



UNIT4 A/S


Rigensgade 11
1316 Copenhagen

CVR 26 57 04 33

Annual Report 2019

Approved at the annual general meeting of shareholders on 19 June 2020

Chairman:

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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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

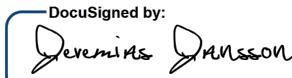
We recommend that the annual report be approved at the annual general meeting.

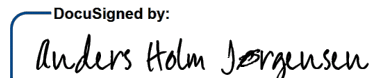
Copenhagen, 19 June 2020

Executive Board

Anders Holm Jørgensen

Board of Directors

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Karl David Jeremias Jansson

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Anders Holm Jørgensen

Chairman

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Jacques Andre Martin 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 2019, which comprise 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised
Public Accountant
mne26736

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
Anders Holm Jørgensen
Jacques Andre Martin Bruins Slot

Management

Anders Holm Jørgensen

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
Postboks 250
2000 Frederiksberg

MANAGEMENT'S REVIEW 2019

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.

Development in activities and financial matters

The year has been in line with the expected positive development of the company.

Outlook

We expect a positive result in 2020 financial year like that of 2019. Currently, we do not expect changes in the outlook due to Covid-19.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred after the balance sheet date.

INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2019

Note	2019	2018
Gross profit	22.407.484	24.548.224
1 Staff cost	-17.156.933	-19.491.704
Depreciation, fixed assets	-647.870	-968.802
Profit before net financials	4.602.681	4.087.718
2 Financial income	305.156	56.840
2 Financial expenses	-206.569	-141.830
Profit before tax	4.701.268	4.002.728
Tax for the year	-1.039.096	-471.210
Profit for the year	3.662.173	3.531.518
Recommended appropriation of profit:		
Proposed dividend recognized under equity	11.871.839	0
Retained earnings	-8.209.666	3.531.518
	<u>3.662.173</u>	<u>3.531.518</u>

BALANCE SHEET AT 31 DECEMBER 2019

Note		2019	2018
	Assets		
	Non-current assets		
	Intangible assets		
3	Internally developed software	827.908	1.272.979
	Intangible assets, total	827.908	1.272.979
	Property, plant and equipment		
4	Equipment	323.952	434.784
	Property, plant and equipment total	323.952	434.784
	Financial assets		
5	Deposits	473.744	465.631
	Financial assets, total	473.744	465.631
	Total non-current assets	1.625.604	2.173.394
	Current assets		
	Receivables		
	Trade receivables	6.457.129	11.637.616
	Trade receivables, Intercompany	6.617.486	2.265.524
	Other receivables	49.938	151.573
	Deferred tax asset	32.633	300.086
	Receivables, total	13.157.186	14.354.799
	Cash at hand and in bank	15.112.332	6.892.282
	Total current assets	28.269.518	21.247.081
	Total assets	29.895.122	23.420.475

BALANCE SHEET AT 31 DECEMBER 2019

Note	2019	2018	
Equity and liabilities			
Equity			
6	Share capital	520.000	520.000
	Reserve for development expenditure	645.768	972.100
	Retained earnings	0	7.883.335
	Dividends	11.871.839	0
	Equity, total	13.037.607	9.375.435
Long-term liabilities			
	Long-term liabilities	534.481	0
Liabilities other than provisions			
	Accounts payable	931.554	454.630
	Accounts payable, Intercompany	8.542.667	1.250.859
	Prepayments on work in progress	300.430	1.189.141
	Company tax payable	771.644	0
	Deferred income	906.828	3.180.095
	Other liabilities	4.869.912	7.970.315
	Current liabilities	16.323.035	14.045.040
	Liabilities other than provisions, total	16.857.516	14.045.040
	Total equity and liabilities	29.895.122	23.420.475

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	Dividends	Total
Equity at 1 January 2019	520.000	822.547	8.032.887	0	9.375.435
Reserve for development expenditure	-	-176.779	176.779		-
Transfer through appropriation of profit	-	-	-8.209.666	11.871.839	3.662.173
Equity at 31 December 2019	520.000	645.768	0	11.871.839	13.037.607

NOTES TO THE FINANCIAL STATEMENTS

	2019	2018
1 Staff cost		
Staff costs are specified as follows:		
Salaries	15.801.054	18.128.038
Pension costs	1.109.511	1.158.054
Other social security	176.596	152.743
Other employee costs	69.772	52.869
	<u>17.156.933</u>	<u>19.491.704</u>
Average number of employees	18	21
2 Financial income and expenses		
Interest gains, intercompany	643	0
Other interest gains, exchange rate gains	304.513	56.840
Total interest gains	<u>305.156</u>	<u>56.840</u>
Interest expenses, intercompany	0	126.320
Other interest expenses, exchange rate gains/loss and similar	206.569	15.510
Total interest expenses	<u>206.569</u>	<u>141.830</u>

3 Intangible assets

Internally
developed
software

Cost price

Carrying amount at 1 January 2019	6.779.310
Additions during the year	0
Disposals during the year	0
Cost price at 31 December 2019	6.779.310

Amortisation

Carrying amount at 1 January 2019	5.506.331
Amortisation during the year	445.071
Accumulated amortisation at 31 December 2019	5.951.402
Net book value at 31 December 2019	827.908

Completed development projects includes development of IT programs that is being used by the intercompany entities.

The recognized development project primarily consists of internal expenses in the form of payroll costs.

Management has not identified any indications of impairment in relation to the carrying amount.

4 Property, plant and equipment

	Equipment
Cost price	
Carrying amount at 1 January 2019	1.129.395
Additions during the year	91.967
Disposals during the year	0
Cost price at 31 December 2019	<u>1.221.362</u>
Depreciation	
Carrying amount at 1 January 2019	694.009
Depreciation during the year	203.401
Disposals	0
Accumulated depreciation at 31 December 2019	<u>896.808</u>
Net book value at 31 December 2019	<u><u>323.952</u></u>

5 Deposits

Cost price	
Balance at 1 January 2019	465.631
Additions	8.113
Disposals	0
Cost price at 31 December 2019	<u>473.744</u>

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

	2019	2018
Rental obligations, office premises	2.745.171	3.642.648

9 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 2019 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 2019 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.