

## **Unity IPR ApS**

Løvstræde 5

1152 Copenhagen K

Central Business Registration

No 30719883

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 04.07.2018

DocuSigned by:  
*Michael Foley*

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**Name:** Michael David Foley

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## Entity details

### Entity

Unity IPR ApS

Løvstræde 5

1152 Copenhagen K

Central Business Registration No (CVR): 30719883

Founded: 30.06.2007

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

E-mail: ingo@unity3d.com

### Executive Board

Michael David Foley

Anders Peter Kierbye Johansen

### Auditors

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 Copenhagen

## Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Unity IPR ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and parent company's assets, liabilities and financial position at 31.12.2017 and of the results of the Group's and parent company's operations and consolidated cash flows for financial year 01.01.2017 - 31.12.2017.

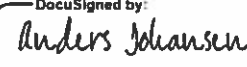
Management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 04.07.2018

### Executive Board

DocuSigned by:  
  
Michael David Foley

DocuSigned by:  
  
Anders Peter Kierbye Johansen

## Independent auditor's report

### To the shareholder of Unity IPR ApS

#### Opinion

We have audited the consolidated financial statements and the Parent Company financial statements of Unity IPR ApS for the financial year 01.01.2017 - 31.12.2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Opinion on the consolidated and Parent Company financial statements for 2017

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31.12.2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the 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 consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 the addi-

## Independent auditor's report

tional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

## Independent auditor's report

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management's commentary.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the management's commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the management's commentary and, in doing so, consider whether the management's commentary is materially inconsistent with the consolidated financial statements or the parent company 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent company financial statements has been prepared in accordance with the requirements of the Danish Financial Statements Act.

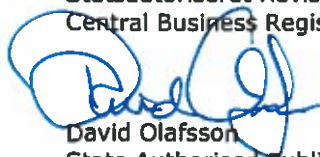
In 2016 management discovered that the consolidated financial statements for 2015 included a material error regarding recognition of balances with certain group entities. The total effect hereof, DKK 39.5 Million was adjusted in the consolidated income statement for 2015. We have not been presented with documentation that the entire effect of the identified errors is related to the consolidated income statement for 2015 or whether a portion thereof should be adjusted in previous years. Consequently, we point out that the Group financial highlights and ratios for the years 2013-2015 may be misstated as a consequence hereof.

We did not identify any material misstatement of the management's commentary.

Copenhagen, 04.07.2018

### KPMG

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 25578198



David Olafsson  
State Authorised Public Accountant  
Identification No (MNE) mne19737



Kenn Wolff Hansen  
State Authorised Public Accountant  
Identification No (MNE) mne30154

## Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
<b>Group financial highlights</b>					
<b>Key figures</b>					
Revenue	1.111.114	738.025	681.450	443.643	324.354
Gross profit/loss	(225.609)	(55.450)	86.551	201.160	109.499
Operating profit/loss	(601.892)	(327.828)	(85.996)	99.263	31.567
Net financials	(17.908)	3.967	(19.276)	55.040	(6.549)
Profit/loss for the year	(618.792)	(346.618)	(80.556)	117.021	18.882
Total assets	750.499	653.212	452.789	586.000	400.000
Investments in property, plant and equipment	51.651	57.599	8.046	2.627	2.546
Equity	(3.419)	256.057	75.966	155.058	37.832
Cash flows from (used in) operating activities	(138.422)	(374.813)	29.093	13.323	(31.566)
Cash flows from (used in) investing activities	(210.829)	(64.763)	(20.204)	(2.627)	116
Cash flows from (used in) financing activities	361.676	527.674	0	0	0
Average numbers of employees	579	427	286	177	149

### Ratios

Return on equity (%)	(489,9)	(208,9)	(69,8)	121,3	67,7
Equity ratio (%)	(0,5)	39,2	16,8	26,5	9,5

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

Unity IPR ApS is an international software technology Group that builds, markets and sells software tools primarily to video game development companies and individual game developers. Unity builds and sells game engine software, also called the Unity Editor, which greatly simplifies the process of building mobile game apps as well as console and computer based games. The Unity Editor is sold by both an offline sales team, and through the Entity's Online Store at [unity3d.com](http://unity3d.com).

### Development in activities and finances

The Group has realised a loss of DKK 618,792 thousand. The loss for the year has increased compared to last year, but is in line with the revised expectations for 2017. Revenues have continued to grow substantially, although the profitability of the year is negatively affected by a substantial increase in the Group's external costs. The increase in external costs is driven by a strengthened focus on the Group's R&D activities from the continued development and investment in the Unity product.

On 27 November 2017 the Danish subsidiary Unity Technologies ApS acquired 100% of the issued share capital of Multiplay (UK) Ltd. Multiplay is a specialist game server hosting business, the acquisition presents valuable strategic synergies with Unity and brings strong technical knowledge into the group.

### Capital resources

On 6 October 2017 the shareholder made a capital increase by nominally DKK 1,000 at a price per share of 19,018,500 corresponding to a capital increase of 190,185,000. On 15 November 2017 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 17,149,050 corresponding to a capital increase of 171,490,500. On 25 January 2018 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 2,262,197.00 corresponding to a capital increase of DKK 22,621,970 and on 31 May 2018 the Entity made another capital increase by nominally DKK 1,000 at a price per share of 16,090,586.90 corresponding to a capital increase of DKK 160,905,869.

Moreover, in connection with issuing the financial statements a letter of comfort has been received from Unity Software Inc. (ultimate Parent Company) dated 15 June 2018. Unity Software Inc. has announced its intention to support Unity IPR ApS financially in all respects, so Unity IPR ApS will be able to settle its obligations as they are due. The letter of comfort is valid in the period up to 30 June 2019.

### Uncertainty relating to recognition and measurement

No deferred tax asset has been recognized in the financial statements, due to uncertainty regarding the timeline for future usage. The Group will assess whether to recognize the tax asset in the coming periods.

There are no other financial matters where estimates have or will affect the Group's result or balance sheet significantly.

### Unusual circumstances affecting recognition and measurement

During the financial year the Group's operation has not been affected by other matters.

## Management commentary

### Interest rate and currency risks

The Group's currency risk relates primarily sales revenues and costs. Sales are transacted in USD, whereas costs in local currency, which gives rise to a currency risk in case of fluctuations in the USD exchange rate. The Group has no interest rate or other currency risks except for the common interest and currency movements of the significant rates used for the Group's commercial transactions.

### Outlook

For the next year, the Group expects to continue its investment plan. Therefore the Group expects to be loss making in 2018.

### Intellectual capital resources

The Group is committing considerable resources on maintaining and developing competencies, including continuously updated knowledge of internal and external matters and quality assurance.

### Environmental performance

As the Group is a software based business its primary environmental policy concerns the work environment. The Group's health and safety policies are fully compliant with the local laws and regulations.

The Group is investing in education of its Health and Safety committee to ensure is compliant with the current development in work environment community and local laws.

### Research and development activities

In 2017, the Group incurred significant research and development costs relating to the Group's core product. Investments in R&D will ensure that the Group can maintain and improve its market position in the coming years.

### Statutory report on corporate social responsibility

At the current stage, the Group has not implemented any formal policies to CSR, impacts on climate change, human rights and environment.

### Statutory report on the underrepresented gender

The Group is working to increase the number of female managers in the Group. The status is now that none of the members of the Executive Board in the Group are women, middle management is represented by 19 female managers of 95 managers in total, which represents 19% of total employees in middle management. We continue our strong commitment to increasing female representation in our management levels. This is enforced through our actions targeting the recruitment process in the group to ensure that female candidates are applying for such positions.

The Group has a target to hire one female as a member of the Executive Board before the end of 2021. Eventhough, we operate in a male dominated industry. We will maintain high focus on meeting our target for the composition of the Executive Board.

## Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	2	1.111.114	738.025
Variable costs		(182.910)	(162.721)
Other external expenses	3	(1.153.813)	(630.754)
<b>Gross profit/loss</b>		<b>(225.609)</b>	<b>(55.450)</b>
Staff costs	4	(344.347)	(263.754)
Depreciation, amortisation and impairment losses	5	(25.320)	(8.624)
Other operating costs		(6.616)	0
<b>Operating profit/loss</b>		<b>(601.892)</b>	<b>(327.828)</b>
Other financial income	6	6.470	8.172
Other financial expenses	7	(24.378)	(4.205)
<b>Profit/loss before tax</b>		<b>(619.800)</b>	<b>(323.861)</b>
Tax on profit/loss for the year	8	1.008	(22.757)
<b>Profit/loss for the year</b>	9	<b>(618.792)</b>	<b>(346.618)</b>

## Consolidated balance sheet at 31.12.2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Acquired intangible assets		45.544	0
Goodwill		125.715	9.634
<b>Intangible assets</b>	<b>10</b>	<b>171.259</b>	<b>9.634</b>
Other fixtures and fittings, tools and equipment		74.451	57.136
<b>Property, plant and equipment</b>	<b>11</b>	<b>74.451</b>	<b>57.136</b>
Deposits		11.807	12.531
<b>Fixed asset investments</b>	<b>12</b>	<b>11.807</b>	<b>12.531</b>
<b>Fixed assets</b>		<b>257.517</b>	<b>79.301</b>
Trade receivables		225.014	109.459
Receivables from group enterprises		205	212.202
Other receivables		5.317	4.847
Income tax receivable		0	1.657
Prepayments	<b>13</b>	17.160	12.885
<b>Receivables</b>		<b>247.696</b>	<b>341.050</b>
Cash		245.286	232.861
<b>Current assets</b>		<b>492.982</b>	<b>573.911</b>
<b>Assets</b>		<b>750.499</b>	<b>653.212</b>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		142	140
Retained earnings		(3.561)	255.917
<b>Equity</b>		<b>(3.419)</b>	<b>256.057</b>
Trade payables		40.205	44.699
Payables to group enterprises		327.065	111.117
Income tax payable		2.070	0
Other payables		91.351	72.992
Deferred income		293.227	168.347
<b>Current liabilities other than provisions</b>		<b>753.918</b>	<b>397.155</b>
<b>Liabilities other than provisions</b>		<b>753.918</b>	<b>397.155</b>
<b>Equity and liabilities</b>		<b>750.499</b>	<b>653.212</b>
Events after the balance sheet date	1		
Deferred tax	14		
Contingent liabilities	16		
Transactions with related parties	17		
Group relations	18		

## Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	140	0	255.917	256.057
Increase of capital	2	361.674	0	361.676
Exchange rate adjustments	0	0	(2.360)	(2.360)
Transfer to reserves	0	(361.674)	361.674	0
Profit/loss for the year	0	0	(618.792)	(618.792)
<b>Equity end of year</b>	<b>142</b>	<b>0</b>	<b>(3.561)</b>	<b>(3.419)</b>

On 25 January 2018 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 2,262,197.00 corresponding to a capital increase of DKK 22,621,970 and on 31 May 2018 the shareholder made another capital increase by nominally DKK 1,000 at a price per share of 16,090,586.90 corresponding to a capital increase of DKK 160,905,869.

Moreover, in connection with issuing the financial statements a letter of comfort has been received from Unity Software Inc. (ultimate Parent Company) dated 15 June 2018. Unity Software Inc. has announced its intention to support Unity IPR ApS financially in all respects, so Unity IPR ApS will be able to settle its obligations as they are due. The letter of comfort is valid in the period up to 30 June 2019.

### Adjustments to contributed capital:

	2017 DKK'000
Contributed capital 1st January 2012	140
Increase of capital, cash in 2017	2
	<b>142</b>

The contributed capital is not divided into classes. During the year, new shares has been subscribed for, each share with a nominal value of DKK 1,000.

## Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		(601.892)	(327.828)
Amortisation, depreciation and impairment losses		25.320	8.624
Other operating costs		6.616	0
Working capital changes	15	448.788	(65.197)
<b>Cash flow from ordinary operating activities</b>		<b>(121.168)</b>	<b>(384.401)</b>
Financial income received		6.470	8.399
Financial income paid		(24.378)	(2.821)
Income taxes refunded		6.171	4.010
Income taxes paid		(5.517)	0
<b>Cash flows from operating activities</b>		<b>(138.422)</b>	<b>(374.813)</b>
Acquisition etc of intangible assets		(159.902)	(1.864)
Acquisition etc of property, plant and equipment		(51.651)	(57.599)
Increase/decrease in deposits		724	(5.300)
<b>Cash flows from investing activities</b>		<b>(210.829)</b>	<b>(64.763)</b>
Cash increase of capital		361.676	527.674
<b>Cash flows from financing activities</b>		<b>361.676</b>	<b>527.674</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>12.425</b>	<b>88.098</b>
Cash and cash equivalents beginning of year		232.861	144.763
<b>Cash and cash equivalents end of year</b>		<b>245.286</b>	<b>232.861</b>

## Notes to consolidated financial statements

### 1. Events after the balance sheet date

On 25 January 2018 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 2,262,197.00 corresponding to a capital increase of DKK 22,621,970 and on 31 May 2018 the shareholder made another capital increase by nominally DKK 1,000 at a price per share of 16,090,586.90 corresponding to a capital increase of DKK 160,905,869.

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>2. Revenue</b>		
<b>Revenue by geographical market</b>		
Denmark	3.098	1.123
Other countries	1.108.016	736.902
	<b>1.111.114</b>	<b>738.025</b>
<b>Revenue by activity</b>		
Contract sales	202.364	273.013
Products and websales	903.592	465.012
Other revenue	5.158	0
	<b>1.111.114</b>	<b>738.025</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>3. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	1.530	1.115
Other services	300	100
	<b>1.830</b>	<b>1.215</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>4. Staff costs</b>		
Wages and salaries	307.864	237.553
Pension costs	20.619	12.330
Other social security costs	15.864	13.871
	<b>344.347</b>	<b>263.754</b>
<b>Average number of employees</b>	<b>579</b>	<b>427</b>



## Notes to consolidated financial statements

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Executive Board	5.046	4.422
	<b>5.046</b>	<b>4.422</b>

### Special incentive programmes

Management is part of a Global Stock Option plan managed out of Unity Software Inc, (ultimate Parent Company of the Unity Group).

	2017 DKK'000	2016 DKK'000
<b>5. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	4.088	1.102
Depreciation of property, plant and equipment	21.232	7.522
	<b>25.320</b>	<b>8.624</b>

### 6. Other financial income

	2017 DKK'000	2016 DKK'000
Exchange rate adjustments	971	8.096
Other financial income	5.499	76
	<b>6.470</b>	<b>8.172</b>

### 7. Other financial expenses

	2017 DKK'000	2016 DKK'000
Financial expenses to group enterprises	1.461	2.292
Exchange rate adjustments	17.269	1.384
Other financial expenses	5.648	529
	<b>24.378</b>	<b>4.205</b>

### 8. Tax on profit/loss for the year

	2017 DKK'000	2016 DKK'000
Current tax	2.070	2.544
Income from special tax incentive programme	(5.500)	0
Adjustment concerning previous years, current tax	2.422	0
Change in deferred tax	0	20.213
	<b>(1.008)</b>	<b>22.757</b>

## Notes to consolidated financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>9. Proposed distribution of profit/loss</b>		
Retained earnings	(618.792)	(346.618)
	<b>(618.792)</b>	<b>(346.618)</b>
<b>10. Intangible assets</b>	<b>Acquired intangible assets DKK'000</b>	<b>Goodwill DKK'000</b>
Cost beginning of year	0	18.570
Exchange rate adjustments	0	(520)
Additions	41.614	118.288
Transferred from property, plant and equipment	8.392	0
<b>Cost end of year</b>	<b>50.006</b>	<b>136.338</b>
Amortisation and impairment losses beginning of year	0	(8.936)
Exchange rate adjustments	0	398
Amortisation for the year	(2.003)	(2.085)
Transferred from property, plant and equipment	(2.459)	0
<b>Amortisation and impairment losses end of year</b>	<b>(4.462)</b>	<b>(10.623)</b>
<b>Carrying amount end of year</b>	<b>45.544</b>	<b>125.715</b>
<b>11. Property, plant and equipment</b>		<b>Other fixtures and fittings, tools and equipment DKK'000</b>
Cost beginning of year		67.048
Exchange rate adjustments		(768)
Additions		51.651
Disposals		(7.318)
Transferred to intangible assets		(8.392)
<b>Cost end of year</b>		<b>102.221</b>
Depreciation and impairment losses beginning of year		(9.912)
Exchange rate adjustments		213
Depreciation for the year		(21.232)
Reversal regarding disposals		702
Transferred to intangible assets		2.459
<b>Depreciation and impairment losses end of year</b>		<b>(27.770)</b>
<b>Carrying amount end of year</b>		<b>74.451</b>

## Notes to consolidated financial statements

	<b>Deposits DKK'000</b>
<b>12. Fixed asset investments</b>	
Cost beginning of year	12.531
Disposals	(724)
<b>Cost end of year</b>	<b>11.807</b>
<b>Carrying amount end of year</b>	<b>11.807</b>

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>13. Prepayments</b>		
Software licenses	12.898	8.240
Rent	1.336	1.151
Other	2.926	3.494
	<b>17.160</b>	<b>12.885</b>

### 14. Deferred tax

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Deferred tax beginning of year	94.569	19.976
Change in deferred tax	123.712	74.593
Deferred tax before write down	218.281	94.569
Write down	(218.281)	(94.569)
<b>Deferred tax end of year</b>	<b>0</b>	<b>0</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Intangible assets	354	(141)
Property, plant and equipment	5.272	127
Tax loss carry forwards	212.655	94.583
Deferred tax before write down	218.281	94.569
Write down	(218.281)	(94.569)
	<b>0</b>	<b>0</b>

## Notes to consolidated financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>15. Change in working capital</b>		
Increase/decrease in receivables	91.697	(78.271)
Increase/decrease in trade payables etc	354.693	12.179
Other changes	2.398	895
	<b>448.788</b>	<b>(65.197)</b>

### 16. Contingent liabilities

The Group has concluded rental commitments of a total of DKK 83.968 thousand for the period of Interimnability until 30 September 2021. The Group has provided bank gaurantee for the rentals and the third parties payables amounts to DKK 2.532 thousand

### 17. Transactions with related parties

Arm's length principle has been applied to transactions with related parties.

### 18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Unity Software Inc, USA

Ultimate Parent Company Unity Software Inc. has at the date of this financial statement, not issued their financial statement for 2017

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Unity Technologies Singapore Pte. Ltd., Singapore

## Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Other external expenses		(2.179)	0
<b>Gross profit/loss</b>		<b>(2.179)</b>	<b>0</b>
Depreciation, amortisation and impairment losses	2	(693)	(693)
<b>Operating profit/loss</b>		<b>(2.872)</b>	<b>(693)</b>
Income from investments in group enterprises		(614.087)	(344.336)
Other financial income	3	464	0
Other financial expenses	4	(2.265)	(1.896)
<b>Profit/loss before tax</b>		<b>(618.760)</b>	<b>(346.925)</b>
Tax on profit/loss for the year	5	(32)	307
<b>Profit/loss for the year</b>	6	<b>(618.792)</b>	<b>(346.618)</b>

## Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Goodwill		5.078	5.771
<b>Intangible assets</b>	<b>7</b>	<b>5.078</b>	<b>5.771</b>
Investments in group enterprises		61.225	250.184
<b>Fixed asset investments</b>	<b>8</b>	<b>61.225</b>	<b>250.184</b>
<b>Fixed assets</b>		<b>66.303</b>	<b>255.955</b>
Receivables from group enterprises		83.114	0
<b>Receivables</b>		<b>83.114</b>	<b>0</b>
Cash		296	7.052
<b>Current assets</b>		<b>83.410</b>	<b>7.052</b>
<b>Assets</b>		<b>149.713</b>	<b>263.007</b>

## Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		142	140
Retained earnings		(3.561)	255.917
<b>Equity</b>		<b>(3.419)</b>	<b>256.057</b>
Trade payables		3	0
Payables to group enterprises		152.952	6.950
Other payables		177	0
<b>Current liabilities other than provisions</b>		<b>153.132</b>	<b>6.950</b>
<b>Liabilities other than provisions</b>		<b>153.132</b>	<b>6.950</b>
<b>Equity and liabilities</b>		<b>149.713</b>	<b>263.007</b>
Events after the balance sheet date	1		
Deferred tax	9		
Joint taxation	10		
Contingent liabilities	11		
Transactions with related parties	12		
Consolidation and ownership	13		

## Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	140	0	255.917	256.057
Increase of capital	2	361.674	0	361.676
Exchange rate adjustments	0	0	(2.360)	(2.360)
Transfer to reserves	0	(361.674)	361.674	0
Profit/loss for the year	0	0	(618.792)	(618.792)
<b>Equity end of year</b>	<b>142</b>	<b>0</b>	<b>(3.561)</b>	<b>(3.419)</b>

On 25 January 2018 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 2,262,197.00 corresponding to a capital increase of DKK 22,621,970 and on 31 May 2018 the shareholder made another capital increase by nominally DKK 1,000 at a price per share of 16,090,586.90 corresponding to a capital increase of DKK 160,905,869.

Moreover, in connection with issuing the financial statements a letter of comfort has been received from Unity Software Inc. (ultimate Parent Company) dated 15 June 2018. Unity Software Inc. has announced its intention to support Unity IPR ApS financially in all respects, so Unity IPR ApS will be able to settle its obligations as they are due. The letter of comfort is valid in the period up to 30 June 2019.

### Adjustments to contributed capital:

	2017 DKK'000
Contributed capital 1st January 2012	140
Increase of capital, cash in 2017	2
	<b>142</b>

The contributed capital is not divided into classes. During the year, new shares has been subscribed for, each share with a nominal value of DKK 1,000.



## Notes to parent financial statements

### 1. Events after the balance sheet date

On 25 January 2018 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 2,262,197.00 corresponding to a capital increase of DKK 22,621.970 and on 31 May 2018 the shareholder made another capital increase by nominally DKK 1,000 at a price per share of 16,090,586.90 corresponding to a capital increase of DKK 160,905,869.

### 2. Depreciation, amortisation and impairment losses

Amortisation of intangible assets

<b>2017</b>	<b>2016</b>
<b>DKK'000</b>	<b>DKK'000</b>
693	693
<b>693</b>	<b>693</b>

### 3. Other financial income

Financial income from group enterprises

Other financial income

<b>2017</b>	<b>2016</b>
<b>DKK'000</b>	<b>DKK'000</b>
457	0
7	0
<b>464</b>	<b>0</b>

### 4. Other financial expenses

Financial expenses to group enterprises

Exchange rate adjustments

Other financial expenses

<b>2017</b>	<b>2016</b>
<b>DKK'000</b>	<b>DKK'000</b>
457	0
1.808	1.384
0	512
<b>2.265</b>	<b>1.896</b>

### 5. Tax on profit/loss for the year

Adjustment concerning previous years

<b>2017</b>	<b>2016</b>
<b>DKK'000</b>	<b>DKK'000</b>
32	(307)
<b>32</b>	<b>(307)</b>

## Notes to parent financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Transferred to reserve for net revaluation according to the equity method	0	(62.856)
Retained earnings	(618.792)	(283.762)
	<b>(618.792)</b>	<b>(346.618)</b>
<b>7. Intangible assets</b>		<b>Goodwill</b> <b>DKK'000</b>
Cost beginning of year		6.926
<b>Cost end of year</b>		<b>6.926</b>
Amortisation and impairment losses beginning of year		(1.155)
Amortisation for the year		(693)
<b>Amortisation and impairment losses end of year</b>		<b>(1.848)</b>
<b>Carrying amount end of year</b>		<b>5.078</b>
<b>8. Fixed asset investments</b>		<b>Investments in group enterprises</b> <b>DKK'000</b>
Cost beginning of year		533.463
Additions		360.509
<b>Cost end of year</b>		<b>893.972</b>
Revaluations beginning of year		(283.279)
Exchange rate adjustments		(2.360)
Share of profit/loss for the year		(614.087)
<b>Revaluations end of year</b>		<b>(899.726)</b>
Investments with negative equity value recognised against receivables		66.979
<b>Carrying amount end of year</b>		<b>61.225</b>

## Notes to parent financial statements

	<u>Registered in</u>	<u>Equity inter- rest %</u>
Investments in group enterprises:		
Unity Technologies ApS	Denmark	100,0
Unity Software Limited	UK	100,0
Unity Technologies LT, UAB	Lithuania	100,0
Unity Technologies Canada Company	Canada	100,0
Unity Technologies SARL	France	100,0
Unity Technologies Sweden AB	Sweden	100,0
Unity Technologies S.A.S.	Colombia	100,0

### 9. Deferred tax

	<u>2017</u>	<u>2016</u>
	<u>DKK'000</u>	<u>DKK'000</u>
Deferred tax beginning of year	319	0
Change in deferred tax	1.027	319
Deferred tax before write down	1.346	319
Write down	(1.346)	(319)
Deferred tax end of year	<u>0</u>	<u>0</u>

	<u>2017</u>	<u>2016</u>
	<u>DKK'000</u>	<u>DKK'000</u>
Intangible assets	188	36
Tax loss carry forwards	1.158	283
Deferred tax before write down	1.346	319
Write down	(1.346)	(319)
	<u>0</u>	<u>0</u>

## Notes to parent financial statements

### 10. Joint taxation

The Parent Company participates in a Danish joint taxation arrangement in which the Parent company serves as the administration Parent company. The Entity is therefore proportionately liable for tax claims in the joint taxation arrangement.

The Entity is jointly proportional to any obligation to withhold tax on interest, royalties and dividends for the jointly taxed entities.

### 11. Contingent liabilities

The Parent Company has provided a joint and several guarantee regarding the subsidiaries Unity Technologies ApS' bank commitments. The guarantee is unlimited.

### 12. Transactions with related parties

Arm's length principle has been applied to transactions with related parties.

### 13. Consolidation and ownership

The following shareholder is registered in the Company's books as holding a minimum of 5% of the votes or at least 5% of the shareholder capital:

Unity Technologies Singapore Pte. Ltd., Singapore

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Unity Software Inc, USA.

Ultimate Parent Company Unity Software Inc. has at the date of this financial statement, not issued their financial statement for 2017.

## Accounting policies

### Reporting class

This annual report for Unity IPR ApS for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to the consolidated financial statements and parent financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Consolidated financial statements

The consolidated financial statements comprise the Parent company and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

### Basis of consolidation

The consolidated financial statements comprise Unity IPR ApS (Parent Company) and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

The consolidated financial statements are prepared on the basis of the financial statements of Unity IPR ApS and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intergroup income and expenses, intergroup accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

## Accounting policies

### Foreign currency translation

Translations in foreign currencies are translated at the exchange rates at the dates of transactions. Gains and losses due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. If the transactions are considered as hedging of future cash flows the exchange adjustments are recognised directly in equity.

Receivables, debts and other monetary items in foreign currencies that have not be settled on the balance sheet date are measured to the exchange rate at the balance sheet date. The difference between the rates at the balance sheet date and the rates ruling at the time when the receivable or debt have arised are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the exchange rate of the date of the transaction.

### Income statement

#### Revenue

Contract sales is recognized as the targets in the contract are met. Product and web sales are recognized when the services is delivered to the customer.

Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Variable costs

Variable costs comprise of expenses, including costs of foreign assistance, incurred to achieve the revenue for the year.

#### Other operating income/costs

Other operating income/costs comprises items secondary to the activities of the Group, including gains/losses on the disposal of intangible assets and porperty, plant and equipment.

#### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, development, lease payments under operating leases, etc.

#### Staff costs

Staff costs comprise salaries and wages as well as costs to social security and pension.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

## Accounting policies

### Income from investments in group enterprises

The item "Income from investments in group enterprises" in the income statement includes the proportionate share of the profit/loss after tax in the subsidiaries after full elimination of inter-group gains/losses and amortisation of goodwill.

### Other financial income/expenses

Financial income and expenses are recognised in the income statement with the amounts related to the financial year. Financial items comprise interest income and expenses, realised and unrealised gains and losses on payables and transactions in foreign currency, as well as additions and repayments under the on account taxation scheme, etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc. comprise goodwill and acquired intangible assets.

Goodwill are measured at cost with deduction of accrued depreciation. Goodwill is amortised over the estimated useful lives of the assets which are estimated based on Management's experience within the business area. Goodwill are depreciated on a straight line basis over the estimated financial useful life of 10.

Acquired intangible assets are measured at lower of cost less accumulated amortisation and recoverables amount. Software are amortised over the license period, and client agreements are amortised over the agreements period; however, not exceeding 3-5 years. Development projects are amortised over 3 years. The useful lives are based on an individual assessment of impact and usefulness of the development projects.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation, etc.

Cost comprises the cost of acquisition price, costs directly attributable to the acquisition and the preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 year
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Estimated useful lives and residual values are reassessed annually.

## Accounting policies

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

### Investments in group enterprises

Investments in group enterprises are recognised and measured under the equity method. The item "Investments in group enterprises" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company plus or minus unrealised intergroup gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Group enterprises with negative net asset values are valued at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

The total net revaluation of investments in group enterprises is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Net revaluation of equity investments in group enterprises is tied as a net revaluation reserve under equity according to the equity method to the extent the carrying amount exceeds cost. Dividends that are expected to be received before the balance sheet date are not tied to the reverse. The reverse can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates. The reverse cannot be recognised at a negative amount.

### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment and investment in group enterprises is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less deduction of writedown for bad and doubtful debts.



## Accounting policies

### Prepayments

Prepayments recognised as assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Deferred income

Deferred income recognized under liabilities comprises payments received in respect of income in subsequent years.

### Other financial liabilities

Other financial liabilities are recognised at amortised cost which usually corresponds to nominal value.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

## Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest bearing debt, and purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.