>6 903 952</b>	<b>3 274 011</b>
Financial income	12	39 896	15 855
Financial expenses	12	-4 229 350	-2 220 553
<b>Profit before tax</b>		<b>2 714 499</b>	<b>1 069 312</b>
Income taxes	13	-457 767	-381 718
<b>Profit for the financial year</b>		<b>2 256 732</b>	<b>687 594</b>
<b>Total comprehensive income</b>		<b>2 256 732</b>	<b>687 594</b>
<b>Profit for the financial year attributable to</b>			
Equity holders of the parent		2 256 732	687 594
Non-controlling interests			
<b>Total comprehensive income attributable to</b>			
Equity holders of the parent		2 256 732	687 594
Non-controlling interests			
<b>Earnings per share calculated based on the profit attributable to the equity holders of the parent:</b>			
Basic earnings per share (euros)	32	0,11	0,04
Diluted earnings per share		0,11	0,04

## Consolidated statement of financial position, IFRS

### Consolidated statement of financial position

Euros	Notes	31.12.2018	31.12.2017
<b>Non-current assets</b>			
Goodwill	14	28 795 929	28 795 929
Other intangible assets	14	18 849 663	22 571 014
Property, plant and equipment	15	823 366	1 177 208
Other receivables	18	20 774	22 181
Deferred tax assets	16	0	421 008
<b>Non-current assets total</b>		<b>48 489 731</b>	<b>52 987 341</b>
<b>Current assets</b>			
Inventories	17	3 323	4 997
Trade and other receivables	18	9 476 018	9 437 072
Shares and equity	19	0	197 448
Deferred tax assets	16	0	59 566
Tax receivables based on income for the financial year	13	360 873	118 293
Cash and cash equivalents	20	5 418 520	11 155 615
<b>Current assets total</b>		<b>15 258 733</b>	<b>20 972 993</b>
<b>Total assets</b>		<b>63 748 464</b>	<b>73 960 333</b>
<b>Euros</b>	<b>Notes</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share Capital	21	80 000	2 500
Reserve for invested unrestricted equity	21	825 575	12 850 575
Retained earnings	21	1 949 754	-186 227
<b>Total equity</b>		<b>2 855 329</b>	<b>12 666 847</b>
<b>Non-current liabilities</b>			
Financial liabilities	22	49 369 787	49 481 261
Accounts payable	23	0	9 761
Deferred tax liabilities	16	3 716 083	4 448 808
Provisions	23	0	7 038
Other liabilities	23	0	0
<b>Total non-current liabilities</b>		<b>53 085 871</b>	<b>53 946 869</b>
<b>Current liabilities</b>			
Financial liabilities	22	440 182	405 734
Accounts payable and other liabilities	23	7 264 137	6 093 443
Current tax liabilities	23	102 946	847 440
<b>Total current liabilities</b>		<b>7 807 264</b>	<b>7 346 617</b>
<b>Total liabilities</b>		<b>60 893 135</b>	<b>61 293 486</b>
		0	
<b>Total equity and liabilities</b>		<b>63 748 464</b>	<b>73 960 333</b>

## Consolidated statement of cash flow, IFRS

Euros	Notes	2018	2017
<b>Cash flows from operations</b>			
Profit for the financial year		2 256 732	687 594
Adjustments:	26	8 561 879	
Change in working capital:			
Changes in accounts receivable and other receivables		-179 343	2 120 953
Change in inventories		1 248	-4 997
Change in accounts payable and other liabilities		1 076 028	-28 908
Financial expenses paid		-3 848 732	-1 959 251
Interest received		39 896	15 855
Taxes paid		-1 696 991	-911 811
<b>Net cash flow from operating activities</b>		<b>6 210 717</b>	<b>6 595 055</b>
<b>Cash flows from investing activities</b>			
Acquisitions of subsidiaries and businesses		0	-19 631 850
Purchased property, plant and equipment		-70 021	-310 341
Purchased property, plant and equipment		1 019	
Purchased intangible assets		-152 042	-1 131 306
Investments in other investment		427	
Repayments of loan receivables		145 516	-2 869 238
<b>Investointien nettorahavirta</b>		<b>-75 101</b>	<b>-23 942 735</b>
<b>Cash flow from financing activities</b>			
Contributions to the reserve for invested equity		0	11 237 446
Raised long-term loans		0	48 851 830
Repayments of loans		-1 909	-26 385 865
Purchased own shares		0	-355 600
Paid dividends and other equity distribution		-12 068 250	-12 028 772
<b>Net cash flow from financing activities</b>		<b>-12 070 159</b>	<b>21 319 039</b>
<b>Change in cash and cash equivalents</b>		<b>-5 934 543</b>	<b>3 971 359</b>
Cash and cash equivalents 1 January		11 353 063	7 381 704
<b>Cash and cash equivalents 31 December</b>	<b>20</b>	<b>5 418 520</b>	<b>11 353 063</b>

The manner in which the consolidated statement of cash flow is presented has been changed. Cash flows related to receivables from the financing business are presented as investment cash flows, and the comparison figures from 2017 have also been changed.

## Consolidated statement of changes in equity, IFRS

### Consolidated statement of changes in equity 2018

Equity attributable to the equity holders of the parent						
Euros	Notes	Shareholders' equity	Reserve for invested unrestricted equity	Other changes	Retained earnings	Total
Equity on 1 January 2018	21	2 500	12 903 075	0	-238 727	12 666 848
Comprehensive income						
Profit/loss for the financial year	21			0	2 256 732	2 256 732
Total comprehensive income				0	2 256 732	2 256 732
Transactions with owners						
Distribution of dividends	21				-68 250	-68 250
Increase in share capital	21	77 500	-77 500			0
Repayment of capital	21		-12 000 000			-12 000 000
Transactions with owners, total		77 500	-12 077 500	0	-68 250	-12 068 250
	21	80 000	825 575	0	1 949 755	2 855 329

### Consolidated statement of changes in equity 2017

Equity attributable to the equity holders of the parent						
Euros	Notes	Shareholders' equity	Reserve for invested unrestricted equity	Other changes	Retained earnings	Total
Equity on 1 January 2017	21	2 500	13 997 500	0	-820 997	13 179 003
Comprehensive income						
Profit/loss for the financial year	21				687 594	687 594
Other items of profit/loss for the financial year				-52 824		-52 824
Tilikauden laaja tulos yhteensä		0	0	-52 824	687 594	634 770
Transactions with owners						
Distribution of dividends	21				-52 500	-52 500
Purchased own shares	21		-355 600			-355 600
Share issue	21		11 237 446			11 237 446
Repayment of capital	21		-11 976 272			-11 976 272
Transactions with owners, total		0	-1 094 425	0	-52 500	-1 146 925
Equity on 31 December 2017	21	2 500	12 903 075	-52 824	-185 903	12 666 848



## Notes to the consolidated financial statements, IFRS

### Notes 1. Basic information on the Group

Ropo is a technology provider that focuses on the development of invoicing services together with its customers and is based on Ropo's in-house technology. Its service covers the entire life cycle of a receivable. This includes invoice submission, management of accounts payable and receivable, control of accounts receivable and financing. As the entire sector is undergoing change, Ropo is contributing to this change and creating a new era of invoicing. Our solutions are based on technological expertise, efficient digitalisation of processes and robust automation. In Finland, Ropo is the leading company in this sector, and the company is known for its agility.

Ropo's main area of operation and origin is Finland. We operate nationwide in Finland from our offices in Kuopio and Porvoo.

The Group's parent company, RopoHold Oyj (business ID 2749630-9) started its operations in February 2016. RopoHold Oyj owns 100% of the sub-group, the parent company of which is Ropo Capital Oy (business ID 249037-7). The sub-group has three subsidiaries, Ropo Invest Oy (business ID 2495192-7), Ropo Finance Oy (business ID 252979-9) ja Trust Kapital Baltics Oü (business ID 12614121), which are 100% owned by the parent company.

The parent company's domicile is Kuopio and the company's registered address is Viestikatu 7, 70100 Kuopio, Finland. A copy of the financial statements is available at the head office of the Group's parent company.

In its meeting on 21 February 2019, the company's Board of Directors authorised these consolidated financial statements for publishing. According to the Finnish Companies Act, shareholders have the right to approve or reject the financial statements at the general meeting of the shareholders after the announcement. The general meeting also has the possibility to make a decision to correct or modify the financial statements.

## Notes 2. Accounting policies

The financial statements have been prepared in accordance with the approved IFRS and IAS standards and SIC and IFRIC Interpretations valid on 31 December 2018 and as adopted by the European Union. The International Financial Reporting Standards refer to the standards in the Finnish Accounting Act and in regulations issued under it that are endorsed by the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002, as well as the associated interpretations. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and corporate legislation that supplement the IFRS rules.

The consolidated financial statements have been prepared based on original acquisition cost, unless otherwise stated in the accounting policies.

The financial statements have been presented in euros, which is also the Group's functional currency.

The scope of the consolidated financial statements includes all Group companies, excluding the subsidiary in Estonia, the consolidation of which has no significant effect on the figures of the consolidated financial statements. The Sub-group does not prepare consolidated financial statements. The consolidated financial statements have been prepared using the acquisition method. The Group's internal transactions, intra-group assets and liabilities, as well as internal profit distribution, have been eliminated. RopoHold Oy owns 100% of all its subsidiaries, which means there have been no non-controlling interests in the Group during the financial year or the previous financial year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, or areas in which assumptions and estimates are significant to the consolidated financial statements, have been disclosed in Notes to the Financial Statements 4–5.

## Notes 3. Accounting policies for the consolidated financial statements

### 3.1 Consolidation principles

#### Subsidiaries

The consolidated financial statements include the financial statements of RopoHold Oy and its subsidiaries. The consolidated financial statements comprise all of the companies in which the parent company has over 50% of the voting rights either directly or indirectly, or which it otherwise controls. Subsidiaries are companies controlled by the Group. The Group controls a subsidiary when the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The Group owns 100% of its subsidiaries, and the Group's control over them is based on voting power.

Acquired subsidiaries have been included in the consolidated financial statements from the date on which control was transferred to the Group, whereas divested subsidiaries have been included in the consolidated financial statements until the date when control ceases. All intra-group transactions, receivables and liabilities, as well as unrealised profits and intra-group profit distributions, are eliminated in consolidation. Unrealised losses are not eliminated if the loss is due to impairment.

Acquired companies have been accounted for using the acquisition method of accounting. The consideration transferred in a transaction and the identifiable assets acquired and liabilities assumed are measured at their fair value on the acquisition date. Acquisition-related costs are recognised as expenses with the exception of costs attributable to the issuance of debt or equity instruments. The transferred consideration does not include transactions which are processed separately from the acquisition. The effect of these is recognised through profit or loss. Any contingent additional purchase price is measured at fair value on the date of acquisition and classified either as a liability or equity. Any contingent consideration is measured at fair value on the last day of each reporting period and the resulting gain or loss is recognised through profit or loss. Contingent consideration classified as equity is not remeasured. The recording of any goodwill resulting from an acquisition is described in more detail in Section 3.3. Goodwill. Changes in the parent company's ownership interest in a subsidiary that do not result in losing control are accounted for as equity transactions.

Additional information and a list of the merged subsidiaries is included in Section 29 Related party transactions.

### **3.2 Translating items denominated in foreign currencies**

#### **The Group's functional and presentation currency**

The presentation currency of the consolidated financial statements is the euro, which is the functional and presentation currency of the Group's parent company.

#### **Foreign currency transactions**

Monetary items denominated in foreign currencies have been translated using the functional currency rates of exchange that prevailed on the last date of the reporting period. Non-monetary items denominated in foreign currency and measured at fair value have been translated into the functional currency using the exchange rates on the date on which the fair value was determined. Other non-monetary items have been translated using the exchange rate prevailing on the date of the transaction.

Gains and losses from transactions in foreign currencies and foreign exchange gains and losses from the translation of monetary items are recognised through profit or loss. Foreign exchange gains and losses related to business operations have been recorded in the appropriate items before operating profit. Any foreign exchange gains and losses for currency loans have been included in financial income and expenses.

### **3.3 Intangible assets**

#### **Goodwill**

Goodwill resulting from a merger of businesses is measured as the amount with which the total of the consideration transferred, the recognised amount of any non-controlling interest in the acquired entity and any previous holding "exceeds the fair value of the acquired assets and assumed liabilities. Acquisition-related costs are recognised as expenses with the exception of costs attributable to the issue of debt or equity instruments.

Goodwill is not amortised but is tested for impairment annually and whenever there is any indication of potential impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at cost less any accumulated impairment loss.

#### **Research and development costs**

Research and development costs are expensed for the period during which they are incurred. Development costs that are directly incurred from the design and testing of identifiable software products under the Group's control have been recognised in the

statement of financial position as intangible assets when the capitalisation criteria of the IAS 38 standard have been met. Development costs incurred from product design have been capitalised in the statement of financial position as intangible assets starting from the date when the development expenditure could be reliably determined, the finalisation of the product is technically feasible, the Group can utilise the product or sell it, the Group can demonstrate how the product will generate probable future economic benefits and the Group has both the intention and resources to complete the development work and utilise the product or sell it. The Group has no capitalised development costs. The Group has activated development costs. Costs related to software maintenance are expensed as they incur.

A product is subject to amortisation from the time it is available for use. A product that is not yet available for use is subject to annual impairment testing. After initial recognition, capitalised development costs are measured at cost less accumulated amortisations and impairment. The useful life of capitalised development costs is 3–5 years, during which time the capitalised costs are amortised as expenses on a straight-line basis.

#### **Other intangible assets**

Other intangible assets have only been included in the statement of financial position if the cost has been reliably measurable and future economic benefits for the Group are probable. Intangible assets have been entered in the statement of financial position at historical cost. The acquisition cost includes costs that are directly incurred as a result of acquiring the item.

Identifiable customer relationships, brands and software acquired in business combinations are recorded at fair value on the acquisition date. These intangible assets are recorded as expenses with straight-line amortisation over the expected life of the intangible asset.

Intangible assets with limited useful life are recognised as expenses with straight-line amortisation through profit and loss over their known or expected useful life. Intangible assets with indefinite useful life are not amortised but are tested annually for impairment.

The asset's residual value, useful life and amortisation method are reviewed at the end of each financial year as a minimum and adjusted as appropriate in order to reflect any changes in the expectations related to economic benefits.

Amortisation of intangible assets commences when the asset is available for use, i.e. when it is in such a location and condition that it can operate in the manner intended by the company's management.

Intangible fixed assets	Useful life	Amortisation/depreciation method
Development costs	5 yrs	Straight-line amortisation/depreciation
Other intangible assets		
Computer software	3 yrs, 5 yrs	Straight-line amortisation/depreciation
Customer relationships and trademarks	8 yrs, 10 yrs	Straight-line amortisation/depreciation
Other expenses with long-term effects (branding and software)	3 yrs	Straight-line amortisation/depreciation
Trademarks and licences	5 yrs, 10 yrs	Straight-line amortisation/depreciation

### 3.4 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. The acquisition cost includes costs incurred directly as a result of the acquisition.

Property, plant and equipment also include alteration and renovation costs of leased premises, when such costs are incurred as a result of interior alteration work of business premises located in leased premises.

Subsequent costs incurred will only be included in the carrying value of the asset or recognised as separate assets if it is likely that the Group will gain economic benefit from the asset and the asset's acquisition cost has been reliably measurable. The carrying value of a component replaced by a new component will be derecognised. All other repair and maintenance expenditures are recognised in profit and loss for the period during which they are incurred.

The difference between the acquisition cost of an asset and the asset's residual value is written off as depreciations starting from the month in which the value is capitalised.

Property, plant and equipment	Useful life	Amortisation/depreciation method
Machinery and equipment	3 yrs, 5 yrs	Straight-line amortisation/depreciation
Alteration and renovation costs for leased premises	5 yrs	Straight-line amortisation/depreciation

The residual values of assets, useful lives and depreciation methods are reviewed on the last day of each reporting period and adjusted as appropriate in order to reflect any changes in the expectations related to economic benefits.

A previously recorded impairment loss will be reversed if the estimates used to define the recoverable amount for the asset change significantly in a positive direction. However, the extent to which an impairment loss is reversed cannot exceed the asset's carrying value without the impairment loss entry.

Property, plant and equipment are derecognised when they are sold or when their use or sale is no longer expected to generate economic benefit in the future. Gains and losses on disposal and sales of property, plant and equipment are recognised through profit and loss and included in other operating income or expenses in the period during which the gain was received or loss incurred.

### **3.5 Impairment of tangible and intangible assets**

The Group reviews the carrying amounts of assets on the last day of each reporting period to determine whether there is any indication of impairment. If indication of impairment is discovered, the recoverable amount for the asset in question is evaluated. In addition, the recoverable amount is evaluated on an annual basis for the following assets regardless of whether there is any indication of impairment: goodwill, intangible assets with indefinite useful life and unfinished intangible assets. In addition to annual testing, goodwill is also tested for impairment whenever there is any indication that the value of a unit may be impaired. Goodwill is tested for impairment at the level of individual cash-generating units, which is the lowest unit level, mainly independent of other units, the cash flows of which are separable and mainly independent of the cash flows of other corresponding units. A cash-generating unit is the lowest level within the Group at which goodwill is monitored for the purposes of internal management. Corporate assets that contribute to multiple cash-generating units and which do not generate separate cash flows, have been allocated to cash-generating units in a reasonable and consistent manner, and are tested as a part of each cash-generating unit.

The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is the present discounted value of the future net cash flows expected to be derived from an asset or a cash-generating unit. A pre-tax rate, which reflects the market view on the time value of money and the asset-specific risks, is used as the discount rate.

An impairment loss is recognised when the carrying amount of an asset exceeds the recoverable amount. An impairment loss is immediately recognised in profit or loss. If an impairment loss is allocated to a cash-generating unit, it is first recognised as a deduction of the goodwill allocated to the unit and then on a pro-rata basis to the unit's other assets. The useful life of the asset to be depreciated/amortised is reassessed in connection with the recognition of the impairment loss. Impairment losses for other assets than goodwill is reversed if the estimates used in measuring the recoverable amount of the asset have changed. However, the reversal of an impairment loss cannot exceed the value of the asset's carrying amount without the impairment loss. Previously recognised impairment losses on goodwill are never reversed.

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are not amortised but tested annually for possible impairment. Assets that are subject to depreciation or amortisation are always tested for impairment when events or changes in circumstances indicate that it is possible that the monetary amount corresponding to the carrying amount of the assets might not be recoverable. The amount with which the carrying amount of an asset exceeds the recoverable amount for the asset is recorded as an impairment loss. The recoverable amount is the higher of the asset's fair value less its costs to sell and its value in use. For the purpose of impairment assessment, assets are grouped to the lowest levels that generate mainly independent cash flows (cash-generating units). Assets not included in financial assets (excluding goodwill) for which an impairment loss has been recognised are assessed at the end of each reporting period for any indication of the need to reverse the impairment loss.

### **3.6 Government grants**

Government grants, such as grants related to the purchase of property, plant and equipment, are recognised as reductions to the carrying amount of fixed assets when there is reasonable assurance that the grants will be received, and the Group fulfils the requirements for receiving such grants. Grants are recognised as income in the form of lower depreciation during the useful life of the asset. Grants that have been received as compensation for expenses already incurred are recognised through profit and loss in the period during which the right to the grant is established. Such grants are included in other operating income.



### 3.7 Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. Acquisition cost is determined using the FIFO (first-in, first-out) method. The Group's inventories comprise envelopes that are entered as expenses in accordance with use.

### 3.8 Leases

#### The Group as a lessee

The Group acts as a lessee for business premises and other property, plant and equipment such as cars and devices. The Group does not act as a lessor, and no investment properties are included in the leases. The Group uses the leased business premises for its own business operations.

The nature of a lease is defined when the related agreement is concluded. A lease is a lease agreement as defined in IFRS 16 Leases as long as the agreement provides the company with the right to control the use of the identified asset against payment during the agreement period. Lease payments to lessors are classified into lease payments and non-lease payments based on the relative fair value of these elements. A lease period is defined as including the periods that the lessee has committed to and the periods for which there is a reasonable assurance that the lessee will exercise its option to extend the lease period. Lease payments for the probable lease period include both fixed periodical payments and payments related to any options to buy or residual value in situations in which the lessee is expected to pay to the lessor an amount equivalent to a redemption value, residual value or an agreement termination fee at the end of the lease period.

The company has applied the exemptions that IFRS 16 permits in relation to leases. These include excluding low-value (under USD 5,000) and short-term (less than 12 months) leases from the consolidated statement of financial position. For such leases, any lease payments will be recognised as expenses in even instalments during the agreement period.

An asset that was acquired based on a lease is initially recognised in the consolidated statement of financial position at its fair value at the time of IFRS adoption or at a later time when the lease agreement was concluded. Depreciations are made for any such plant, property and equipment in accordance with the asset's useful life. During the lease period, lease payments to be paid are classified into financial expenses and a reduction of the lease liability so as to achieve constant rate of interest on the

remaining liability balance for each period. Variable leases are expensed for the period during which they are realised. Lease liabilities are included in financial liabilities.

### **3.9 Employee benefits**

#### **Short-term employee benefits**

Short-term employee benefits include salaries, bonuses and the related social security contributions that are recognised as expenses for the financial year during which the work has been performed.

#### **Post-employment benefits**

Pension plans are classified as defined benefit and defined contribution plans. In defined contribution plans, the Group makes fixed payments to a separate unit. The Group has no legal or constructive obligation to make additional payments if the party receiving the payments is unable to make the payments related to the said pension

benefits. All such plans that do not fulfil these requirements are defined benefit pension plans. Any payments made in relation to defined contribution plans are recognised through profit and loss in the financial year to which the charge has been applied.

The Group's pension plans are based on pension plans in accordance with the Employees Pensions Act (TyEL) and are therefore defined contribution plans.

### **3.10 Provisions and contingent liabilities**

Provisions are recognised when the Group has legal or constructive obligations as a result of a past event, payment is probable and the amount of the obligation can be reliably estimated. Provisions are valued at the present value of the expenditure required to settle the obligation. The present value factor used for calculating the present value is selected in such a way that it reflects the market assessment of the time value of money and the risks specific to the liability at the time of conducting the assessment. If some or all of the expenditure required to settle an obligation is expected to be reimbursed by another party, the reimbursement will be recognised as a separate asset when it is virtually certain that reimbursement will be received. The provision amounts are assessed on each statement of the financial position date, and the amounts are adjusted to reflect the best estimates at the time of conducting the assessment. Any changes to provisions are recognised in the income statement in the

same item that was used for the initial recognition of the provision. Increases in provisions due to time elapsing are recognised as interest expenses.

A contingent liability is a potential obligation that is the result of earlier events and the existence of which is only confirmed when an uncertain event outside the control of the Group takes place. Obligations that will most likely not result in an outflow of resources and obligations the amount of which cannot be reliably estimated are also deemed to be contingent liabilities. Contingent liabilities are presented in the notes.

### **3.11 Current and deferred taxes**

Tax expense comprises deferred taxes and the current tax based on the taxable income for the period. Taxes are recognised through profit or loss, except when they relate to business combination, items recognised directly in equity or in other comprehensive income. In this case, tax is also recognised within the item in question.

Current tax based on the taxable income for the period in question is calculated on the basis of the applicable tax rate valid at the given time or the tax rate substantively enacted by the statement of financial position date. Taxes are adjusted with any taxes related to previous periods.

Deferred taxes are calculated based on the temporary differences between the carrying amounts and tax bases. Deferred taxes are calculated based on the enacted tax rates or tax rates that have been substantively enacted by the time in question. Deferred tax liabilities are recognised for all temporary differences between the carrying amounts and tax bases, except for investments made in subsidiaries for which the Group can control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will be reversed in the foreseeable future.

Deferred tax liability is not recognized if it is due to the initial recognition of the asset or liability, when there is no business combination, or the transaction does not affect the profit and loss statement nor to the taxable income.

Deferred tax liabilities are recognised for all deductible temporary differences and losses that are deductible for tax purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilised. The recognition criteria of a deferred tax asset are assessed on the last date of each reporting period. Deferred tax assets are not recognised if they arise from the initial recognition of an asset or liability when it is not a case of a business combination and the transaction, at the time it takes place, does not affect accounting profit or taxable profit.

The Group only offsets deferred tax assets and deferred tax liabilities when it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and tax liabilities are related to income taxes levied by the same taxing authority on the same entity or a different entity that intend to either settle the current tax amounts on a net basis or realise the asset and settle the liability at the same time.

### **3.12 Revenue recognition**

Net sales include revenue from service sales valued at fair value and adjusted by indirect taxes, discounts and exchange rate differentials for sales in foreign currency. Revenue is recognized when the service is handed over to the buyer.

In Ropo's operations and services the revenue is recognized when the goods or services have been delivered. The delivery is performed when executing a service identified in customer contract. In operating business, it is the delivery of an electronic document or related personnel work completed. Services are charged and recognized as income for the month when service is delivered. In terms of personnel work, invoicing is based on completed hourly work and invoiced monthly. Financial commissions are recognized when the service is executed. Service have been executed in connection with completion of the agreed financial transaction. Payment monitoring services is recognized when the collection fees are collected.

### **3.13 Financial assets and liabilities**

The Group has adopted IFRS 9 Financial instruments early, as permitted by the standard, and it has applied it to the financial statements for 2017. A financial instrument constitutes any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes trade receivables, accounts payable, deposits, loans and other debts in the statement of financial position on the date they came to exist. All other financing instruments are recognised in the statement of financial position on the transaction date when the Group becomes the counterparty in accordance with the terms and conditions of the instrument's agreement. Excluding trade receivables, financial assets are valued at their fair value and financial liabilities at their amortised cost. The value of items that are not financial assets or liabilities measured at their fair value through profit and loss include transaction costs incurred directly from their acquisition or issue. Trade receivables that do not include a significant financing component are measured at their acquisition cost.

Financial assets are usually derecognised when

- the contractual rights to the cash flows from the financial asset expire or
- the Group has substantially transferred all risks and rewards or the control of the financial assets to another entity.

Financial liabilities are derecognised when a contractual liability is reversed or cancelled, or when it matures. When there are material changes to the terms of a financial liability, or when a new loan agreement is concluded with an existing debtor, the change is processed as a derecognition of the original loan and a recognition of a new loan. The difference in balance sheet values is recognised in the statement of financial position.

### **Financial assets**

The Group classifies financial assets at initial recognition as financial assets valued at their amortised cost, financial assets valued at fair value through other items of comprehensive income or financial assets valued at fair value through profit and loss.

A financial asset is valued at amortised cost if both the following conditions have been met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual monetary assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial assets is valued at fair value through other items in comprehensive income if both of the following conditions have been met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is valued at fair value through profit and loss, unless it is valued at amortised cost or fair value through other comprehensive income items, as specified above. However, at initial recognition of particular investments in equity instruments that are not held for trading, the Group may irrevocably elect to present any subsequent changes in fair value in other comprehensive income. This election will be carried out separately for each investment.

The Group defines the objectives of the business model for funds at portfolio level, because this best reflects how financial assets are managed and how management

reporting is conducted. The following is taken into account when the objectives are defined:

- Regulations and objectives for the portfolio and their practical implementation. The decisive factor is whether the objective of the strategy is to concentrate on collecting contractual cash flows or collecting cash flows by selling financial assets.
- Estimates of the portfolio yield and reports to the Group management.
- Risks affecting the yields for financial assets under the business model in question and how these risks are managed.

The Group reviews an instrument's contractual terms and conditions to estimate whether the contractual cash flows consist solely of payments of principal and interest. In addition, the Group assesses whether the contract includes a condition that might change the timing or amount of the contractual cash flow in such a manner that it would no longer meet the said condition.

"The Group has classified its financial assets in the following manner on the basis of business models and an analysis of contractual cash flows:

**Financial assets valued at fair value through profit and loss:**

*Derivative contracts concluded for hedging purposes*

The Group may enter into derivative contracts in order to manage the interest risk related to financial liabilities in its statement of financial position. Derivatives are valued at fair value through profit and loss.

**Short-term investments of cash funds**

The Group may invest its excess cash funds in interest instruments of short duration. Interest instruments are valued at market value and recognised in the income statement through profit and loss.

**Financial assets valued at fair value through other comprehensive income:**

The Group has no financial assets that it values at fair value through comprehensive income.

**Financial instruments valued at amortised cost**

*Trade receivables related to invoiced goods and services*

The Group generates trade receivables from the goods and services it sells. Trade receivables have short-term maturity (less than a year) and have been included in the statement of financial position as current receivables. Trade receivables are valued at amortised cost in the statement of financial position.

### ***Financed invoice receivables***

Invoice receivables are current receivables related to the Group's factoring business. Receivables are recognised in the statement of financial position at their amortised cost.

### ***Purchased invoice receivables***

Purchased invoice receivables are items including contractual cash flows with short maturities, which the Group recognises at amortised cost in its statement of financial position.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand, bank deposits repayable on demand and other short-term, highly liquid investments that are readily convertible to known amounts of cash and that involve a low risk of change in value. Items classified as cash and cash equivalents have maturities of three months or less starting from the acquisition date. Bank overdrafts are included in current financial liabilities. On the date of the 2017 statement of financial position, the Group no longer had accounts with an overdraft facility. Cash at bank and in hand are classified as financial assets valued at amortised cost.

After the initial recognition, financial assets are not reclassified apart from situations in which the business model applied to the management of the funds is changed.

### ***Impairment of financial assets***

The Group recognises a loss allowance for expected credit losses (ECL) for the following instruments classified as financial assets that are not valued at fair value through profit and loss:

- trade receivables
- financed invoice receivables
- cash and cash equivalents

The Group values the loss allowance at an amount equal to lifetime expected credit losses, except for the following items for which the loss allowance is equal to expected credit losses for 12 months:

- Other financial instruments with credit risks that have not increased significantly since initial recognition.

Loss allowances related to trade receivables are valued at an amount equal to lifetime expected credit losses caused by any possible default events over the life of the financial instrument in question.

The Group uses a provision matrix to calculate the expected credit losses for trade receivables. The provision matrix is based on historical observed default rates during the validity period of trade receivables and is adjusted with forward-looking estimates. On each reporting date, historical observed default rates are updated and any changes in the forward-looking estimates are analysed.

The Group uses a credit loss rate approach to calculate the expected credit losses for receivables from financial institutions. According to the Group's estimates, the credit risk related to receivables from financial institutions on the reporting date is so low that the expected credit loss for 12 months has been calculated for the items. In other words, they include credit losses that are possible within 12 months of the reporting date.

The loss allowance for expected credit losses is included as a deduction from the receivables in the statement of financial position. In the income statement, any adjustment in the amount of expected credit losses is recognised as an impairment gain or loss.

Trade receivables or receivables from financial institutions are written off when there is no realistic expectation of recovering them either partially or in full. According to the Group's estimate, this is the case when the counterparty has no assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Regardless of this, the financial assets in question can still be subject to enforcement activities in accordance with the Group's procedures for recovery of amounts due.

### **Financial liabilities**

The Group's financial liabilities, including trade and other payables, debts and other financial liabilities, are recognised at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction costs. Setup fees related to loan commitments are included in transaction costs. Gains and losses are recognised in the income statement as financial income or expenses, with EIR amortisation included. Effective interest is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. Financial liabilities are not reclassified after the initial recognition in the income statement. Financial liabilities that mature later than in 12 months are non-current liabilities, whereas liabilities that mature in less than 12 months are current liabilities.



### 3.14 Equity

The Group classifies any instruments it issues as equity or liabilities (financial liabilities) based on the nature of the instruments. Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities is an equity instrument. Expenses related to the issuance or acquisition of own equity instruments are presented as a deduction from equity. If the company repurchases its own equity instruments, the acquisition cost of such instruments will be deducted from equity.

### 3.15 Operating profit

The Ropo Group has determined operating profit to be the net amount that is formed when other operating income is added to net sales and the following items are deducted from it:

- Purchases during the financial year
- External services
- Employee benefit expenses
- Accumulated amortisation/depreciation and impairment losses
- Other operating expenses

Except for items listed above, all other items in the income statement are presented below the operating profit.

## Notes 4. Accounting principles requiring management judgement and the main uncertainty factors affecting the estimates

In preparing the financial statements, estimates and assumptions about the future have been made, the actual outcome of which might differ from the assumptions and estimates. In addition, judgement has been exercised in applying the accounting principles.

### **Management's consideration related to the selection and application of accounting principles.**

The Group's management exercises judgement when making decisions concerning the selection and application of accounting principles. This only applies to cases for which the valid International Financial Reporting Standards (IFRS) present alternative ways of recognition, valuation or presentation. The most significant areas in which the company's management has exercised its judgement are the valuation of the net assets of the businesses and the annual testing of goodwill. In addition, judgement has been exercised in determining the useful lives of the allocated assets. The new IFRS 9 changes the recognition practices applied to the impairment of the company's financial assets that are recognised at acquisition cost. The company's management applies its knowledge of the payment history of the company's customers and other known facts that may have an effect on the expected credit losses related to financial assets.

### **Uncertainty factors related to estimates**

The estimates made in connection with preparing the financial statements are based on the management's best assessments on the last day of the reporting period. The estimates are based on prior experience, as well as on future assumptions that are considered to be the most likely on the statement of financial position date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. These estimates and decisions affect the amounts of assets, liabilities, earnings and costs recognised during the reporting period.

### **Determination of the fair value of assets acquired through business combinations**

In significant business combinations, the Group has used external advisors when estimating the fair values of tangible and intangible assets. For tangible assets, comparisons have been made to the market values of equivalent assets, and the depreciation caused by aging, wear and tear and other such factors has been estimated. The fair value measurement of intangible assets is based on estimates of the future cash flows associated with the assets, as there was no market information available on transactions with similar assets. Additional information on the valuation of intangible assets acquired through business combinations is available in Notes to the Financial Statements 7. Business combinations.

### **Impairment of tangible and intangible assets**

The Group conducts annual impairment testing of goodwill and all unfinished intangible assets, and any indications of impairment are assessed in accordance with what is stated above concerning the accounting principles. The Group has one cash-generating unit, and the cash flows that it generates are recognised with the help of calculations based on value in use. Although, according to the company's management, the assumptions used are appropriate, the estimated recoverable amounts might differ substantially from those realised in the future.

Additional information on the sensitivity of the recoverable amount in terms of the applied assumptions is included in Notes to the Financial Statements 14. Intangible assets.

## **Notes 5. Application of standards and interpretations that are new, revised or about to be revised**

### **New and revised standards, and standards that will be revised, applied during the financial year 2018**

The IASB has published the following new and revised standards and interpretations, the application of which is mandatory starting from 1 January 2018:

The most important change concerned the standard IFRS 15 – Revenue from Contracts with Customers. The Group has implemented IFRS 15 standard's early adaption option in 2017. In 2018, the group has also taken into account any minor changes in other IFRS standards and IFRIC interpretations that have entered into force in Finland through EU approval on 1 January 2018.

New provisions and interpretations have had no impact on the RopoHold Group's accounting policies, or their impact has been minor.

### **IFRS 15 – Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2018)

The standard includes five-step guidelines for the recognition of sales revenue from customer contracts and replaces the existing IAS 18 and IAS 11 standards and the related interpretations. Sales recognition can be carried out over time or at a specific point in time, with the key criteria being the transfer of control. The introduction of the

standard has not had any significant impact on the principles of income recognition for the Group's sales.

#### **New and revised standards and interpretations to be adopted later**

The IASB has published the following new and revised standards and interpretations, the application of which is mandatory beginning on or after 1 January 2019: the new standards IFRS 16 Leases and IFRS 17 Insurance contracts and a new interpretation of IFRIC 23 Uncertainty over Income Tax Treatments.

Of these reforms, the Group has already complied with IFRS 16 as an early adopter, so there will be no changes to the reporting practices related to leases in 2019.

Other standard changes or new IFRIC interpretations that become effective on or after 1 January 2019 are also not expected to have an impact on the Group's reporting practices or are expected to have a minor impact.

## **Notes 6. Operational segments**

### **Reportable segments**

The Group's financial situation has historically been evaluated as one entity, which is the basis for the Group's reporting model and governance structure. For this reason, the Group has only one reportable operating segment, whose figures and information are congruent with the figures and data of the Group. Thus, the income of the operating segment comprises income from the life cycle management of receivables.

The Group's main decision-making body is the CEO together with the parent company's Board of Directors. They assess the operating segment on a monthly basis. Profitability assessment is based on the segment's adjusted for non-recurring items EBITDA.

### **Notes to consolidated financial statements – the entire company**

#### **Information on geographical areas**

Ropohold Group's main area of operation is Finland, the company's home country.

#### **Information on key customers**

The Group has no customers whose net sales would amount to at least 10% of the Group's net sales for the financial years 2018 and 2017.

## Notes 7. Business combinations

### 2018

In the financial period 2018, the Group acquired no businesses or subsidiaries.

### 2017

#### Acquired subsidiaries

On February 1, 2017, the Group acquired the entire share capital and majority control of Enfo Zender Ltd. The name of the company has been changed to Ropo Capital Oy.

Ropo Capital Oy operates in the area of debt collection and the related financing, realisation and other equivalent activities, credit information services, buying and selling of debts and receivables, invoice financing and credit granting, management of debt and receivable portfolios, receivables management and investment activities.

The objective of the subsidiary acquisition was to strengthen the Group's position in the field of invoice life cycle management services. With the acquisition, invoice submission is included in the service portfolio, and will enable the company to digitalise the entire invoice life cycle – from operation to financing and payment monitoring. The acquisition will contribute to the company's objective of achieving market leadership in invoice life cycle services in Finland by 2020. The purchase price does not include variable elements.

**Values of acquired assets and liabilities:**

<b>Euros</b>	<b>Fair values</b>
Intangible fixed assets	229 679
Customer agreements	13 840 000
Goodwill	-
Property, plant and equipment	30 386
Inventories	2 789
Trade receivables	4 702 924
Other receivables and accrued income	- 198 553
Cash and cash equivalents	1 377 800
Total assets	19 985 025
Deferred taxes	2 768 000
Provisions	7 038
Accounts payable	3 255 120
Accrued expenses	273 302
Other liabilities	332 474
Total liabilities	6 635 934
Net assets	13 349 090
Goodwill arising on the acquisition	
Transferred consideration	21 009 650
Identifiable net assets of the acquired businesses	13 349 090
Goodwill	7 660 560
Purchase price paid in cash	21 009 650
Financial assets of the acquired subsidiary	1 377 800
Effect on cash flow	19 631 850

**Divested businesses**

No businesses were divested in 2018 and 2017.

## Notes 8. Net sales

During the financial year 2018, the Group's net sales increased to EUR 45.8 million. The Group's basic business continued to grow. The main reason for the growth of comparable net sales was that the Group continued to offer lifecycle services to its operation service customers.

Revenue by revenue stream		
Euros	2018	2017
Information and operation services	29 456 775	24 818 698
Financing services	979 020	726 798
Collection services	15 360 438	11 595 770
Total	45 796 232	37 141 266

The Group has only one functional segment for which reports are provided, and this segment consists of revenue from the receivables management lifecycle. The lifecycle package for receivables management consists of information logistics and operation services, financing services and payment monitoring services. The Group's main geographical area of operations is Finland. The Group's functional and reporting currency is euro. Sales revenue in all business operations is recognised at a point in time. In key services, the procedures described below are applied to the recognition of sales revenue.

### *Information logistics and operation services*

The information logistics and operation business contracts are based on general and customer-specific contractual terms. Contracts define service-specific transaction prices that are based on the volumes applicable to the services that are provided. A transaction price can be fully allocated to a performance obligation. The contractual performance obligation in information and operation services is satisfied at a point in time, which means that revenue is recognised when a service is rendered. In the operation business, this is the moment when an electronic document is forwarded, or the related work performed by a person. For work performance, service invoicing is based on hours and service performance is deemed to be completed when the work has been carried out. Service provision, invoicing and recording take place in accordance with the contract on a monthly basis. The most common payment terms in the contracts are 14–30 days.

### *Financing services*

The general terms and conditions for factoring in the financing service business determine the contractual performance obligations and the payment term for accounts receivable financing (generally 30 days). Transaction prices are agreed in a contract and depend on the maturity of the factored invoice. A transaction price can be fully allocated directly to a performance obligation. Recognition occurs when the service is rendered, that is, when the invoice is financed.

### *Payment monitoring services*

Payment monitoring services are based on general and customer-specific contract terms and conditions. Transaction prices for service provision have been agreed in contracts and are based on recovery measures applied in the payment monitoring process. Payment monitoring services is deemed to be handed over to the buyer when the proceeds from recovery have been collected. Therefore, recovery proceeds are not recorded as receivables.

### *Balance sheet items related to sales*

#### **Sales related balance sheet items**

<b>Euros</b>	<b>2018</b>	<b>2017</b>
Accounts Receivable	3 415 294	3 317 784
Financing Receivables	5 521 971	5 665 694

Trade receivables consist of receivables related to information logistics and operation services. Trade receivables are interest-free, with the most common payment terms being 14–30 days.

Financed invoice receivables are generated in the financing business. Financed invoices include both receivables for which the company bears the credit risk and receivables for which the customer bears the credit risk. The applied term of payment is 30 days.

The Group has not recognised any additional expenditure related to the customer-specific contracts that should be included in the balance sheet as an asset and accrued for the contract period.



### *Credit losses for sales*

During the financial year 2018, no material credit losses were recorded for trade receivables generated in the information logistics and operation services.

For the financial year 2018, credit losses of approximately EUR 88 thousand were recorded for financed invoices in the financing service business. The credit losses were essentially attributable to three customers. For one customer, a total credit loss of approximately EUR 52 thousand was recorded. This was malfeasance, with fake invoices used to obtain financing.

## Notes 9. Other operating income

<b>Other operating income</b>		
<b>Euros</b>	<b>2018</b>	<b>2017</b>
Received remunerations	0	21 939
Lease income	0	9 075
Repatriation of funds	696 240	413 232
Other income items	1 929	1 647
<b>Total</b>	<b>698 169</b>	<b>445 893</b>
 <b>Other operating expenses</b>		
<b>Euros</b>	<b>2018</b>	<b>2017</b>
Lease expenses	-318 923	-350 810
Other expense items	-4 495 405	-4 018 844
<b>Yhteensä</b>	<b>-4 814 328</b>	<b>-4 369 655</b>
 <b>Auditor's fees</b>		
<b>Euros</b>	<b>2018</b>	<b>2017</b>
Audit of the accounts	-50 875	-52 339
Other assurance services	-2 175	-605
Tax consultancy	-7 910	-2 010
Other services	-248 691	-52 738
<b>Total</b>	<b>-309 650</b>	<b>-107 692</b>

## Notes 10. Amortisation/depreciation and impairment

<b>Intangible fixed assets</b>		
<b>Euros</b>	<b>2018</b>	<b>2017</b>
Other intangible assets		
Computer software	-196 608	-723 392
Customer relationships and trademarks	-3 665 978	-2 978 388
<b>Total</b>	<b>-3 862 586</b>	<b>-3 701 780</b>
<b>Property, plant and equipment</b>		
<b>Euros</b>	<b>2018</b>	<b>2017</b>
Machinery and equipment	-488 145	-365 580
Other tangible assets	-39 330	-21 845
<b>Total</b>	<b>-527 475</b>	<b>-387 424</b>
<b>Total accumulated amortisation/depreciation and impairment</b>	<b>-4 390 062</b>	<b>-4 089 204</b>

## Notes 11. Employee benefit expenses

<b>Euros</b>	<b>2018</b>	<b>2017</b>
Salaries	-7 089 815	-5 543 188
Social security contributions		
Pension costs – defined contribution plans	-1 272 997	-955 505
Other personnel costs	-286 282	-284 376
<b>Total</b>	<b>-8 649 094</b>	<b>-6 783 069</b>
<b>Average number of Group employees in the financial year</b>		
Total Group	165	124

The number of part-time employees has been converted to full-time employees in the table.

Information on employee benefits for executive management is included in Notes to the Financial Statements 29 Related party transactions.

## Notes 12. Financial income and expenses

Recognised through profit and loss in the income statement.

Financial income Euros	2018	2017
Interest income		
Other financial income	39 896	15 855
<b>Total</b>	<b>39 896</b>	<b>15 855</b>

  

Financial expenses Euros	2018	2017
Interest expenses		
Liabilities valued at amortised cost	-4 011 636	-1 938 500
Changes in values for financial assets recognised at fair value through profit and loss		
Interest rate swaps	-129 700	-9 497
Other financial expenses	-88 015	-272 556
<b>Total</b>	<b>-4 229 350</b>	<b>-2 220 553</b>
<b>Net financial expenses</b>	<b>-4 189 454</b>	<b>-2 204 699</b>

## Notes 13. Income taxes

Recognised through profit and loss in the income statement.

### Current tax

Current tax Euros	2018	2017
Current tax	-708 239	-1 239 826
Taxes for previous years	-270	-8 080
<b>Total</b>	<b>-708 510</b>	<b>-1 247 906</b>

  

Change in deferred taxes Euros	2018	2017
Change in deferred tax assets	-481 983	162 297
Change in deferred tax liabilities	732 725	703 892
<b>Total</b>	<b>250 742</b>	<b>866 189</b>
<b>Total tax expenses in the income statement</b>	<b>-457 767</b>	<b>-381 718</b>

**Reconciliation statement for tax expenses in the income statement and taxes  
calculated based on the tax rate applied in Finland**

Euros	2018	2017
<b>Profit/loss before taxes</b>	<b>2 714 499</b>	<b>1 069 312</b>
Taxes calculated based on the tax rate applied in Finland (20%)	542 900	213 862
Tax effect of tax-exempt items	-2 267	193 957
Tax effect of non-deductible items	728 897	
Use of previously unrecognised tax losses	-560 750	
Change in deferred taxes	-250 743	
Unrecognised deferred tax assets from tax losses		
Taxes from previous financial years	-270	8 080
Other items		-34 181
<b>Taxes in the income statement</b>	<b>457 767</b>	<b>381 718</b>

## Notes 14. Intangible assets

### Intangible assets 2018

Euros	Other intangible assets						Total
	Goodwill	Development costs	Computer software	Customer relationships and brand	Other intangible assets	Trademarks and licences	
<b>Acquisition cost on 1 January 2018</b>	28 795 929		2 710 000	24 240 000	505 957	16 765	56 268 651
Increases	0	9 157	0	0	132 079	0	141 235
Decreases	0		0	0	0	0	0
	<b>28 795 929</b>	<b>9 157</b>	<b>2 710 000</b>	<b>24 240 000</b>	<b>638 036</b>	<b>16 765</b>	<b>56 409 887</b>
<b>Accumulated depreciation, amortisation and impairment on 1 January 2018</b>	0	0	948 500	3 757 458	194 821	930	4 901 708
Depreciation and amortisation during the financial year	0	0	542 000	3 121 625	196 608	2 353	3 862 586
<b>Accumulated depreciation, amortisation and impairment on 31 December 2018</b>	<b>0</b>	<b>0</b>	<b>1 490 500</b>	<b>6 879 083</b>	<b>391 429</b>	<b>3 283</b>	<b>8 764 294</b>
<b>Carrying amount on 1 January 2018</b>	<b>28 795 929</b>	<b>0</b>	<b>1 761 500</b>	<b>20 482 542</b>	<b>311 136</b>	<b>15 836</b>	<b>51 366 943</b>
<b>Carrying amount on 31 December 2018</b>	<b>28 795 929</b>	<b>9 157</b>	<b>1 219 500</b>	<b>17 360 917</b>	<b>246 607</b>	<b>13 483</b>	<b>47 645 592</b>

#### Intangible assets 2017

	Goodwill	Other intangible assets				
		Computer software	Customer relationships and brands	Other intangible assets	Trademarks and licences	Total
<b>Euros</b>						
<b>Acquisition cost on 1 January</b>	21 135 369	2 710 000	10 400 000	90 309	5 000	34 340 678
Increases	7 660 560	0	13 840 000	415 648	11 765	21 927 973
<b>Acquisition cost on 31 December 2017</b>	<b>28 795 929</b>	<b>2 710 000</b>	<b>24 240 000</b>	<b>505 957</b>	<b>16 765</b>	<b>56 268 651</b>
<b>Accumulated depreciation, amortisation and impairment on 1 January 2017</b>	0	406 500	780 000	13 429	0	1 199 929
Depreciation and amortisation during the financial year	0	542 000	2 977 458	181 392	930	3 701 779
<b>Accumulated depreciation, amortisation and impairment on 31 December 2017</b>	<b>0</b>	<b>948 500</b>	<b>3 757 458</b>	<b>194 821</b>	<b>930</b>	<b>4 901 708</b>
<b>Carrying amount on 1 January 2017</b>	<b>21 135 369</b>	<b>2 303 500</b>	<b>9 620 000</b>	<b>76 880</b>	<b>5 000</b>	<b>33 140 749</b>
<b>Carrying amount on 31 December 2017</b>	<b>28 795 929</b>	<b>1 761 500</b>	<b>20 482 542</b>	<b>311 136</b>	<b>15 836</b>	<b>51 366 943</b>

Goodwill is measured at original acquisition cost deducted by impairment losses. If impairment is recognized, impairment losses are recognized as an expense in the income statement.

#### Goodwill allocation

Goodwill arising from acquisitions is allocated to a cash-generating unit, which is the Group's operating segment. The Group has one operating segment and it represents the lowest level within the Group at which the goodwill is monitored. The companies acquired during the financial period are integrated to the Group's cash-generating unit at the acquisition date.

#### Impairment testing of goodwill

Impairment has been tested on 31 December 2017. In the future, the Group performs its annual impairment testing of goodwill on 30 September, or when changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount from the cash generating unit is determined based on value-in-use calculation. The calculations are made on the projections from management approved budgets and forecasts covering 2018-2021. The key assumptions are estimates of the RopoHold Group's management of demand and market developments and forecasts from the markets. Key factors in defining value include developing customer relationships by expanding customer contracts to cover the

Group's entire service offering and by acquiring new customers without significantly increasing costs. The Group's business is very scalable due to the specific system environment.

The most important factors affecting the background assumptions are the growth rate of the terminal year, growth forecasts for sales and profitability projections. The terminal growth rate used in projections is 1.0 percentage and it is based on management's assessment on conservative long-term growth.

The applied discount rate is the weighted average cost of capital (WACC) as defined by RopoHold. The components of the WACC are riskfree rate, market risk premium, industry specific beta, cost of debt and debt equity ratio. WACC is defined before and after tax. RopoHold has used WACC of 13.4 percentage (pre-tax) in the calculations.

No goodwill impairment losses were recognized during the accounting period. The recoverable amount from the cash-generating unit exceeded its carrying value notably. The recoverable amount was approximately 3 times higher than the assets.

### **Sensitivity analysis**

The management has assessed that no reasonable possible changes in the key assumptions would cause the cash-generating unit's carrying amount to exceed its recoverable amount. The impairment testing process included a sensitivity analysis in which the discount interest rates were increased by 12 percentage at most and profitability (EBITDA) was decreased by 6 percentage at most simultaneously. In addition, the process included a sensitivity analysis in which the discount rates were increased by 12 percentage at most and the growth rate of terminal year was decreased by 6 percentage at most simultaneously. Based on the sensitivity analysis, the probability for impairment losses was very low as the mentioned changes in sensitivity parameter didn't result carrying amount falling below the recoverable amount in performed impairment tests.

## Key assumptions

The key assumptions used in assessing the recoverable amount are the profitability and growth rate for the estimate period, long term average growth in the terminal period and discount rate. The key assumptions represent expectations of the management. The key assumptions were following:

Assumption	Approach
Turnover	Annual growth rate is 1.0 - 10.2 percentage during the forecast period of three years. The annual growth is based on expanding the service range provided to the existing customer relationships and on the conservative estimate of management of acquisition of new customers.
EBITDA	The EBITDA percentage is between 24.5 and 33.5 during the three-year forecast period. The growth of profitability is based on the business scalability enabled by the Group's IT systems.
Growth rate of terminal year	The growth rate of the terminal year is used to extrapolate the cash flows after the budgeted period. The Group's management estimates that the terminal value of the terminal is equal to 1.0 percentage.
Pre-tax WACC	The discount rate before taxes has been determined based on the average weighted capital cost (WACC), which describes the risk included in the forecast cash flows. WACC describes the risks of a cash-generating unit including the beta-coefficient of the capital structure and industry, average market risk premium, risk-free interest rate, return on debt and risk premia for small businesses.

In management's opinion, the changes in the basic assumptions shall not be seen as an indication that these factors are likely to materialise. The sensitivity analyses are hypothetical and should therefore be treated with caution.

## Notes 15. Property, plant and equipment

### Property, plant and equipment 2018

Euros	Machinery and equipment	Other tangible assets	Total
<b>Acquisition cost on 1 January 2018</b>	1 702 958	137 973	1 840 931
Increases	181 808	10 806	192 614
Decreases	-18 981	0	-18 981
<b>Acquisition cost on 31 December 2018</b>	<b>1 865 785</b>	<b>148 779</b>	<b>2 014 564</b>
<b>Accumulated amortisation/depreciation and impairment 1 January 2017</b>	-621 839	-41 884	-663 722
Depreciation for the financial year	-488 145	-39 330	-527 475
<b>Accumulated depreciation, amortisation and impairment on 31 December 2018</b>	<b>-1 109 984</b>	<b>-81 214</b>	<b>-1 191 197</b>
<b>Carrying amount on 1 January 2018</b>	<b>1 081 119</b>	<b>96 089</b>	<b>1 177 208</b>
<b>Carrying amount on 31 December 2018</b>	<b>755 801</b>	<b>67 565</b>	<b>823 366</b>

### Property, plant and equipment 2017

Euros	Machinery and equipment	Other tangible assets	Total
<b>Acquisition cost on 1 January 2017</b>	1 021 013	30 733	1 051 746
Increases	1 265 293	107 240	1 372 533
Decreases	-583 348	0	-583 348
<b>Acquisition cost on 31 December 2017</b>	<b>1 702 958</b>	<b>137 973</b>	<b>1 840 931</b>
<b>Accumulated amortisation/depreciation and impairment 1 January 2017</b>	-256 259	-20 039	-276 298
Depreciation for the financial year	-365 580	-21 845	-387 424
<b>Accumulated depreciation, amortisation and impairment on 31 December 2017</b>	<b>-621 839</b>	<b>-41 884</b>	<b>-663 722</b>
<b>Carrying amount on 1 January 2017</b>	<b>764 754</b>	<b>10 694</b>	<b>775 448</b>
<b>Carrying amount on 31 December 2017</b>	<b>1 081 119</b>	<b>96 089</b>	<b>1 177 208</b>



## Notes 16. Deferred taxes

2018  
Euros

	1.1.2018	additions to balance sheet	Recognised through profit and loss	Recognised in equity		Translation and other differences	31.12.2018
<b>Deferred tax assets</b>							
Unused tax losses	421 008	0	421 008	0	0	0	0
Other temporary differences	59 566	0	59 566	0	0	0	0
<b>Total deferred tax assets</b>	<b>480 575</b>	<b>0</b>	<b>480 575</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment	4 448 808	0	732 725	0	0	0	3 716 083
<b>Total deferred tax liabilities</b>	<b>4 448 808</b>	<b>0</b>	<b>732 725</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 716 083</b>

2017  
Euros

	1.1.2017	additions to balance sheet	Recognised through profit and loss	Recognised in equity		Translation and other differences	31.12.2017
<b>Deferred tax assets</b>							
Unused tax losses	318 278	0	102 730	0	0	0	421 008
Other temporary differences	0	0	59 566	0	0	0	59 566
<b>Total deferred tax assets</b>	<b>318 278</b>	<b>0</b>	<b>162 297</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>480 575</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment	2 384 700	2 768 000	703 892	0	0	0	4 448 808
<b>Total deferred tax liabilities</b>	<b>2 384 700</b>	<b>2 768 000</b>	<b>703 892</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 448 808</b>

Deferred tax assets from losses Euros	Tax losses		Deferred tax assets recognised in the statement of financial position	
	2018	2017	2018	2017
Tax losses	0	513 652	0	102 730

The Group had deferred tax assets of EUR 421,008, recognised on 31 December 2017, in relation to the parent company's unused tax loss carry-forwards. The management estimates that the parent company will accumulate taxable income against which the losses can be utilised. The unused tax losses from previous years will be used for the 2018 taxation.

The tax loss carry-forwards expire as follows:  
Year of expiry

	Euros
2026	1 591 391
2027	513 652

## Notes 17. Inventories

Euros	2018	2017
Materials and supplies	1 590	2 837
Securities	1 733	2 160
<b>Total</b>	<b>3 323</b>	<b>4 997</b>

The Group's inventories comprise envelopes that are recognised as an expense when used and of purchased receivable portfolios that have been acquired for the purpose of selling them. Securities carried in inventory are valued in the financial statements using the lower of cost or market principle.

## Notes 18. Trade and other receivables

Euros	2018	2017
Trade receivables	3 415 594	3 317 784
Financed invoices	5 521 971	5 665 694
Deferred tax assets	0	59 566
Other receivables	78 995	77 795
Accrued income	820 331	494 093
<b>Total</b>	<b>9 836 891</b>	<b>9 614 932</b>

The method defined in IFRS 9, according to which a provision is made for an amount equal to the lifetime expected credit losses for the receivable, is applied to impairment provisions related to trade receivables and financed invoice receivables. Statistical methods with which the expected credit losses for receivables can be forecast are utilised to estimate the expected amount of credit losses. As the average maturity of the Group's receivables is short, the time value of money does not have a significant effect on the estimated amount of expected credit losses. In addition, factors that may have an effect on the amount of expected credit losses are taken into account. Such factors may include, for example, macroeconomics such as recession or problems in financial markets, which could be expected to be reflected in the solvency of customers.

The Group's credit losses from sales receivables total of EUR 96,849 (EUR 41,346 in 2017). Credit losses are presented in other expenses in the income statement.

### Age distribution of trade receivables and the recognised impairment losses

Euros	2018	Impairment losses	Net 2018
Due in the future	3 337 935	1 240	3 336 695
Past due			
1–30 days	45 803	17	45 786
31–60 days	5 932	2	5 930
61–90 days	5 415	2	5 413
91–180 days	20 045	7	20 037
181–360 days	21 063	8	21 055
Over 360 days	-8 410	-3	-8 407
<b>Total past due</b>	<b>89 848</b>	<b>33</b>	<b>89 815</b>
<b>Total</b>	<b>3 427 783</b>	<b>1 273</b>	<b>3 426 510</b>

Euros	2017	Impairment losses	Net 2017
Due in the future	3 121 558	3 000	3 118 558
Past due			
1–30 days	109 793	106	109 687
31–60 days	15 415	15	15 400
61–90 days	27 874	27	27 848
91–180 days	20 282	19	20 263
181–360 days	24 524	24	24 501
Over 360 days	1 639	2	1 637
<b>Total past due</b>	<b>199 527</b>	<b>192</b>	<b>199 336</b>
<b>Total</b>	<b>3 321 085</b>	<b>3 191</b>	<b>3 317 894</b>

The carrying amounts of trade receivables and other receivables are the closest equivalent to the maximum amount of the Group's credit risks. The fair values of the receivables are presented in Notes to the Financial Statements 24 "Classification of Financial assets and liabilities". Notes to the Financial Statements 25 describe the Group's exposure to credit and market risks in more detail and provide information on how the Group assesses and manages credit loss risk related to trade receivables.

#### Age distribution of financed invoice receivables and the recognised impairment losses

Euros	2018	Impairment losses	Net 2018
Due in the future	4 696 416	3 134	4 693 283
Past due			
1–30 days	755 709	504	755 204
31–60 days	28 921	19	28 902
61–90 days	40 212		
91–180 days	25 893		
181–360 days	0		
Over 360 days	325		
<b>Total past due</b>	<b>851 060</b>	<b>524</b>	<b>784 106</b>
<b>Total</b>	<b>5 547 476</b>	<b>3 657</b>	<b>5 477 389</b>

Euros	2017	Impairment losses	Net 2017
Due in the future	5 295 908	5 089	5 290 764
Past due			
1–30 days	373 345	359	372 986
31–60 days	1 891	2	1 889
61–90 days			
91–180 days			
181–360 days			
Over 360 days			
<b>Total past due</b>	<b>375 236</b>	<b>361</b>	<b>374 875</b>
<b>Total</b>	<b>5 671 144</b>	<b>5 450</b>	<b>5 665 639</b>

## Notes 19. Other financial assets

Financial assets valued at fair value

Euros	2018	2017
Mutual fund	0	197 448
<b>Total</b>	<b>0</b>	<b>197 448</b>

Other financial assets are valued at fair value. Information on financial assets at fair value is disclosed in Note 24.

## Notes 20. Cash and cash equivalents

Euros	2018	2017
Cash and bank	5 418 520	11 155 615
<b>Total</b>	<b>5 418 520</b>	<b>11 155 615</b>

Cash and cash equivalents included in Consolidated statement of cash flow consist of the above cash assets EUR 5,418,520 (2017, EUR 11,353,063).

## Notes 21. Shareholders' equity

Euros	Number of shares	Share Capital	Reserve for invested unrestricted equity	Edellisten tilikausien voittovar	Profit (loss) of the financial year	Total
1.1.2017	14 000 000	2 500	13 997 500	-820 997	0	13 179 003
Purchased own shares	-350 000		-355 600			
Share issue	6 342 743		11 237 446			
Repayment of capital			-11 976 272			
Distribution of dividends				-52 500		
Other changes				-52 824		
31.12.2017	19 992 743	2 500	12 903 074	-926 321	687 594	12 666 847
1.1.2018	19 992 743	2 500	12 903 074	-238 727	0	12 666 847
Increase in share capital		77 500	-77 500			
Repayment of capital			-12 000 000			
Distribution of dividends				-68 250		
31.12.2018	19 992 743	80 000	825 574	-306 977	2 256 732	2 855 329

### Share capital

The shares of RopoHold Oyj are divided into Series A and Series B shares. The number of Series A shares is 18,042,743 and the number of Series B shares is 1,950,000. Thus, the total number of shares is 19,992,743. Each share A entitles the shareholder to one vote at General Meetings. A preferred dividend of 3.5 cents per share is paid on the Series B shares. Shares have no nominal value. All issued shares have been paid in full.

The issue price received in connection with the issue of shares is credited to share capital insofar as the resolution on share issuance does not include a decision to credit the issue price to the reserve for invested unrestricted equity.

### Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other quasi-equity investments and the issue price of shares insofar as it is not credited to share capital in accordance with an express resolution.

In a meeting held on 2.2.2018, the shareholders unanimously decided that the company's share capital will be increased by EUR 77 500. After the increase, the company's share capital will be EUR 80 000.

At the extraordinary General Meeting held on 30.5.2018, it was decided that EUR 12 million will be distributed from the reserve for invested unrestricted equity as capital repayment.

The company's executives, including members of the management team, board members and the CEO, owned 31.12.2018 a total of 288 700 A Series shares and 1 320 000 B Series shares (31.12.2017 1 608 700 shares) representing 1,60 % (31.12.2017 1,60 %) of all votes of the company based on the situation on 31.12.2018.

### Dividends

The parent company's profit for the financial year was EUR 3,206,703.48. The Board of Directors proposes that a dividend of 3.5 cents per share be paid for Series B shares, amounting to a total of EUR 68,250, and that the profit for the financial year be transferred to retained earnings. The Board of Directors estimates that the dividend distribution will have no effect on liquidity.

## Notes 22. Financial liabilities

These notes to the financial statements are related to the agreement terms for the Group's interest-bearing liabilities valued at amortised cost. Additional information on the Group's exposure to interest risks and credit risks are provided in Notes to the Financial Statements 25.

### Agreement terms and repayment schedules

Non-current liabilities valued at amortised cost			Carrying amount	
Euros	Interest rate	Maturity date	2018	2017
Bond	7 %	31.12.2020	49 118 642	48 851 831
Lease debts			251 146	629 430
<b>Total</b>			<b>49 369 787</b>	<b>49 481 261</b>

  

Current liabilities valued at amortised cost			Carrying amount	
Euros	Interest rate	Maturity date	2018	2017
Bond			0	0
Lease debts			440 182	403 824
<b>Total</b>			<b>440 182</b>	<b>403 824</b>

  

<b>Total interest-bearing liabilities</b>			<b>49 809 969</b>	<b>49 885 085</b>
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On 22 November 2017, the Group issued a EUR 50 million secured three-year bond under a EUR 75 million bond programme. The bond was listed on the securities list in the NASDAQ Helsinki Stock Exchange, with trading started on 29.8.2018. The bond matures in December 2020 and a payment based on a three-month Euribor plus a 7% margin is paid on the bond on a quarterly basis. The bond has been recognised in the statement of financial position at amortised cost, which includes all expenses closely related to obtaining the financing. An effective interest rate has been calculated for the bond, according to which interest for the bond is recognised in the income statement for the entire maturity period of the bond.

### The Group's debts from leasing contracts matures as follows

Euros	2018	2017
<b>Leasing debts gross amount - minimum rents on maturities</b>		
Within one year	379 923	403 824
After one year and within a maximum of five years	220 425	629 430
Later than five years	0	0
<b>Total</b>	<b>600 348</b>	<b>1 033 254</b>
Financial expenses incurred in the future	29 064	34 295
<b>Leasing debts - present value</b>	<b>629 411</b>	<b>1 067 549</b>
<b>Leasing debts present value matures as follows:</b>		
Within one year	404 617	403 824
After one year and within a maximum of five years	224 794	663 725
<b>Total</b>	<b>629 411</b>	<b>1 067 549</b>

The Group have lease agreements related its office premises, vehicles, IT-devices and softwares.



## Lease payments included in the financial statements

<b>Lease agreements included in the statement of financial position</b>	<b>2018</b>	<b>2017</b>
Depreciation according to plan for leased right-of-use assets	434 497	118 547
Interest expenses for lease liabilities	36 301	36 524
<b>Total impact on profit</b>	<b>470 797</b>	<b>155 071</b>
<b>Lease agreements not included in the statement of financial position</b>	<b>2018</b>	<b>2017</b>
Lease payments recognised as annual expenses for lease agreements with a duration of less than 12 months	0	0
Lease payments recognised as annual expenses for low-value lease agreements	131 474	347 318
<b>Total annual expenses</b>	<b>131 474</b>	<b>347 318</b>
<b>Total leasing payments made</b>	<b>602 271</b>	<b>502 388</b>
<b>Additional information</b>	<b>2018</b>	<b>2017</b>
Increases in right-of-use assets	92 806	1 262 688
Carrying amount of right-of-use assets at the end of the financial year		
Machinery and equipment	675 096	1 016 787
	<b>675 096</b>	<b>1 016 787</b>

	<b>2018</b>	<b>2017</b>
Unrecognised lease liabilities for lease agreements with a duration of less than 12 months	0	0
Unrecognised lease liabilities for lease agreements of low value	360 291	453 910
<b>Off-balance sheet minimum lease liabilities in total</b>	<b>360 291</b>	<b>453 910</b>
Maturity dates of the off-balance sheet minimum lease liabilities stated above:		
In less than 12 months	175 272	151 073
Within 1–5 years	170 225	302 838
Later than 5 years	14 794	0
	<b>360 291</b>	<b>453 910</b>

## Notes 23. Accounts payable and other liabilities

### Liabilities valued at amortized cost

#### Non-current liabilities valued at amortised cost

Euros	2018	2017
Accounts payable	0	9 761
<b>Total</b>	<b>0</b>	<b>9 761</b>

#### Current liabilities valued at amortised cost

Euros	2018	2017
Accounts payable	1 174 648	2 042 400
Other liabilities	891 676	710 252
Accrued expenses	5 300 759	4 188 231
<b>Total</b>	<b>7 367 083</b>	<b>6 940 884</b>

### Significant items in accrued expenses

#### Significant items in accrued expenses

Euros	2018	2017
Overpayments from customers	975 053	701 644
Secured debts	1 017 082	1 093 009
Employee benefit expenses	1 522 286	816 514
Interest payable	301 389	291 667
Current tax	102 946	847 440
Other accrued expenses	1 382 003	437 957
<b>Total</b>	<b>5 300 759</b>	<b>4 188 231</b>

### Other current liabilities valued at fair value through profit and loss

Euros	2018	2017
<b>Derivative instruments – not included in hedge accounting</b>		
Interest rate swaps	98 871	30 727
<b>Total</b>	<b>98 871</b>	<b>30 727</b>

The Group's other liabilities include derivatives, which are recognized at fair value through profit and loss.

Other liabilities recognized at fair value through profit and loss comprise derivative instruments to which hedge accounting has not been applied. The balance sheet values of the derivative assets correspond to the negative fair values of interest rate swaps at the end of the financial year. These derivatives are used to decrease the risks that arise from loan interest rate fluctuations. The fair values of derivative instruments are determined based on the quoted prices in active markets.

Information on measurements at fair value is available in Notes to the Financial Statements 24.

## Notes 24. Classification of financial assets and liabilities

### Classification and fair values

The table presents the carrying amounts and fair values of financial assets and liabilities, as well as their level in the fair value hierarchy. The table does not present the fair values of those financial assets and liabilities that are not valued at fair value if the carrying amount is a reasonable estimate of their fair value. Classification of financial assets and liabilities is carried out based on the classification included in IFRS 9.

31.12.2018		Carrying amount			Fair value			
	Notes to the Financial Statements	Financial assets and liabilities valued at fair value through profit and loss	Financial assets and liabilities recognised at amortised cost					
Euros				Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value								
Shares and equity	19	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0
Financial assets not valued at fair value								
Trade receivables and other receivables	18	0	9 836 891	9 836 891	0	0	9 836 891	9 836 891
Cash and cash equivalents	20	0	5 418 520	5 418 520	0	0	5 418 520	5 418 520
Total		0	15 255 410	20 770 547	0	0	15 255 410	15 255 410
Financial liabilities valued at fair value								
Derivative instruments	23	98 871	0	98 871	0	98 871	0	98 871
Total		98 871	0	98 871	0	98 871	0	98 871
Financial liabilities not valued at fair value								
Financial liabilities	22	0	0	0	0	0	0	0
Bond	22	0	49 118 642	49 118 642	0	0	49 118 642	49 118 642
Lease liabilities	22	0	691 327	691 327	0	0	691 327	691 327
Accounts payable	23	0	1 174 648	1 174 648	0	0	1 174 648	1 174 648
Other liabilities	23	0	891 676	891 676	0	0	891 676	891 676
Total		0	51 876 293	51 876 293	0	0	51 876 293	51 876 293

31.12.2017

31.12.2017			Carrying amount		Fair value				
	Notes to the Financial Statements	Financial assets and liabilities valued at fair value through profit and loss	Financial assets and liabilities recognised at amortised cost						
Euros				Total	Level 1	Level 2	Level 3	Total	
Financial assets valued at fair value									
Shares and equity	19	197 448	0	197 448	197 448	0	0	197 448	
Total		197 448	0	197 448	197 448	0	0	197 448	
Financial assets not valued at fair value									
Trade receivables and other receivables	18	0	9 614 932	9 614 932	0	0	9 614 932	9 614 932	
Cash and cash equivalents	20	0	11 155 615	11 155 615	0	0	11 155 615	11 155 615	
Total		20 770 547	20 770 547	20 770 547	0	0	20 770 547	20 770 547	
Financial liabilities valued at fair value									
Derivative instruments	23	30 727	0	30 727	0	30 727	0	30 727	
Total		30 727	0	30 727	0	30 727	0	30 727	
Financial liabilities not valued at fair value									
Financial liabilities	22	0	0	0	0	0	0	0	
Bond	22	0	48 851 831	48 851 831	0	0	48 851 831	48 851 831	
Lease liabilities	22	0	1 033 255	1 033 255	0	0	1 033 255	1 033 255	
Accounts payable	23	0	2 052 162	2 052 162	0	0	2 052 162	2 052 162	
Other liabilities	23	0	710 252	710 252	0	0	710 252	710 252	
Total		0	52 647 500	52 647 500	0	0	52 647 500	52 647 500	

### Fair value measurement

Fair value is the price that would be received for selling an asset or the price paid for transferring a liability in an orderly transaction between market participants on the measurement date.

The company's management estimates that the carrying amounts of trade receivables, other receivables, financial assets, accounts payable, accrued expenses and other borrowings do not materially differ from their fair value when taking into account the short maturity periods of these instruments.

## **Financial instruments valued at fair value**

### **Mutual fund units**

Financial assets available for sale are mutual fund units, and their fair values are based on the quoted values on the statement of financial position date.

### **Derivative instruments**

The fair values of derivatives are determined based on public market prices. Measurement is carried out based on the market prices available for similar derivatives.

### **Lease liabilities**

Fair value is estimated by discounting future cash flows with an interest rate that corresponds to the interest rate for similar lease agreements on the reporting date.

### **Definition of levels**

Level 1 = quoted (unadjusted) fair values in active markets for identical assets or liabilities.

Level 2 = inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3 = is not based on observable market input.

### Transfers between the levels

No transfers between the hierarchy levels took place during the financial years 2018 and 2017.

### Level 1 – fair values

A reconciliation of the fair values for level 3

The table presents a reconciliation of the level 1 fair value balances at the beginning and end of the financial year.

Euros	Items valued at fair value through profit and loss
At the beginning of the financial year on 1 January 2017	2 500 000
Purchases	100 000
Sales	-2 400 000
Losses in financial expenses	-2 552
<b>At the end of the financial year on 31 December 2017</b>	<b>197 448</b>
At the beginning of the financial year on 1 January 2018	197 448
Purchases	
Sales	-196 723
Losses in financial expenses	-725
<b>At the end of the financial year on 31 December 2018</b>	<b>0</b>

## Notes 25. Financial risk management

### Financial risk management and general principles

The objective of the Group's risk management is to identify and analyse the risks impacting the Group, to define appropriate risk levels and controls and to monitor the realisation of risks in relation to the risk levels. Risk management principles and methods are reviewed regularly so that they reflect the market situation and the Group's operating models.

The financial risks of the Group comprise the market risk, credit risk and liquidity risk. Financial risks are managed centrally by the Group's finance and financing department. The Board of Directors of the Group's parent company defines the applicable risk-carrying levels, and the management receives regular reports on the risk positions. The objective of financial risk management is to decrease the volatility related to the company's results, financial position and cash flows.

## MARKET RISK

### Foreign exchange exposure

Foreign exchange exposure is the risk that changes in foreign exchange rates will have a negative effect on the Group's financial position. The Group's current business area is Finland, and the functional currency is the euro. The Group does not have any significant transactions denominated in foreign currencies and therefore has no foreign exchange exposure.

### Interest rate risk

Interest-bearing liabilities expose the Group to interest rate risk, i.e. re-pricing and price risks arising from changes in interest rates. The CFO is responsible for interest rate risk management. The objective of interest rate risk management is to decrease the impact that interest rate changes have on the financial results for each year, thus enabling more consistent net results. The Group can use forward rate agreements and interest rate swaps to hedge against interest rate risk.

The level of interest rate hedging is reviewed regularly and changes in the interest rate levels are taken into account. A major part of the Group's interest rate risk is related to the borrowings included in the statement of financial position. In December 2017, the Group's parent company issued a EUR 50 million bond with a fixed interest rate of 7% + Euribor 3 months. In March 2018, the Group eliminated the risk related to the variable interest rate by changing it to a fixed interest rate for the entire duration of the bond. This was carried out with an interest rate swap.

The following tables describe the Group's sensitivity to market rate changes. The following assumptions have been used in the sensitivity analysis:

- The interest rate change is assumed to be +/- 0.50 percentage points compared to the rate for individual instruments on the statement of financial position date.
- The analysis includes instruments that have an interest rate adjustment date within the next 12 months.
- If a floating rate instrument is to be repaid within the next 12 months, it is assumed that the instrument would be repurchased with the new interest rate being applied.



### Interest rate risk position

The following table presents the exposure to interest rate risk arising from the Group's interest-bearing financial liabilities.

Euros stated at face value	2018	2017
<b>Fixed-rate Instruments</b>		
Financial liabilities		0
<b>Floating rate Instruments</b>		
Financial liabilities	50 000 000	5 000 000
Effect of interest rate swaps	50 000 000	8 100 400
<b>Open position</b>	<b>0</b>	<b>41 899 600</b>

### Sensitivity analysis of fair values for fixed rate instruments

The Group has no fixed-rate financial assets or liabilities that are valued at fair value through profit and loss and the Group has not designated derivatives (interest rate swaps) as cash flow hedging instruments.

### Cash flow sensitivity analysis for floating rate instruments

On the statement of financial position date, an interest rate change of 0.5 percentage units would have increased or decreased the Group's financial result as presented in the tables below. In the sensitivity analyses, it is assumed that all other variables remain unchanged.

### Sensitivity analysis of 31 December 2018, interest rates increase/decrease by 0.5 percentage units compared to the levels of 31 December 2018.

2018	Effect on the income statement	
Euros	+ 0,5 %	- 0,5 %
Liability	-152 828	0
Interest rate swaps – fair value	94 187	0
<b>Effect before taxes</b>		

**Sensitivity analysis of 31 December 2017, interest rates increase/decrease by 0.5 percentage units compared to the levels of 31 December 2017.**

Euros	2017	Effect on the income statement	
		+ 0,5 %	- 0,5 %
Liability		-85 500	0
Interest rate swaps – fair value		18 550	0
<b>Effect before taxes</b>			

The lowest interest rate level agreed for the interest rate swaps that were valid on 31 December 2017 and according to which the Group is paid interest based on a contract is 0%. In March 2018, the Group entered into a EUR 50 million interest rate swap agreement in order to hedge the share of the floating interest rate for the EUR 50 million liability in the statement of financial position against changes in the market rate.

### CREDIT RISK

Credit risk refers to financial losses incurred by the Group in the event that a customer or a counterparty related to financial instruments is unable to fulfil their contractual obligations. The Group's policies define the credit rating requirements for customers and counterparties related to investments and derivatives, as well as the principles applied to investments. The Group's credit risk stems mainly from credit risks related to trade receivables and financed invoice receivables. The Group's customer base is very broad, and the Group has no significant credit risk concentrations related to its trade receivables. The credit risk related to financed invoice receivables is managed by applying a credit policy that defines limits to the counterparties' acceptable credit risk levels and the maximum amount of financing. In addition, credit risk is managed through credit insurance.

The age distribution of receivables and the provisions for impairment losses are included in Notes to the Financial Statements 18 Trade and other receivables.

## LIQUIDITY RISK

Liquidity risk refers to the risk that the Group is not able to fulfil its payment obligations. Liquidity risk is managed through continuous monitoring and forecasting of the Group's liquidity. The company's executive management receives reports on the liquidity status and estimated changes and the executive management is responsible for the planning related to the Group's financial structure. Covenant terms related to group-external financing must be taken into account when planning the financial structure. The objective of liquidity risk management is that the Group is able to fulfil its payment obligations and avoid any negative consequences related to the company's finances and reputation.

The Group strives to continuously estimate and monitor the amount of financing required by the business and to ensure that the Group's available funds are sufficient to finance its operations and investments and to repay maturing loans.

On the statement of financial position date for 2018 there were financial covenant terms applicable to the Group's financial liabilities. Further information on restrictions related to the Group's assets and mergers and acquisitions is presented in Notes to Financial Statements 27 Contingent commitments.

The cash flows in the tables below include both loan repayments and the estimated interest payments.

### Maturity analysis for financial liabilities 2018

Euros	Balance sheet value	Cash flow	0-6 month	6-12 month	1-2 year
Bonds	49 188 642	57 009 589	1 745 205	1 754 795	53 509 589
Accounts payables & other debts	7 367 083	7 367 083	7 367 083		
<b>Derivative debts</b>					
Interest rate swap	98 871		98 871		
<b>Total</b>	<b>56 654 596</b>	<b>64 376 672</b>	<b>9 211 159</b>	<b>1 754 795</b>	<b>53 509 589</b>

## Maturity analysis for financial liabilities 2017

Euros	Balance sheet value	Cash flow	0-6 month	6-12 month	1-2 year
Financial liabilities					
Bonds	48 851 831	60 500 000	1 735 616	1 754 795	3 500 000
Account payables & other debts	6 950 645	6 950 645	6 940 884	9 761	0
Derivative debts					
Interest rate swap	30 727	0	30 727	0	0
<b>Total</b>	<b>55 833 203</b>	<b>67 481 372</b>	<b>8 707 227</b>	<b>1 764 556</b>	<b>3 500 000</b>

## CAPITAL MANAGEMENT

The Board of Directors is responsible for the Group's capital management strategy. The objective is to maintain an adequate level of equity ratio and to comply with the capital and debt levels set as requirements in financial agreements. The sources of income are positive operating cash flow from business operations, owners' investments to equity and external debt financing. Covenants in the debt financing arrangements set boundaries and conditions for the Group's profit sharing and gearing level. Other external capital requirements are not applied to the Group. In managing Group's capital position, equity capital is considered to consist from the equity presented in the balance sheet and debt from the debt presented on the balance sheet liabilities. Group's capital position is in line with the set targets.

## Capital structure management

Euros	2018	2017
Interest-bearing financial liabilities	49 809 969	49 885 085
Cash and cash equivalents	5 418 520	11 353 063
<b>Net liabilities</b>	<b>44 391 449</b>	<b>38 532 022</b>
 <b>Total equity</b>	 <b>2 855 329</b>	 <b>12 666 848</b>
 <b>Gearing %</b>	 <b>1555 %</b>	 <b>304 %</b>

## Notes 26. Adjustments of cash flow from operating activities

### Non-cash transactions:

Euros	2018	2017
Depreciation	4 390 062	4 089 204
Korkotuotot ja -kulut ja muut rahoituskulut	4 189 454	2 204 698
Other income and expenses from non-cash transactions	-17 636	381 718
<b>Total</b>	<b>8 561 879</b>	<b>6 675 620</b>

### Financial liabilities cash flow

EUR	2017	Cash flow	Transactions, not involving a payment	2018
Long-term financial liability	48 851 831		266811	49 118 642
Short-term financial liability	1 909	-1 909		0
leasing contracts	1 033 255	341 928		691 327
Derivatives	30 727		68 144	98 871
<b>Total financial liabilities</b>	<b>49 917 721</b>	<b>340 019</b>	<b>334 955</b>	<b>49 908 840</b>

## Notes 27. Contingent commitments

### Commitments and contingent liabilities

Euros	2018	2017
<b>Commitments on own behalf</b>		
Mortgages	395 000 000	393 000 000
Lease agreement liabilities	360 291	695 417
Hire-purchase liabilities	0	18 772
Pooled accounts	12 517 587	6 914 594
Other*	3 156 468	315 387
<b>Total</b>	<b>411 034 346</b>	<b>400 944 170</b>

\*Other contingent liabilities are related to the available, unused overdraft limit, company credit cards, rent securities and VAT review responsibilities concerning property investments.

### **Litigation**

On 31 December 2018, the Group had no material pending litigation cases.

### **Other leases**

Liabilities related to other lease agreements made by the Group are presented in Notes to Financial Statements 27.

The terms and conditions applied to the EUR 50 million bond included in the Group's statement of financial position include financial and other covenants that the Group must take into account in its operations. The financial covenants limit the Group's options to distribute funds to the owners or other parties before the loan has been repaid. In addition, the terms and conditions limit the Group's options to increase debt financing as agreed in the terms and conditions applicable to the bond issue. At December 31. 2018, The Group complies with the set covenants and expects to continue complying in 2019.

## **Notes 28. Related party transactions**

A related party is a person or entity that is related to the entity that is preparing the financial statements. Parties are related parties if one party has control or joint control over the decision-making of the other party or significant influence over it. The Group's related parties include the parent company's subsidiary and the subsidiaries in its subgroup. In addition to group companies, related parties include members of the Board of Directors and the Executive Board, major shareholders and the close family members of the above mentioned persons.

The Group's ultimate parent company is Sentica Buyout IV Ky (2511391-7). The Company owns 54,99 per cent of RopoHold Group's voting shares. The other major shareholders are the following companies, KPY Sijoitus Oy (29,64 %), Crane Hill Invest Oy (5,7 %) and TMR Invest Oy (5,7 %). Sentica Buyout IV Ky is a Finnish private equity investor. KPY Sijoitus Oy, Crane Hill Invest Oy and TMR Invest Oy are Finnish investment companies.

Of the major shareholder companies, Sentica Buyout IV Ky and Crane Hill Invest Oy are controlling interest companies of persons belonging to the company's management, and they are deemed to be related parties of the company. The financial statements do not include any transactions that have been carried out with other

investments that may be a part of the main owner Sentica Buyout Ky's portfolio. The Ropohold Group has established that there is no such relationship between Ropo and these companies that would fall within the scope of the related party definition from the company's perspective, and the company has not performed, or is not able to perform, other than market-based transactions with such parties.

The parent company of the Ropohold Group is RopoHold Oyj. RopoHold Oyj owns 100% of the sub-group, which the parent company is Ropo Capital Oy. The sub-group has three subsidiaries, Ropo Invest Oy, Ropo Finance Oy and Trust Kapital Baltics Oü, which are 100% owned by the parent company of the sub-group. Companies belonging to the Group are considered to be related parties.

**The companies owned by the parent company and belonging to the Ropohold Group are as follows:**

Company name	Business ID	Homeland	Domicile	Share of ownership (%)
RopoHold Oy	2749630-9	Finland	Kuopio	
Ropo Capital Oy	2495037-7	Finland	Kuopio	100,00
Ropo Invest Oy	2495192-7	Finland	Kuopio	100,00
Ropo Finance Oy	2525979-9	Finland	Kuopio	100,00
Trust Kapital Baltics Oü	12614121	Estonia	Tallinn	100,00

During the 2018 financial year, there were no changes in the Group structure.

RopoHold Oyj's the members of the Board, the members of the management team and the CEO are related parties: Pentti Tuunala (Chair of the Board), Johan Wentzel (the member of the Board), Petri Tukiainen (the member of the Board), Mikko Isotalo (the member of the Board), Mika Ruokonen (the member of the Board since 7.3.2018), Reeti Saarinen (deputy member of the Board), Artti Aurasmaa (CEO), Sami Levy (the member of the management team), Ilkka Sammelvuo (the member of the management team), Sami Pyylampi (the member of the management team) ja Toni Rönkkö (the member of the management team since 1.3.2018). There are no other persons in the Ropohold Group that would control or significant influence over the company.

The Group has prepared a list of related parties, which includes close family members of persons considered to be related parties and companies in which they have significant control.

All related party transactions that have not been eliminated in the consolidated financial statements are presented as related party transactions.

### Transactions with related parties and related party assets and liabilities

Euros	2018	2017
<b>The Group's highest parent company</b>		
Interest for loans to shareholders	0	698 705
Group liabilities	0	0
<b>Transactions with related party companies that are not part of the Group</b>		
Income	357	238
Expenses	7390	232 877
Liabilities	0	0

Other transactions with the related parties consist of loan interest payments of EUR 7,791 to other related parties. Loans were repaid by the end of the year.

The terms and conditions for purchase transactions carried out with related parties are equivalent to those applicable to transactions between independent parties. Any other transactions between the Group companies have been carried out under standard commercial terms.



### Employee benefits for the company's management

Key persons in the Group's management include the Board of Directors of the parent company, including the CEO and the management team of the Group. They have received the following salaries and compensation, including fringe benefits:

Euros	2018	2017
Salaries and other short-term employee benefits	697 575	435 012
Termination benefits	27 611	7 530
Performance bonuses	140 200	9 500
<b>Total</b>	<b>865 386</b>	<b>452 042</b>

The amounts in the table correspond to the costs recognised as expenses during the financial year.

The total amount of compensation for the key persons belonging to the Group's management comprises salaries, non-monetary benefits and pension expenses for defined contribution plans. The Group's management does not have any defined benefit pension plans.

### Notes 29. Events after the reporting period

No significant changes have taken place in the Group after the end of the financial year

### Notes 30. – Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year. Treasury shares are excluded when the weighted average number of shares outstanding is calculated.

	2018	2017
Profit attributable to the equity holders of the parent	2 256 732	687 594
Weighted average number of shares outstanding during the year	19 992 743	19 192 743
Basic earnings per share (EUR/share)	0,11	0,04

When calculating the diluted earnings per share, the weighted average number of shares is calculated so that the diluting effect of all diluting potential ordinary shares is taken into account. The Group has no diluting instruments increasing the number of ordinary shares. There were no diluting effects in 2018 and 2017.

## Notes 31. Calculation of key figures

### The calculation formulas

EBITDA	=	Operating profit + Depreciations and amortisation	
EBITDA %	=	$\frac{\text{EBITDA}}{\text{Net sales}}$	x 100
EBIT	=	Net sales + Other operating income - Materials and supplies - Staff expences - Depreciations and amortisation	
EBIT %	=	$\frac{\text{EBIT}}{\text{Net sales}}$	x 100
Equity ratio	=	$\frac{\text{Equity + Minority interest}}{\text{Total assets - Advances received}}$	x 100
Return on equity	=	$\frac{\text{Profit before appropriations - Taxes}}{\text{Equity + Minority interest}}$	x 100

## Parent company's income statement

Euros	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017
<b>Net sales</b>	<b>2 733 068</b>	<b>2 104 737</b>
Other operating income	1 019	
Materials and services		
Materials, supplies and goods		
Purchases during the financial year	0	-436
External services	1 992	-49 127
Total materials and services	1 992	-49 563
Personnel expenses		
Salaries and compensation	-424 481	-398 095
Social security contributions		
Pension costs	-78 840	-59 515
Other social security contributions	53	-29 062
Total personnel expenses	-503 268	-486 672
Amortisation/depreciation and impairment		
Amortisation/depreciation according to plan	-48 874	-31 353
Total accumulated amortisation/depreciation and impairment	-48 874	-31 353
Other operating expenses	-2 033 072	-1 357 046
<b>OPERATING PROFIT (-LOSS)</b>	<b>150 865</b>	<b>180 102</b>
Financial income and expenses		
Income from Group undertakings	0	4 500 000
Other interest and financial income		
From Group companies	303 483	0
From others	265	4 255
Impairment of investments held as non-current assets	2 552	-2 552
Interest and other financial expenses		
To Group companies	-9 518	-9 700
To Others	-4 138 002	-2 119 637
Total financial income and expenses	-3 841 219	2 372 366
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-3 690 355</b>	<b>2 552 468</b>
Appropriations		
Group contributions		
Received Group contributions	7 000 000	730 000
Total appropriations		730 000
Income taxes		
Taxes for the financial year	-102 942	
Total Income taxes	-102 942	
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>3 206 703</b>	<b>3 282 468</b>

## Parent company's statement of financial position

Euros	31.12.2018	31.12.2017
<b>A S S E T S</b>		
NON-CURRENT ASSETS		
Intangible assets		
Other intangible assets	183 286	110 846
Total intangible assets	183 286	110 846
Tangible assets		
Machinery and equipment	0	18 981
Total tangible assets	0	18 981
Investments		
Holdings in Group undertakings	56 221 192	56 221 192
Total investments	56 221 192	56 221 192
<b>TOTAL NON-CURRENT ASSETS</b>	<b>56 404 478</b>	<b>56 351 020</b>
CURRENT ASSETS		
Receivables		
Current		
Trade receivables	0	993
Receivables from Group companies	7 950 262	7 530 352
Other receivables	62 272	55 272
Accrued income	921 993	1 223 072
Total current	8 934 527	8 809 689
Financial securities		
Other shares and investments	0	97 448
Total financial securities	0	97 448
Cash at bank and in hand	1 726 474	7 448 411
<b>TOTAL CURRENT ASSETS</b>	<b>67 065 479</b>	<b>16 355 548</b>
<b>TOTAL ASSETS</b>	<b>67 065 479</b>	<b>72 706 568</b>

<b>Euros</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>LIABILITIES</b>		
<b>EQUITY</b>		
Share capital		
Share capital	80 000	2 500
Other reserves		
Reserve for invested unrestricted equity	825 575	12 850 575
Total other reserves	825 575	12 850 575
Retained earnings (losses)	1 567 378	-1 594 341
Profit (loss) for the financial year	3 206 703	3 282 468
<b>TOTAL EQUITY</b>	<b>5 679 656</b>	<b>14 541 203</b>
<b>LIABILITIES</b>		
Non-current		
Bonds	50 000 000	50 000 000
Accounts payable	0	9 761
Liabilities to Group companies	0	400 000
Total non-current	50 000 000	50 409 761
Current		
Accounts payable	5 512	135 255
Liabilities to Group companies	10 559 215	7 010 276
Other liabilities	105 261	84 519
Accrued expenses	715 836	525 555
Total current	11 385 823	7 755 604
<b>TOTAL LIABILITIES</b>	<b>61 385 823</b>	<b>58 165 366</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>67 065 479</b>	<b>72 706 568</b>

## Notes to the parent company's financial statements

### Notes to the financial statements – Presentation of the financial statements

#### Applied valuation and matching principles and methods

The Financial statements have been prepared in accordance with the measurement and recognition principles and methods as provided in chapter 2, section 2 a of the Accounting Decree, with the exceptions listed below:

#### Intangible assets

Intangible assets are amortised on a straight-line basis during three years within their useful life.

#### Financial instruments

The provisions of chapter 5, section 2 of the Accounting Act are applied to measurement of financial instruments.

### Notes to the financial statements – Income statement

#### The basis for amortisation/depreciation according to plan and the related changes:

Asset group	estimated lifetime	Depreciation/amortisation on percentage	Amortisation/depreciation method
Intangible assets	3		Straight-line amortisation/depreciation
Machinery and equipment		25	residual value

### Notes to the financial statements – Income statement

Group contributions, substantial	31.12.2018	31.12.2017
Received Group contributions	7 000 000,00	730 000,00

## Undepreciated cost of machinery and equipment

	31.12.2018	31.12.2017
Total amount of machinery and equipment in the income statement, of which	0,00	18 981,46
the undepreciated cost of machinery and devices	0,00	18 981,46
and the undepreciated cost of equipment	0,00	0,00

## Notes to the balance sheet items

### Changes in non-current assets

#### Other intangible assets

	31.12.2018	31.12.2017
Acquisition cost at the beginning of the financial year	135 872,36	0,00
Increases	121 313,85	135 872,36
Decreases	0,00	0,00
<b>Acquisition cost at the end of the financial year</b>	<b>257 186,21</b>	<b>135 872,36</b>
Depreciations according to plan in the financial year	25 026,13	0,00
Depreciations according to plan for sold/scrapped tangible assets	48 874,15	25 026,13
Depreciations according to plan for sold/scrapped tangible assets	0,00	0,00
<b>Accumulated depreciations according to plan at the end of the financial year</b>	<b>73 900,28</b>	<b>25 026,13</b>
Acquisition cost at the end of the financial year	257 186,21	135 872,36
Accumulated depreciations according to plan at the end of the financial year	73 900,28	25 026,13
<b>Carrying value at the end of the financial year</b>	<b>183 285,93</b>	<b>110 846,23</b>
Accumulated depreciation at the end of the financial year	0,00	0,00
<b>Residual value at the end of the financial year</b>	<b>183 285,93</b>	<b>110 846,23</b>



## Machinery and equipment

	31.12.2018	31.12.2017
Acquisition cost at the beginning of the financial year	32 287,50	32 287,50
Increases	0,00	0,00
Decreases	-18 981,46	0,00
<b>Acquisition cost at the end of the financial year</b>	<b>13 306,04</b>	<b>32 287,50</b>
Accumulated depreciations according to plan at the beginning of the financial year	13 306,04	6 978,80
Depreciations according to plan in the financial year	0,00	6 327,24
Depreciations according to plan for sold/scrapped tangible assets	0,00	0,00
<b>Accumulated depreciations according to plan at the end of the financial year</b>	<b>13 306,04</b>	<b>13 306,04</b>
Acquisition cost at the end of the financial year	13 306,04	32 287,50
Accumulated depreciations according to plan at the end of the financial year	13 306,04	13 306,04
<b>Carrying value at the end of the financial year</b>	<b>0,00</b>	<b>18 981,46</b>
Accumulated depreciation at the end of the financial year	0,00	0,00
<b>Residual value at the end of the financial year</b>	<b>0,00</b>	<b>18 981,46</b>

## Financial securities

	31.12.2018	31.12.2017
<b>Interest investments/financial markets</b>		
Acquisition cost at the beginning of the financial year	100 000,00	1 500 000,00
Decreases during the financial year	-100 000,00	-1 400 000,00
Carrying amount	<b>0,00</b>	<b>97 448,18</b>
Fair values in total	<b>0,00</b>	<b>97 448,18</b>
Change in value recognised	<b>2 551,82</b>	<b>-2 551,82</b>

## Significant items in accrued income

	31.12.2018	31.12.2017
Salary and social security contribution expenses (accrual)	0,00	306,27
Expenses incurred from issuing a loan	848 980,96	1 144 561,25
Prepaid expenses	72 480,09	51 852,17
Other accrued income	532,33	26 352,32
<b>Total accrued income</b>	<b>921 993,38</b>	<b>1 223 072,01</b>

## Receivables from Group companies

Current	31.12.2018	31.12.2017
Accounts receivables from Group companies	273 323,62	157 005,97
Accrued income from Group companies	1 520 194,52	2 000 000,00
Loan receivables from Group companies	450 000,00	0,00
Other receivables from Group companies	5 706 743,85	5 373 346,27
<b>Total current receivables from Group companies</b>	<b>7 950 261,99</b>	<b>7 530 352,24</b>
<b>Total receivables from Group companies</b>	<b>7 950 261,99</b>	<b>7 530 352,24</b>

## Notes to the financial statements – Liabilities in the statement of financial position

### Changes in equity

Changes in equity	31.12.2018	31.12.2017
Share capital at the beginning of the financial year	2 500,00	2 500,00
Share issue	77 500,00	0,00
Share capital at the end of the financial year	80 000,00	2 500,00
 Total restricted equity at the end of the financial year	 80 000,00	 2 500,00
 Reserve for invested unrestricted equity at the beginning of the financial year	 12 903 074,69	 13 997 500,00
Increase	0,00	11 237 446,32
Decrease	-12 000 000,00	-11 976 271,63
Increase in share capital	-77 500,00	0,00
Purchased own shares	0,00	-355 600,00
Reserve for invested unrestricted equity at the end of the financial year	825 574,69	12 903 074,69
 Retained earnings/losses at the beginning of the financial year	 -1 646 840,63	 -858 067,64
Transfer of retained earnings/losses	3 282 468,45	-736 272,99
Payment of dividend	-68 250,00	-52 500,00
Retained earnings/losses at the end of the financial year	1 567 377,82	-1 646 840,63
 Profit/loss for the financial year	 3 206 703,48	 3 282 468,45
 Total unrestricted equity at the end of the financial year	 5 599 655,99	 14 538 702,51
 Total equity	 5 679 655,99	 14 541 202,51

In February 2018, the company raised its share capital to EUR 80 thousand and became a public limited liability company.

### Calculation on distributable equity in accordance with chapter 13, section 5 of the Limited Liability Companies Act

	31.12.2018	31.12.2017
Retained earnings	1 567 377,82	-1 646 840,63
Profit+/loss- for the financial year	+ 3 206 703,48	3 282 468,45
Reserve for invested unrestricted equity	+ 825 574,69	12 903 074,69
<b>Total distributable funds</b>	<b>= 5 599 655,99</b>	<b>14 538 702,51</b>

### The key terms and conditions concerning the bonds issued by the company and their total amount

During the financial year, the company issued a EUR 50 million three-year secured bond within a EUR 75 million bond programme. The bond matures in December 2020 and a payment based on a three-month Euribor plus a 7% margin is paid on the bond on a quarterly basis. The bond was listed on the securities list in the NASDAQ Helsinki Stock Exchange, with trading started on 29.8.2018.

	31.12.2018	31.12.2017
Bonds	50 000 000,00	50 000 000,00
<b>Total</b>	<b>50 000 000,00</b>	<b>50 000 000,00</b>

### Significant items in accrued expenses

	31.12.2018	31.12.2017
Salaries with social security expenses (accrued)	46 550,25	55 411,67
Interest expenditure	301 389,01	291 666,67
Income taxes	102 941,75	0,00
Other accrued expenses	264 954,81	178 476,17
<b>Total accrued expenses</b>	<b>715 835,82</b>	<b>525 554,51</b>

## Liabilities to other Group companies

	31.12.2018	31.12.2017
<b>Non-current</b>		
Other liabilities	0,00	400 000,00
<b>Total non-current liabilities to Group companies</b>	<b>0,00</b>	<b>400 000,00</b>
<b>Current</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Accounts payable	11,66	0,00
Other liabilities	10 559 202,89	7 010 275,55
<b>Total current liabilities to Group companies</b>	<b>10 559 214,55</b>	<b>7 010 275,55</b>
<b>Total liabilities to Group companies</b>	<b>10 559 214,55</b>	<b>7 410 275,55</b>

## Notes on income taxes

### Taxes excluded from the balance sheet liabilities or receivables

	31.12.2018	31.12.2017
deferred tax assets at the beginning of the financial year	0,00	318 278,00
deferred tax assets change	0,00	100 726,97
Deferred tax assets total	0,00	419 004,97

Deferred tax assets of the Company for the confirmed loss consisted of year 2017 and had been recognized in the Group's receivables.

## Commitments and contingent liabilities

### Liabilities and commitments for pledges and other property collateral broken down into items in the statement of financial position and per collateral type

#### Secured loans

	31.12.2018	31.12.2017
Bonds	50 000 000,00	50 000 000,00
<b>Total</b>	<b>50 000 000,00</b>	<b>50 000 000,00</b>

## Other off-balance sheet arrangements

Corporate mortgages are burdened by the following company's own mortgages.

### Mortgages on company assets

Collateral mortgages no 1 (1,000,000.00 eur), no 2 (1,000,000.00 eur), no 3 (1,000,000.00 eur), no 4 (1,000,000.00 eur), no 5 (1,000,000.00 eur), no 6 (1,000,000.00 eur), no 7 (1,000,000.00 eur), no 8 (1,000,000.00 eur), no 9 (1,000,000.00 eur), no 10 (1,000,000.00 eur) ja no 11 (1,000,000.00 eur), no 12 (1,000,000.00 eur), no 13 (1,000,000.00 eur), no 14 (1,000,000.00 eur), no 15 (1,000,000.00 eur), no 16 (1,000,000.00 eur), no 17 (1,000,000.00 eur), no 18 (1,000,000.00 eur), no 19 (1,000,000.00 eur), no 20 (1,000,000.00 eur), no 21 (1,000,000.00 eur), no 22 (1,000,000.00 eur), no 23 (75,500,000.00 eur), held by Nordic Trustee Oy (business ID 2488240-7).

	31.12.2018	31.12.2017
Mortgages on company assets	97 500 000,00	97 500 000,00
<b>Total</b>	<b>97 500 000,00</b>	<b>97 500 000,00</b>

## Other contingent liabilities

### Hire-purchase liability

	31.12.2018	31.12.2017
Carrying value in the statement of financial position	0,00	18 771,84
<b>Total</b>	<b>0,00</b>	<b>18 771,84</b>

## Lease agreement liabilities not included in the statement of financial position

	31.12.2018	31.12.2017
Lease agreement liabilities and limits maturing during the next financial year	191 975,35	158 811,22
Lease agreement liabilities and limits maturing later	200 330,04	238 592,39
	<b>392 305,39</b>	<b>397 403,61</b>

## Lease liabilities

	31.12.2018	31.12.2017
Payments for leased premises due in the next financial year	379 922,96	385 642,92
Payments for leased premises due later	220 424,87	629 290,39
	<b>600 347,83</b>	<b>1 014 933,31</b>

## Other financial liabilities not included in the statement of financial position

	31.12.2018	31.12.2017
Company credit cards	789,22	2 418,86
Lease guarantees	101 021,82	84 808,56
	<b>101 811,04</b>	<b>87 227,42</b>

## Auditors' fees per assignment group

	31.12.2018	31.12.2017
Audit of the accounts	27 972,60	13 400,00
Assignments under section 1, subsection 2 of the Accounting Act	2 174,80	640,00
Tax consultancy	6 837,00	1 286,00
Other services	215 463,80	28 359,90
	<b>252 448,20</b>	<b>43 685,90</b>

## Employees

Parent company	31.12.2018	31.12.2017
Average number of employees during the financial year	2	2

## Salaries and compensation paid to the CEO, Board of Directors and Management Board

	31.12.2018	31.12.2017
Salaries and compensation paid to the management and to the board	481 456,00	419 542,04
	<b>481 456,00</b>	<b>419 542,04</b>

## Notes to the financial statements for the Group entity subject to record-keeping requirements

The parent company of the Ropohold Group is RopoHold Oyj (business ID 2749630-9). RopoHold Oyj owns 100% of the sub-group, for which Ropo Capital Oy (business ID 2495037-7) is the parent company. The sub-group has three subsidiaries, Ropo Invest Oy (business ID 2495192-7), Ropo Finance Oy (business ID 2525979-9) and Trust Kapital Baltics Oü (business ID 1214121), which are 100% owned by the parent company of the sub-group. The Sub-group does not prepare consolidated financial statements under section 6, paragraph 4, of the Accounting Act. The consolidated financial statements have been prepared by combining all Group companies except the Estonian subsidiary, whose combination has no significant effect on the consolidated financial statements, the consolidated financial statements are available at Viestikatu 7, 70600 KUOPIO.

Company name	Business ID	Homeland	Domicile	Share of ownership (%)
RopoHold Oy	2749630-9	Finland	Kuopio	
Ropo Capital Oy	2495037-7	Finland	Kuopio	100,00
Ropo Invest Oy	2495192-7	Finland	Kuopio	100,00
Ropo Finance Oy	2525979-9	Finland	Kuopio	100,00
Trust Kapital Baltics Oü	12614121	Estonia	Tallinn	100,00

## Proposal by the Board of Directors for distribution of profits and proposal for any distribution of other unrestricted equity

The distributable equity in the financial statements was EUR 5,679,655.99 and the profit for the financial year was EUR 3,206,703.48. The Board of Directors proposes that Series B shares be paid a dividend of 3.5 cents/share, amounting to a total of EUR 68,250 and that the profit for the financial year will be transferred to retained earnings.

## Signatures

### Signatures to the Management Report and Financial Statements

In Kuopio 21.2.2019

\_\_\_\_\_  
Pentti Tuunala

Chair of the Board

\_\_\_\_\_  
Mikko Isotalo

Member of the Board

\_\_\_\_\_  
Petri Tukiainen

Member of the Board

\_\_\_\_\_  
Johan Wentzel

Member of the Board

\_\_\_\_\_  
Mika Ruukonen

Member of the Board

\_\_\_\_\_  
Artti Aurasmaa

CEO

### Auditor's note

An auditor's report based on the audit performed has been issued today.

In Kuopio 21.2.2019

Ernst & Young Oy

Authorized Public Accountant Firm

\_\_\_\_\_  
Elina Laitinen

Authorized Public Accountant



## Auditor's report