

Unity Technologies ApS
Løvstræde 5
1152 Copenhagen K
Central Business Registration No
30719913

Annual report 2017

The Annual General Meeting adopted the annual report on 04.07.2018

DocuSigned by:
Michael Foley
F6F05803D3754E9

Name: Michael David Foley

Unity Technologies ApS

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Entity details

Entity

Unity Technologies ApS
Løvstræde 5
1152 Copenhagen K

Central Business Registration No (CVR): 30719913

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Executive Board

Michael David Foley

Brett Arthur Bibby

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 Technologies 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 financial statements give a true and fair view of the Entity's assets, liabilities and financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 04.07.2018

Executive Board

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Michael Foley
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Michael David Foley

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Brett Bibby
1EB06D7D8E3C428
Brett Arthur Bibby

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Anders Johansen
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Anders Peter Kierbye Johansen

Independent auditor's report

To the shareholder of Unity Technologies ApS

Opinion

We have audited the financial statements of Unity Technologies ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations 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 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the 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 these 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Independent auditor's report

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.

In 2016 Management discovered that the 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 income statement for 2015. We have not been presented with documentation that the entire effect of the identified errors is related to the income statement for 2015 or whether a portion thereof should be adjusted in previous years. Consequently, we point out that the 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	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	1.105.956	738.025	681.450	443.643	324.355
Gross profit/loss	(439.417)	(204.860)	(3.322)	157.002	83.363
Operating profit/loss	(620.357)	(343.053)	(95.421)	96.550	30.613
Net financials	(11.193)	868	(20.517)	54.810	(5.771)
Profit/loss for the year	(626.050)	(362.469)	(90.317)	113.992	18.473
Total assets	654.114	601.701	393.019	403.207	146.995
Investments in property, plant and equipment	23.303	30.240	4.741	1.595	2.140
Equity	(66.979)	200.019	48.847	139.168	25.177
Average numbers of employees	211	185	122	87	77
Ratios					
Return on equity (%)	(941,1)	(291,3)	(96,2)	138,7	115,0
Equity ratio (%)	(10,2)	33,2	12,4	34,5	17,1

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 Technologies ApS is an international software technology entity 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.

Development in activities and finances

The Entity has realised a loss of DKK 626,050 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 Entity's external costs. The increase in external costs is driven by a strengthened focus on the Entity's R&D activities from the continued development and investment in the Unity product.

On 27 November 2018 the shareholder acquired 100% of the issued share capital of Multiplay Ltd. (UK). 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 12 October 2017 the shareholder made a capital increase by nominally DKK 1,000 at a price per share of 18,835,500 corresponding to a capital increase of DKK 188,355,000. On 16 November 2017 the shareholder made an additional capital increase by nominally DKK 1,000 at a price per share of 17,069,670 corresponding to a capital increase of DKK 170,696,700. On 31 May 2018 the shareholder made an additional 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 Technologies ApS financially in all respects, so Unity Technologies 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.

Interest rate and currency risks

The Entity'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 Entity 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.

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 Entity 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 Entity's result or balance sheet significantly.

Management commentary

Unusual circumstances affecting recognition and measurement

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

Outlook

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

Intellectual capital resources

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

The Entity 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 Entity incurred significant research and development costs relating to the core product. Investments in R&D will ensure that the Entity can maintain and improve its market position in the coming years.

Statutory report on corporate social responsibility

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

Statutory report on the underrepresented gender

The Entity is working to increase the number of female managers in the Entity. The status is now that none of the members of the Executive Board in the Entity are women, middle management is represented by 4 female managers of 39 managers in total, which represents 10% 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 Entity to ensure that female candidates are applying for such positions.

The Entity 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.

Income statement for 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Revenue	2	1.105.956	738.025
Variable costs		(172.674)	(153.582)
Other external expenses		<u>(1.372.699)</u>	<u>(789.303)</u>
Gross profit/loss		(439.417)	(204.860)
Staff costs	3	(160.190)	(133.695)
Depreciation, amortisation and impairment losses	4	(14.415)	(4.498)
Other operating costs		<u>(6.335)</u>	<u>0</u>
Operating profit/loss		(620.357)	(343.053)
Income from investments in group enterprises		693	0
Other financial income	5	5.417	3.171
Other financial expenses	6	<u>(17.303)</u>	<u>(2.303)</u>
Profit/loss before tax		(631.550)	(342.185)
Tax on profit/loss for the year	7	<u>5.500</u>	<u>(20.284)</u>
Profit/loss for the year	8	<u>(626.050)</u>	<u>(362.469)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Acquired intangible assets		9.682	0
Goodwill		<u>1.185</u>	<u>1.594</u>
Intangible assets	9	<u>10.867</u>	<u>1.594</u>
Other fixtures and fittings, tools and equipment		<u>30.928</u>	<u>31.659</u>
Property, plant and equipment	10	<u>30.928</u>	<u>31.659</u>
Investments in group enterprises		164.942	0
Deposits		<u>6.722</u>	<u>5.857</u>
Fixed asset investments	11	<u>171.664</u>	<u>5.857</u>
Fixed assets		<u>213.459</u>	<u>39.110</u>
Trade receivables		221.997	109.459
Receivables from group enterprises		30.094	229.149
Other receivables		1.400	805
Income tax receivable		0	2.026
Prepayments	12	<u>13.600</u>	<u>11.047</u>
Receivables		<u>267.091</u>	<u>352.486</u>
Cash		<u>173.564</u>	<u>210.105</u>
Current assets		<u>440.655</u>	<u>562.591</u>
Assets		<u>654.114</u>	<u>601.701</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital		503	501
Retained earnings		<u>(67.482)</u>	<u>199.518</u>
Equity		<u>(66.979)</u>	<u>200.019</u>
Trade payables		27.131	41.450
Payables to group enterprises		331.312	137.680
Other payables		71.748	54.205
Deferred income	13	<u>290.902</u>	<u>168.347</u>
Current liabilities other than provisions		<u>721.093</u>	<u>401.682</u>
Liabilities other than provisions		<u>721.093</u>	<u>401.682</u>
Equity and liabilities		<u>654.114</u>	<u>601.701</u>
Events after the balance sheet date	1		
Deferred tax	14		
Contingent liabilities	15		
Transactions with related parties	16		
Group relations	17		

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	501	0	199.518	200.019
Increase of capital	2	359.050	0	359.052
Transfer to reserves	0	(359.050)	359.050	0
Profit/loss for the year	0	0	(626.050)	(626.050)
Equity end of year	503	0	(67.482)	(66.979)

On 31 May 2018 the shareholder made an additional 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 Technologies ApS financially in all respects, so Unity Technologies 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	500
Increase of capital, cash in 2016	1
Increase of capital, cash in 2017	2
	503

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

1. Events after the balance sheet date

On 31 May 2018 the shareholder made an additional 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.

	2017	2016
	DKK'000	DKK'000
2. Revenue		
Revenue by geographical market		
Denmark	3.098	1.123
Other countries	<u>1.102.858</u>	<u>736.902</u>
	<u>1.105.956</u>	<u>738.025</u>
Revenue by activity		
Contract Sales	202.364	273.013
Products and websales	<u>903.592</u>	<u>465.012</u>
	<u>1.105.956</u>	<u>738.025</u>
	2017	2016
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	147.439	123.341
Pension costs	12.927	9.956
Other social security income/cost	<u>(176)</u>	<u>398</u>
	<u>160.190</u>	<u>133.695</u>
Average number of employees	<u>211</u>	<u>185</u>
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2017	2016
	DKK'000	DKK'000
Executive Board	<u>4.261</u>	<u>3.716</u>
	<u>4.261</u>	<u>3.716</u>

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).

Notes

	2017	2016
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.233	410
Depreciation of property, plant and equipment	12.199	4.088
Amortisation of goodwill	983	0
	<u>14.415</u>	<u>4.498</u>
	2017	2016
	DKK'000	DKK'000
5. Other financial income		
Other interest income	5.417	25
Exchange rate adjustments	0	3.146
	<u>5.417</u>	<u>3.171</u>
	2017	2016
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses to group enterprises	1.462	2.292
Exchange rate adjustments	13.240	0
Other financial expenses	2.601	11
	<u>17.303</u>	<u>2.303</u>
	2017	2016
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Current tax	0	77
Income from special tax incentive programme	(5.500)	0
Change in deferred tax	0	20.207
	<u>(5.500)</u>	<u>20.284</u>
	2017	2016
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	<u>(626.050)</u>	<u>(362.469)</u>
	(626.050)	(362.469)

Notes

	Acquired intangible assets DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	0	2.240
Additions	5.006	0
Transferred from property, plant and equipment	7.799	0
Cost end of year	12.805	2.240
Amortisation and impairment losses beginning of year	0	(646)
Amortisation for the year	(824)	(409)
Transferred from property, plant and equipment	(2.299)	0
Amortisation and impairment losses end of year	(3.123)	(1.055)
Carrying amount end of year	9.682	1.185
		Other fixtures and fittings, tools and equipment DKK'000
10. Property, plant and equipment		
Cost beginning of year		36.327
Additions		23.303
Disposals		(6.652)
Transferred to intangible assets		(7.799)
Cost end of year		45.179
Depreciation and impairment losses beginning of year		(4.668)
Depreciation for the year		(12.199)
Reversal regarding disposals		317
Transferred to intangible assets		2.299
Depreciation and impairment losses end of year		(14.251)
Carrying amount end of year		30.928

Notes

	Deposits DKK'000	Invest- ments in group enterprises DKK'000
11. Fixed asset investments		
Cost beginning of year	5.857	0
Additions	<u>865</u>	<u>165.232</u>
Cost end of year	<u>6.722</u>	<u>165.232</u>
Value adjustments beginning of year	0	0
Amortisation of goodwill	0	(983)
Income from investments in group enterprises	<u>0</u>	<u>693</u>
Value adjustments end of year	<u>0</u>	<u>(290)</u>
Carrying amount end of year	<u>6.722</u>	<u>164.942</u>
Goodwill included in the carrying amount	<u>0</u>	<u>117.302</u>

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK'000
Investments in group enterprises comprise:				
Multiplay Ltd.	UK	Ltd.	100,0	47.640

Multiplay Ltd. was acquired from third party on 27 November 2017.

Notes

12. Prepayments

	2017	2016
	DKK'000	DKK'000
Software licenses	11.238	7.300
Rent	0	781
Other	2.362	2.966
	13.600	11.047

13. Deferred income

Deferred income consists of deferred revenue regarding contract- and websales.

14. Deferred tax

	2017	2016
	DKK'000	DKK'000
Deferred tax beginning of year	94.250	20.207
Change in deferred tax	122.592	74.043
Deferred tax before write down	216.842	94.250
Write down	(216.842)	(94.250)
Deferred tax end of year	0	0

	2017	2016
	DKK'000	DKK'000
Intangible assets	166	(177)
Property, plant and equipment	5.272	127
Tax loss carry forwards	211.404	94.300
Deferred tax before write down	216.842	94.250
Write down	(216.842)	(94.250)
	0	0

15. Contingent liabilities

The Entity has concluded rental commitments of a total of DKK 66.550 thousand for the period of interminability until 30 September 2021. The Entity has provided bank guarantee for the rentals and third parties payables amounts to DKK 855 thousand.

Notes

Joint Taxation

The Entity participates in a Danish joint taxation arrangement in which Unity IPR ApS serves as the administration Entity. 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.

16. Transactions with related parties

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

17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Unity IPR ApS, Central Business Registration No. 30719913

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 Technologies 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 these financial statements are consistent with those applied last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Unity Technologies ApS and group entities are included in the consolidated financial statements of Unity IPR ApS, CVR no. 30719883.

Omission of the cash flow statement

Pursuant to section 86(4) of the Danish Financial Statement Act, the Entity has not prepared a cash flow statement. The Entity is part of the cash flow statement prepared for the Parent Company Unity IPR ApS.

Omission of disclosure of fee for auditors appointed at the general meeting

Pursuant to Section 96(3) of the Danish Financial Statement Act, the Entity has not disclosed fee for auditors appointed at the general meeting. The information is disclosed in the financial statements for the Parent Entity Unity IPR ApS.

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 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.

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.

Accounting policies

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 recievable 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 websales 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 property, 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.

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.

Accounting policies

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, 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.

The Entity is part of a joint taxation arrangement with the Parent Company Unity IPR ApS. Unity IPR ApS is administrator for the joint taxation.

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 the 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 depreciations, etc.

Cost comprises the acquisition price, costs directly attributable to the acquisition and 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. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

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.

Accounting policies

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 intra-group 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 value 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 construction 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 reserve. The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates. The reserve 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.

Deferred Tax

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

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.

Accounting policies

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.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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 cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

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