



UNIT4 A/S

Rigensgade 11
1316 Copenhagen

CVR 26 57 04 33

Annual Report 2017

Approved at the annual general meeting of shareholders on 11 June 2018

Chairman:

DocuSigned by:

A handwritten signature in blue ink that reads 'Karl David Jeremias Jansson'.

Karl David Jeremias Jansson

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STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Unit4 A/S for the financial year 1 January - 31 December 2017.

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

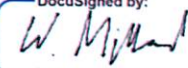
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

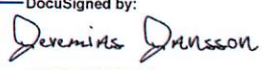
We recommend that the annual report be approved at the annual general meeting.

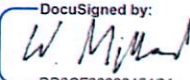
Copenhagen, 11 June 2018

Executive Board

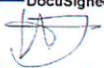
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Board of Directors

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Chairman

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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 2017, which comprise a summary of significant accounting policies income statement, balance sheet, statement of changes in equity and notes. 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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.

INDEPENDENT AUDITOR'S REPORT

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the 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, 11 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised
Public Accountant
MNE no.: mne26736



Jesper Bo Pedersen
State Authorised
Public Accountant
MNE no.: mne42778

COMPANY DETAILS

The Company

Unit4 A/S
Rigensgade 11
1316 Copenhagen
Telephone: +45 45 26 35 00
CVR No. 26 57 04 33

Board

Karl David Jeremias Jansson
William Millard
Jacques Andre Martin Bruins Slot

Management

William Millard

Auditors

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

INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2017

Note	2017	2016
Gross profit	21.077.583	17.741.407
2 Staff cost	-17.556.345	-13.888.676
Depreciation, fixed assets	-1.493.515	-1.076.376
Profit before net financials	2.027.723	2.776.356
Financial income	4.542	6.245
3 Financial expenses	-106.199	-405.562
Profit before tax	1.926.066	2.377.040
Tax for the year	-77.848	-243.341
Profit for the year	1.848.218	2.133.699
Recommended appropriation of profit:		
Retained earnings	1.848.218	2.133.699
	<u>1.848.218</u>	<u>2.133.699</u>

BALANCE SHEET AT 31 DECEMBER 2017

Note	2017	2016
Assets		
Non-current assets		
Intangible assets		
Internally developed software	<u>2.032.784</u>	<u>3.306.223</u>
4 Intangible assets, total	<u>2.032.784</u>	<u>3.306.223</u>
Property, plant and equipment		
Equipment	<u>393.703</u>	<u>264.085</u>
5 Property, plant and equipment total	<u>393.703</u>	<u>264.085</u>
Financial assets		
6 Deposits	<u>465.631</u>	<u>140.895</u>
Financial assets, total	<u>465.631</u>	<u>140.895</u>
Total non-current assets	<u>2.892.118</u>	<u>3.711.203</u>

Current assets		
Receivables		
Trade receivables	13.767.897	4.752.459
Trade receivables, Intercompany	602.414	1.655.333
Work in progress for third parties	94.185	0
Other receivables	17.048	7.058
Deferred tax asset	772.145	849.993
Prepayments and accrued income	176.996	187.437
	<hr/>	<hr/>
Receivables, total	15.430.685	7.452.281
	<hr/>	<hr/>
Cash at hand and in bank	250.986	2.032.488
	<hr/>	<hr/>
Total current assets	15.681.672	9.484.769
	<hr/>	<hr/>
Total assets	18.573.790	13.195.972
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET AT 31 DECEMBER 2017

Note	2017	2016
Equity and liabilities		
Equity		
7		
Share capital	520.000	520.000
Reserve for development expenditure	972.100	1.309.023
Retained earnings	4.351.817	2.166.676
	<u>5.843.917</u>	<u>3.995.699</u>
Equity, total		
	<u>5.843.917</u>	<u>3.995.699</u>
Liabilities other than provisions		
Accounts payable	610.198	294.143
Accounts payable, Intercompany	4.902.507	5.070.134
Prepayments on work in progress	943.617	0
Deferred income	348.621	565.839
Other liabilities	5.924.930	3.270.157
	<u>12.729.873</u>	<u>9.200.273</u>
Current liabilities		
	<u>12.729.873</u>	<u>9.200.273</u>
Liabilities other than provisions, total		
	<u>12.729.873</u>	<u>9.200.273</u>
Total equity and liabilities		
	<u>18.573.790</u>	<u>13.195.972</u>
1	Principal activities of the Company	
8	Contingent liabilities and other financial obligations	
9	Commitments and contingencies not disclosed in the statement of financial position	
10	Related parties	

STATEMENT OF CHANGES IN THE EQUITY

DKK	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2017	520.000	1.309.023	2.166.676	3.995.699
Profit for the year	-	0	1.848.218	1.848.218
Reserve for development expenditure	-	-336.923	336.923	0
Equity at 31 December 2017	<u>520.000</u>	<u>972.100</u>	<u>4.351.817</u>	<u>5.843.917</u>

NOTES TO THE FINANCIAL STATEMENTS

1 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.

2 Staff cost

	2017	2016
Staff costs are specified as follows:		
Salaries	15.877.942	12.679.242
Pension costs	1.013.803	826.752
Other social security	317.272	300.600
Other employee costs	347.328	82.082
	<u>17.556.345</u>	<u>13.888.676</u>
Average number of employees	19	16

3 Financial expenses

Interest expenses, intercompany	61.133	374.296
Other interest expenses, exchange rate gain/loss and similar	45.066	31.266
	<u>106.199</u>	<u>405.562</u>

4 Intangible assets	Internally developed software
Cost price	
Carrying amount at 1 January 2017	6.697.472
Additions during the year	81.838
Disposals during the year	0
Cost price at 31 December 2017	6.779.310
Amortisation	
Carrying amount at 1 January 2017	3.391.248
Amortisation during the year	1.355.278
Accumulated amortisation at 31 December 2017	4.746.526
Net book value at 31 December 2017	2.032.784

5 Property, plant and equipment

	Equipment
Cost price	
Carrying amount at 1 January 2017	636.809
Additions during the year	269.307
Disposals during the year	-26.800
Cost price at 31 December 2017	879.316
Depreciation	
Carrying amount at 1 January 2017	372.724
Depreciation during the year	138.237
Disposals	-25.348
Accumulated depreciation at 31 December 2017	485.613
Net book value at 31 December 2017	393.703

6 Deposits

Cost price	
Balance at 1 January 2017	140.895
Additions	465.631
Disposals	-140.895
Cost price at 31 December 2017	465.631

7 Share equity

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

8 Contingent liabilities and other financial obligations

No guarantees have been issued as per 31 December.

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

	2017	2016
Rental obligations, office premises	4.502.859	394.795

10 Related parties

Controlling interest:	Basis
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 2017 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.

The accounting policies applied by the Company are consistent with those of last year.

The financial statements for 2017 are presented in DKK.

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.

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 the Company's services and products is recognised in the income statement provided that delivery and transfer of risk have taken place before year end.

Contract work in progress is recognised as the services are provided. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). This method is used when total income and expenses relating to the consultancy contract and the stage of completion at the balance sheet date can be reliably measured, and when it is probable that future economic benefits, including payments, will flow to the Company.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Other operating income', 'Cost of sales' and 'Other external expenses' are consolidated into one item designated 'Gross profit'.

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.

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.

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:

Internal developed software	5 years
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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
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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.

Impairment of non-current assets

The carrying amount of plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

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.

Work in progress for third parties

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is determined as the share of the expenses incurred relative to the expected expenses for the contract. When it is probable that the total project costs will exceed total income from a contract, the expected loss is recognised in the income statement.

When the selling price cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Progress billing and invoicing in advance are deducted from the selling price. The individual contracts are classified as receivables when the net value is positive and as a liability when the net value is negative.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

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.