Unity IPR ApS

Niels Hemmingsens Gade 24, 1.
1053 Copenhagen K
CVR no. 30719883

Annual report 2020

The Annual General Meeting adopted the annual report on 25 June 2021

Luis Felipe Visoso Lomelin
Chairman of the General Meeting

Contents

Entity details

Entity

UNITY IPR APS
Niels Hemmingsens Gade 24, 1.
1153 Copenhagen K

CVR No.:30719883

Date of foundation: 30.06.2007
Registered office: Copenhagen
Financial year: 01.01.2020 - 31.12.2020

Executive Board

Luis Felipe Visoso Lomelin
Laura Jeffords Greenberg
Brett Arthur Bibby
Anders Peter Kierbye Johansen

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Statement by management

The Executive Board have today discussed and approved the annual report of Unity IPR ApS for the financial year 01.01.2020 - 31.12.2020.

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 company's financial position at 31.12.2020 and of the results of the company's operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the 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, 25 June 2021

Executive Board

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Luis Felipe Visoso Lomelin

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Laura Jeffords Greenberg

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Anders Peter Kierbye Johansen

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Brett Arthur Bibby

Independent auditor's report

To the shareholder of Unity IPR ApS

Opinion

We have audited the financial statements of UNITY IPR ApS for the financial year 1 January 2020 – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2020 and of the results of the Company's operations for the financial year 1 January 2020 – 31 December 2020 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.

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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in 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 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 commentary.

Copenhagen, 25 June 2021

EY Godkendt Revisionspartnerselskab
CVR No. 30700228

Alex Petersen
State Authorised Public Accountant
Identification No (MNE) mne28604

Management commentary

Primary activities

Unity IPR ApS is holding company for entities with activity within software technology. Unity 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 Online Store at unity3d.com.

Development in activities and finances

The Entity has realised a loss of USD 114.354 thousand. The loss for the year has increased compared to last year, but is in line with the revised expectations for 2020. The performance of the Entity is dependent on the performance from the Entity's subsidiaries. The Income from investments in group enterprises are driven by a continued grow in Revenue, although the profitability of the year is negatively affected by a substantial increase in the external costs. The increase in external costs is driven by a strengthened focus on the R&D activities from the continued development and investment in the Unity product. The Entity continues to have a negative share capital with the loss for the year. The Unity group expects to be profitable in near future as a result of the focus on R&D activities, until then the negative share capital and all obligations for the Entity are covered by the comfort letter issued by the ultimate Parent Company.

On the 11th of December 2020 the Danish subsidiary Unity Technologies ApS acquired 100% of the issued share capital of RestAR Ltd, a Israeli limited liability company. RestAR is a world leading platform for creating and operating real-time 3D (RT3D) content. RestAR platform provides power to brands, retailers, and consumers by democratizing digital marketing for any product. The acquisition offers strategic opportunities, and will be adding strong technical competencies and technical expertise into the group.

Capital resources

On 13th of November 2020 the shareholder made a capital increase by nominally DKK 1,000 at a subscription rate of 94.487.242,50 corresponding to a price per share (of nominally DKK 1.00) of DKK 944.872,43 corresponding to a capital increase of DKK 944.872.425 equivalent to USD 150,000,000.

Due to the loss for the year the Company has lost more than half of the subscribed capital and is therefore subject to the capital loss provisions in the Danish Companies Act. Therefore, in connection withissuing the financial statement a letter of comfort has been received from Unity Software Inc. (ultimate Parent Company) dated 9th of June 2021. Unity Software Inc. has announced its intention to supportUnity 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 for at least one year from the date of approval of the 2020 Financial Statements by the directors of the Company.

The company is dependent on the income from investments in group enterprises. Furthermore, the Entity will continue to receive capital injection to support the Entity's financial obligations and to recreate positive equity.

Outlook

The Entity through its subsidiaries expects to continue investing in the development of the product and capital resources, and therefore, anticipates it will remain in a loss making position for 2021. The Profit/ loss for the year 2021 is dependent on the Income from investments in group enterprises and is expected to be a loss given the investments in the Unity product.

Events after the balance sheet date

Our business and operations could be adversely affected by health epidemics, including the current COVID-19 pandemic, impacting the markets and communities in which we, our partners and customers operate. The COVID-19 pandemic has caused and continues to cause significant business and financial markets disruption worldwide and there is significant uncertainty around the duration of this disruption on both a nationwide and global level, as well as the ongoing effects on our business.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted, and we may be unable to accurately forecast our revenue or financial results. Although we have and may continue to experience a modest adverse impact on our sales of Create Solutions as well as our Strategic Partnerships, we have seen an increase in demand for our portfolio of products and services within Operate Solutions following the implementation of shelter-in- place orders to mitigate the outbreak of COVID-19, which has resulted in higher levels of end-user engagement in Operate Solutions. However, this increased demand for our Operate Solutions will likely moderate over time, particularly as a vaccine becomes widely available, and as shelter-in-place orders and other related measures and community practices evolve. Additionally, COVID-19 protocols and precautions reduced spending on events and facilities in 2020, which savings will likely not be repeated infuture years causing our expenses to increase. Further, as certain of our customers or partners experience downturns or uncertainty in their own business operations or revenue resulting from the COVID-19 pandemic, they may decrease or delay their spending, request pricing concessions or seek renegotiations of their contracts, and decrease advertising spend, any of which may result in decreased revenue for us. The COVID-19 pandemic has also resulted in a dramatic increase in unemployment that could result in end users having less discretionary income to spend on games, which could have a negative impact on the gaming industry. In addition, we may experience customer or strategic partner losses, including due to bankruptcy or our customers or strategic partners ceasing operations, which may result in an inability to collect receivables from these parties. A decline in revenue or the collectability of our receivables could harm our business.

In addition, in response to the COVID-19 pandemic, we are requiring or have required substantially all of our employees to work remotely to minimize the risk of the virus to our employees and the communities in which we operate, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers and business partners. There is no guarantee that we will be as effective while working remotely because our team is dispersed, employees may have less capacity to work due to increased personal obligations (such as childcare, elder care, or caring for family members who become sick), may become sick themselves and be unable to work, or may be otherwise negatively affected, mentally or physically, by the COVID-19 pandemic and prolonged social distancing. Decreased effectiveness and availability of our team could adversely affect our results due to slow-downs in our sales cycles and recruiting efforts, delays in our entry into customer contracts, delays in addressing performance issues, delays in product development, delays and inefficiencies among various operational aspects of our business, including our financial organization, or other decreases in productivity that could seriously harm our business. Furthermore, we may decide to postpone or cancel planned investments in our business in response to changes in our business as a result of the spread of COVID-19, which may impact our ability to attract and retain customers and our rate of innovation, either of which could harm our business. In addition, our facilities needs are evolving based on continuing changes and impact on work environments as a result of the COVID-19 pandemic, and we may not be able to alter our contractual commitments to accommodate such changes, which could cause us to incur additional costs or otherwise harm our business. More generally, the COVID-19 outbreak has adversely affected economies and financial markets globally, which could decrease technology spending and adversely affect demand for our platform.

The global impact of the COVID-19 pandemic continues to rapidly evolve, and we will continue to monitor the situation and the effects on our business and operations closely. We do not yet know the full extent of potential impacts on our business, operations or the global economy as a whole, particularly if the COVID-19 pandemic and related public health measures continue and persist for an extended period of time. Given the uncertainty, we cannot reasonably estimate the impact on our future results of operations,cash flows or financial condition. While the spread of the COVID-19 pandemic may eventually becontained or mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will recover, either of which could harm our business.

Income statement for 2020

	Note	2020 USD'000	2019 USD'000
Other external expenses		(758)	(816)
Gross profit/loss		**(758)**	**(816)**
Depreciation, amortisation and impairment losses	3	(130)	(100)
Operating profit/loss		**(888)**	**(916)**
Income from investments in group enterprises		(114.674)	(91.351)
Other financial expenses		(1.419)	(947)
Profit/loss before tax		**(116.093)**	**(93.214)**
Other taxes		0	0
Profit/loss for the year		**(116.981)**	**(93.214)**
Proposed distribution of profit and loss			
Retained earnings		(116.981)	(93.214)
Proposed distribution of profit and loss		**(116.981)**	**(93.214)**

Balance sheet 31.12.2020

Assets	Note	2020 USD'000	2019 USD'000
Goodwill		403	533
Intangible assets	4	**403**	**533**
Investments in group enterprises		85.243	57.101
Long-term receivables from group enterprises		953	0
Other financial assets	5	**86.196**	**57.101**
Long-term assets		**86.699**	**57.634**
Income tax receivable	6	779	1.649
Prepayments		0	2
Receivables		**779**	**1.651**
Cash		**412**	**990**
Assets		**87.790**	**60.275**

Equity and Liabilities	Note	2020	2019
		USD'000	USD'000
Contributed capital		26	26
Retained earnings		(20.951)	(66.315)
Equity		**(20.925)**	**(66.289)**
Other provisions		105.785	123.929
Non-current liabilities other than provisions	7	**105.785**	**123.929**
Trade payables		624	126
Payables to group enterprises		2.306	1.685
Joint taxation contribution payable		0	824
Current liabilities other than provisions		**2.930**	**2.635**
Liabilities other than provisions		**106.948**	**126.564**
Equity and liabilities		**87.790**	**60.275**
Going concern	1		
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Statement of changes in equity for 2020

	Contributed capital USD'000	Share premium USD'000	Retained earnings USD'000	Total USD'000
Equity at the beginning of year	26	0	(66.315)	(66.289)
Increase of capital	0	150.000	0	150.000
Exchange rate adjustments	0	0	12.345	12.345
Transfer to reserves	0	(150.000)	150.000	0
Profit/loss for the year	0	0	(116.981)	(116.981)
Equity at 31 December 2020	**26**	**0**	**(20.951)**	**(20.925)**

Capital resources
On 13th of November 2020 the shareholder made a capital increase by nominally DKK 1,000 at a subscription rate of 94.487.242,50 corresponding to a price per share (of nominally DKK 1.00) of DKK 944.872,43 corresponding to a capital increase of DKK 944.872.425 equivalent to USD 150,000,000.

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Contributed capital
The contributed capital is not divided into classes. During the year, 1,000 new shares were subscribed with a value per share of DKK 944,872.

Notes

1 Going concern

In connection with issuing the financial statement a letter of comfort has been received from Unity Software Inc. (ultimate Parent Company) dated 9th of June 2021. 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 for at least one year from the date of approval of the 2020 Financial Statements by the directors of the Company.

2 Events after the balance sheet date

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More generally, the COVID-19 outbreak has adversely affected economies and financial markets globally, which could decrease technology spending and adversely affect demand for our platform.

The global impact of the COVID-19 pandemic continues to rapidly evolve, and we will continue to monitor the situation and the effects on our business and operations closely. We do not yet know the full extent of potential impacts on our business, operations or the global economy as a whole, particularly if the COVID-19 pandemic and related public health measures continue and persist for an extended period of time. Given the uncertainty, we cannot reasonably estimate the impact on our future results of operations, cash flows or financial condition. While the spread of the COVID-19 pandemic may eventually becontained or mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will recover, either of which could harm our business.

3 Depreciation, amortisation and impairment losses

	2020	**2019**
	USD'000	**USD'000**
Amortisation of intangible assets	130	100
	130	**100**

4 Intangible assets

	Goodwill
	USD'000
Cost beginning of year	1.000
Cost end of year	**1.000**
Amortisation and impairment losses beginning of year	(467)
Amortisation for the year	(130)
Amortisation and impairment losses end of year	**(597)**
Carrying amount end of year	**403**

5 Financial assets

	Investments in group enterprises
	USD'000
Cost beginning of year	280.044
Additions	150.000
Cost end of year	**430.044**
Impairment losses beginning of year	(222.943)
Exchange rate adjustments	15.755
Share of profit/loss for the year	(114.674)
Change in investments with negative equity value depreciated over receivables	(22.939)
Impairment losses end of year	**(344.801)**
Carrying amount end of year	**85.243**

Investments in subsidiaries	Registered in	Equity interest %
Unity Technologies ApS	Denmark	100
Unity Software Limited	United Kingdom	100
Unity Technologies LT, UAB	Lithuania	100
Unity Technologies Canada Company	Canada	100
Unity Technologies SARL	France	100
Unity Technologies AB	Sweden	100
Unity Technologies S.A.S.	Colombia	100
Digital Monarch Media Ltd.	Canada	100
Multiplay Ltd.	United Kingdom	100
Graphine NV	Belgium	100
RestAR Ltd	Israel	100

6 Income tax receivable

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

Corporate income tax receivable for the Danish jointly taxed companies amounted to USD 779 thousand at 31 December 2020 (2019: USD 1.649 thousand).

7 Non-current liabilities other than provisions

	Due after more than 12 months 2020 USD'000
Other provisions	105.785
	105.785

A provision has been made for group enterprises with negative equity, where the Company has a legal or constructive obligation to cover the liabilities of the group enterprises.

8 Contingent liabilities

The Entity is the administration company for Danish jointly, taxed companies. The administration company has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the join taxation scheme. Corporate income tax receivable for the Danish jointly taxed companies amounted to USD 779 thousand at 31 December 2020 (2019: USD 1.649thousand).

The Entity has issued a surety towards the subsidiary Unity Technologies ApS.

9 Group relations

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

Copies of the consolidated financial statements of Unity Software Inc may be ordered at the following address:
30 3rd St, San Francisco, CA 94103, USA

Ultimate Parent Unity Software Inc. has at the date of this financial statement, issued their financial statement for 2020

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Referring to section section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of UNITY IPR APS and group entities are included in the consolidated financial statements of Unity Software Inc., USA.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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 thatconfirm 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.

Income statement

Other external expenses

Other external expenses include expenses relating to ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognised in current asset.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

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 intergroup profit losses and amortisation of goodwill.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment 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

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions.

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount. Group enterprises with negative equity value are measured at USD 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Entity has a legal or construction obligation to cover a negative balance exceeding the receivable, the residual amounts is recognised as provisions.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separateassets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write downs for bad and doubtful debts.

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

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

Cash
Cash comprises bank deposits.

Other provisions
Other provisions comprise provisions for investments in group enterprises. Refer to “Investments in group enterprises”.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.