UNIT4 A/S Denmark

Robert Jacobsens Vej 72B, st.
2300 København S

CVR 26570344

Annual Report 2016

Approved at the annual general meeting of shareholders on 30.06.2017

Chairman:

Karl David Jeremias Jansson

Index

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and adopted the annual report for Unit4 A/S for the financial year 1 January 2016 – 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for the financial year 1 January 2016 – 31 December 2016 in accordance with the Danish Financial Statements Act.

We recommend that the annual report for approval on the Annual General Meeting.

Copenhagen, 30.06.2017

Executive Board

William Millard

Board of Directors

Karl David Jeremias Jansson
Chairman

William Jackson Blench

Jeroen Bruins Slot

Independent auditor's report

To the shareholders of Unit4 A/S

Opinion

We have audited the financial statements of Unit4 A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 June 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised
Public Accountant

COMPANY DETAILS

Principal activities of the Company

Unit4 A/S sell, implement, develop and support complete and fully integrated business solutions (ERP). In Denmark focus is on solutions within medium and large businesses in need of economic and project management help.

The Company

Unit4 A/S
Robert Jacobsens Vej 72 B, st.
2300 København S
Telephone: +45 45 26 35 00
CVR No. 26 57 04 33

Board

Karl David Jeremias Jansson
William Jackson Blench
Jeroen Bruins Slot

Management

William Millard

Parent Company

UNIT 4 Nordics Holding AB
c/o UNIT 4 AB
PO Box 705
169 27 Solna
Sweden

Ultimate Parent Company

AI Avocado Holding B.V.
Stationspark 1000
3364 DA Sliedrecht
Netherland

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
Postboks 250
2000 Frederiksberg

INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2016

Note		2016	2015
	Gross profit	**17.741.407**	**10.335.910**
1	Employee cost	-13.888.676	-11.327.307
	Depreciation, fixed assets	-1.076.376	-988.406
	Operating result before interest and tax (EBIT)	**2.776.356**	**-1.979.803**
	Financial income	6.245	344.327
2	Financial expenses	-405.562	-460.324
	Profit before tax	**2.377.040**	**-2.095.799**
	Tax on profit for the year	-243.341	519.866
	Net profit/loss for the year	**2.133.699**	**-1.575.935**
	Which the Supervisory Board proposes be distributed as follows:		
	Retained earnings	2.133.699	-1.575.935
	Total amount at disposal	2.133.699	-1.575.935

BALANCE SHEET AT 31 DECEMBER 2016

Note		2016	2015
	Assets		
	Non-current assets		
	Intangible assets		
	Development expenditure under construction	-	749.682
	Development expenditure	3.306.223	2.105.783
3	**Intangible assets, total**	**3.306.223**	**2.855.465**
	Property, plant and equipment		
	Equipment	264.085	75.553
4	**Property, plant and equipment total**	**264.085**	**75.553**
	Financial assets		
5	Deposits	140.895	142.160
	Financial assets, total	**140.895**	**142.160**
	Total non-current assets	**3.570.308**	**2.931.019**
	Current assets		
	Receivables		
	Trade receivables	4.752.459	2.817.715
	Trade receivables, Intercompany	1.655.333	202.901
	Other receivables	7.058	309.999
	Deferred tax asset	849.993	1.093.332
	Prepayments and accrued income	187.437	59.701
	Receivables, total	**7.452.281**	**4.483.648**
	Cash at hand and in bank	2.032.488	1.437.691
	Total current assets	**9.484.769**	**5.921.339**
	Total assets	**13.195.972**	**8.994.517**

BALANCE SHEET AT 31 DECEMBER 2016

Note		2016	2015
	Equity and liabilities		
	Equity		
6	Share capital	520.000	520.000
	Reserve for development expenditure	1.309.023	-
	Retained earnings	2.166.676	1.342.000
	Equity, total	**3.995.699**	**1.862.000**
	Liabilities other than provisions		
	Accounts payable	294.143	345.643
	Accounts payable, Intercompany	5.070.134	2.430.237
	Deferred income	565.839	-
	Other liabilities	3.270.157	4.356.637
	Current liabilities	**9.200.273**	**7.132.517**
	Liabilities other than provisions, total	**9.200.273**	**7.132.517**
	Total equity and liabilties	**13.195.972**	**8.994.517**

7 Contingent liabilities and other financial obligations

8 Commitments and contingencies not disclosed in the statement of financial position

9 Related parties

STATEMENT OF CHANGES IN THE EQUITY

DKK	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January	**520.000**	-	**1.342.000**	**1.862.000**
Profit/loss for the year	-	-	2.133.699	2.133.699
Reserve for development expenditure	-	1.309.023	-1.309.023	-
Equity at 31 December	**520.000**	**1.309.023**	**2.166.676**	**3.995.699**

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015

1 Employee cost

Employee costs are specified as follows:

	2016	2015
Salaries	12.679.242	10.410.626
Pension costs	826.752	605.444
Other social security	300.600	302.289
Other employee costs	82.082	8.948
	13.888.676	**11.327.307**

Average number of employees

	2016	2015
Average number of employees	16	10

2 Financial expenses

	2016	2015
Interest expenses, intercompany	374.296	54.083
Other interest expenses, exchange rate gain/loss and similar	31.266	406.242
	405.562	**460.324**

NOTES TO THE FINANCIAL STATEMENTS

3 Intangible assets

	2016 Internally developed software	2016 Internally developed software under construction	2016 Total
Cost price			
Carrying amount at 1 January	4.537.711	749.682	5.287.393
Additions during the year	2.159.761	-	2.159.761
Disposals during the year	-	-	-
Other movements	-	-749.682	-749.682
Cost price at 31 December	**6.697.472**	-	**6.697.472**
Amortisation			
Carrying amount at 1 January	2.431.928	-	2.431.928
Amortisation during the year	959.320	-	959.320
Accumulated amortisation at 31 December	**3.391.248**	-	**3.391.248**
Net book value at 31 December	**3.306.223**	-	**3.306.223**

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	2016	2016
	Equipment	Total
Cost price		
Carrying amount at 1 January	422.527	422.527
Additions during the year	305.587	305.587
Disposals during the year	-91.305	-91.305
Other movements	-	-
Cost price at 31 December	**636.809**	**636.809**
Depreciation		
Carrying amount at 1 January	346.974	346.974
Depreciation during the year	90.296	90.296
Depreciation on disposals	-64.546	-64.546
Accumulated depreciation at 31 December	**372.724**	**372.724**
Net book value at 31 December	**264.085**	**264.085**

5 Deposits

Cost price	**2016**
Balance at 1 January	140.160
Increase during the year	-
Decrease during the year	-1.265
Cost price at 31 December	**140.895**

NOTES TO THE FINANCIAL STATEMENTS

6 Share equity

The company's share capital has remained DKK 520.000 over the past 5 years.

7 Contingent liabilities and other financial obligations

No guarantees have been issued as per 31 December.

8 Commitments and contingencies not disclosed in the statement of financial position

	2016	2015
Rental obligations, office premises	394.795	460.742
Operational lease obligation		
- Lease obligation for a period of less than 1 year	70.218	70.218
- Lease obligation for the period longer than 1 year and less than 5 years	52.664	162.608
	122.882	232.826

NOTES TO THE FINANCIAL STATEMENTS

9 Related parties

Unit4 Nordics Holding AB	Main shareholder/parent company
	(100% ownership)
AI Avocado Holding B.V.	Ultimate parent company
	The consolidated financial statements of AI Avocado Holding B.V. are available at the Company's address.

ACCOUNTING POLICIES

General
The Annual Report of **UNIT4 A/S** for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only
Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment
2. Reserve for development costs

Re 1: In future, residual values of fixed assets are subject to annual reassessment. The Company has no significant residual values relating to fixed assets. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Re 2: An amount corresponding to development costs recognised are in future tied up in a special reserve under equity called "Reserve for development costs". The amount is tied up in a special reserve, which cannot be used to distribute dividend or cover losses. If the development costs recognised are sold or in some other way no longer form part of the Company's operations, the reserve will be dissolved or reduced by a transfer directly to distributable reserves under equity. If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be re-established. The reserve for development costs is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

None of the above changes affects the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The financial statements for 2016 are presented in DKK.

The accounting policies are:

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

ACCOUNTING POLICIES

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rate at the balance sheet date and the date when at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement at the date of delivery if the income can be measured reliably and is expected to be realised.
Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Employee costs

Employee costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

ACCOUNTING POLICIES

Tax on profit for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that related to the profit/loss for the year is recognised in the income statement, whereas the portion that related to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs are recognised in the income statements as costs in the year of acquisition.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Development expenditure	5 years

An impairment test is carried out on acquired intangible assets if there is any indication of impairment. The impairment test is made for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable amount) of the asset or the group of assets if lower than the carrying amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Equipment	3-5 years

Gains and losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

ACCOUNTING POLICIES

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk and changes in value.

Equity – dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Reserve for development expenditure

The reserve for development expenditure comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statements.

Liabilities

Other liabilities are measured at net realisable value.