UNITY TECHNOLOGIES APS

Niels Hemmingsens Gade 24, 1
1153 Copenhagen K
Business Registration No
30719913

Annual report 2023

The Annual General Meeting adopted the annual report on 31 July 2024

Chairman of the General Meeting

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Name: Luis Felipe Visoso Lomelin

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Entity details

Entity

Unity Technologies ApS

Niels Hemmingsens Gade 24, 1
1153 Copenhagen K

Central Business Registration No (CVR) : 30719913
Registered in : Copenhagen
Financial year : 01.01.2023 - 31.12.2023

Executive Board

Andrew Bowell
Luis Felipe Visoso Lomelin

Entity auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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, 31 July 2024

Executive Board

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Luis Felipe Visoso Lomelin	Andrew Bowell

Independent auditor's report

To the shareholders of Unity Technologies ApS

Opinion

We have audited the financial statements of Unity Technologies ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

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

Copenhagen, July 31, 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Signed by:
Kennet Hartmann
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Kennet Hartmann
State Authorised Public Accountant
Identification No (MNE) mne40036

Signed by:
Anders Knudsen
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State Authorised Public Accountant
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Management commentary

	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000	2019 USD'000
Financial highlights					
Key figures					
Revenue	214.645	509.120	449,577	383,451	303
Gross profit	139.506	(298.017)	(238,245)	(65,531)	(72)
Operating profit/loss	74.032	(366.235)	(303,008)	(112,277)	(104)
Net financials	19.833	(36.211)	10,977	(17,007)	(2)
Profit/loss for the year	88.368	(401.658)	(291,167)	(128,376)	(105)
Total Assets	212.559	538.369	534,109	433,482	177
Investment in property, plant and equipment	1.827	7,156	2,312	1,985	4
Equity	84.297	(7.470)	19,572	(105,785)	(124)
Average number of employees	318	341	330	297	240
Ratios					
Return on equity (%)	230 %	(6.638) %	675%	112 %	116 %
Equity ratio (%)	39,7	(1,4)	3,7	(24,4)	(69,9)

The financial ratios are calculated in accordance with description below.

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

Management Commentary

Primary activities

Unity Technologies ApS is a subsidiary of Unity Software Inc. - an SEC affiliate.

The Unity Group ("Unity Group") is an international software technology company that builds, markets, and sells software tools primarily to video game development companies and individual game developers. The Unity Group manufactures 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 distributed through official sales channels such as offline salespeople and through the Unity Group's online platform store at unity.com.

Unity Software Limited delivers support functions for the Unity Group's global operations. These support functions can be divided into two sub-categories:

- Sales and marketing: Include marketing, customer support, maintenance, installation and consulting services with examples such as collecting information regarding the market for the products and the current and future needs of the Unity Group's customers. It also includes implementing marketing strategies and advertising programs and campaigns among others.
- Research and Development: Include development services and related assistance to activities such as software development, programming, quality assurance among others.

Development in activities and finances

The Entity has realised a profit of USD 88.368 thousand. The profit for the year has increased compared to last year. In the financial statements for 2022, we expected revenue for 2023 of USD 350 million. Realized revenue for 2023 amounts to USD 214 million. The difference to expectation is due to changes in the business climate and is in line with the revised expectations for 2022.

Capital resources

In 2023 the Entity changed business model and is now subject to cost plus method. The Entity is profitable in 2023 and is expected to continue being profitable in 2024. In 2024 the Entity will also be financially covered by letter of comfort issued by Unity Software Inc. (ultimate Parent Company). The letter of comfort is dated 12th of July 2024 and is valid for at least one year from approval of the 2023 financial statements by the directors of the Company.

Interest rate and currency risks

The Entity's currency risk relates primarily to sales revenues and costs. Sales are transacted in USD, whereas costs in local currency, primarily in DKK, which give rise to a currency risk in case of fluctuations in the DKK 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 statement, 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

Outlook

The Entity will continue to support the development and marketing of products in the Unity Group. The changed business model is expected to result in revenue for 2024 of USD 359 million and operating income in the range of USD 80 million.

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

The Entity's health and safety policies are fully compliant with the local laws and regulations. The Entity is investing in the education of its Health and Safety committee to ensure it’s compliant with the current development in the work environment community and local laws.

Research and development activities

In 2023, the Entity incurred significant research and development costs relating to the core product. The incurred cost is supporting the Unity Group continuously improvement and development of the core products.

Statutory report on corporate social responsibility

Unity Technologies ApS delivers support functions for the Unity Group’s global operations. These support functions can be divided into two sub-categories - research & development and sales and marketing.

The Entity has based on a risk-based assessment not implemented any formal policies within human rights, environmental issues or climate issues.

Anti-Corruption

The Entity expects its employees to conduct business using good judgment, integrity, high ethical standards, and by complying with applicable laws. These values are communicated to employees in the Entity’s Code of Business Conduct and Ethics and a stand-alone Anti-Corruption Policy, which specifically requires employees to comply with the U.S. Foreign Corrupt Practices Act, and other applicable anti-corruption laws.

In addition to requiring all employees comply with the Entity's Code and of Business Conduct and Ethics, public-facing employees in the sales and marketing business units are required, on a quarterly basis, to certify their compliance with the Entity’s Anti-Corruption Policy and to confirm they are not aware of any violations. In the event an employee is aware of a violation, the employee should either contact the compliance team to report the violation or contact the Ethics Hotline if they would like to remain anonymous. We are confident in the effectiveness of these initiatives as the Entity did not receive anti-corruption related reports in 2023. One of our key risks is specifically related with potential breaches to the Entity's Code and of Business Conduct, where we continue to integrate through various initiatives and monitor our employees' performance. In 2024 we will continue to enforce our Code of Business Conduct and Ethics to avoid potential breaches.

Staff matters

Our employees are the backbone of our company, and their well-being, health and safety in the workplace is crucial to our success as a company.

A key take away from 2023 was the conducted employee-survey. The survey was performed early 2023 and it’s primary goal was to cover various topics and factors such as company confidence, leadership,

Management Commentary

managers, people. The result of the survey indicated a lower satisfaction score of the overall working environment and the company is working on improving this in 2024 by following up on the comments and suggestions raised as part of the survey.

The company is striving to give its employees the opportunity to provide anonymous feedback and ensure that a good working environment with motivated and productive employees is in place. Such surveys are conducted on an annual basis (beginning of the year) with a short pulse survey in July and will continue to do so in 2024.

Employees in managerial positions are held accountable to the results of the survey having to build action plans to ensure we respond and address the feedback received.

The Entity has then launched the employee learning and organizational development program - “Grow at Unity”, as well as “Effective Presentation Skills” and “Unity Leadership” to secure employees the chance to grow, expand their skills or build depth expertise by making available tailor-made training sessions. Furthermore, the Entity established workout sessions during the day (meditation, running club), to keep its employees healthy, as well as designed chill out areas around the office and changed the snacks it provides to our employees to more health options to support healthy lifestyle choices.

As the entity relies on the knowledge of the employee attractions and retention of the right employees it is a potential risk. Thus, the entity has a high focus on strong talent attraction methods, learning and development, internal career mobility, and the general well-being of its employees as described above.

Statutory report on the underrepresented gender in management
The Entity is focused on balancing gender composition of the workforce. The Entity emphasize and promote during the recruitment process that the underrepresented gender to apply. During the screening process of the applicants, the underrepresented gender will be chosen for interview, if the qualities and experience is equal between the genders.

Other managerial positions consist of the first and second level of management. The first level of management includes members of the Executive Board, and the second level of management level includes persons with managerial responsibility, who refer directly to the Executive Board. As the supreme governing body includes members of the Executive Board, both levels of other level of management level includes persons with managerial responsibility, who refer directly to the Executive Board.

At the end of 2023, the Entity was presented by 29 female employees out of total 71 employees in other managerial positions, which constitutes 40% of the total number of employees in other managerial positions. The 40% is the Entity´s target and presents therefore an acceptable and equal gender balance that is above the general representation of females in the IT sector.

Management Commentary

		2023
Top managerial positions (Board of Directors)	Total number of members	2
	Underrepresented gender in pct	0
	Target figure in pct	0
	Year for fulfillment of target figure	2023
Other managerial positions	Total number of members	71
	Underrepresented gender in pct	40
	Target figure in pct	40
	Year for fulfillment of target figure	2023

The executive board consists of only 2 members, thus the entity is not obligated to set a target for the underrepresented gender.

Data ethics

The company currently do not have a data ethics policy. The Company only collects and processes data to a necessary extent in the group's main activity, hence a policy is not developed. The company is constantly carrying out initiatives to support and continued commitment to maintain strong data ethics. A number of internal procedures are reviewed and updated relating to data retention policy and deletion procedure to ensure that the company does not store personal data longer than strictly necessary. We will ensure compliance with applicable data protection laws and have a strong focus on the principles of self-determination, human dignity, responsibility, equality and fairness, progressiveness, and diversity in general. We always keep people in focus, and when we develop new products and services, we focus on privacy by design and standard.

Subsequent events

There are no significant events after the reporting period.

Income statement for 2023

	Note	2023 USD'000	2022 USD'000
Revenue	3	214.645	509.120
Cost of sales		(1.767)	(49.912)
Other external expenses	4	(73.545)	(757.225)
Gross profit/loss		**139.333**	**(298.017)**
Staff costs	5	(43.480)	(47.784)
Depreciation, amortisation and impairment losses	6	(20.499)	(20.434)
Other operating expenses		(1.495)	—
Operating profit/loss		**73.859**	**(366.235)**
Result from investments in group enterprises		11.687	(33.970)
Other financial income	7	3.972	2.239
Other financial expenses	8	(1.150)	(4.480)
Profit/loss before tax		**88.368**	**(402.446)**
Tax on profit/loss for the year	9	—	788
Profit/loss for the year	10	**88.368**	**(401.658)**

Balance sheet as at 31.12.2023

	Notes	2023 USD'000	2022 USD'000
Assets			
Completed development projects		1.406	3.458
Acquired intangible assets		25.502	41.007
Intangible assets	11	**26.908**	**44.465**
Other fixtures and fittings, tools and equipment		1.827	2.415
Leasehold improvements		3.854	3.414
Property, plant and equipment in progress		—	1.327
Property, plant and equipment	12	**5.681**	**7.156**
Investments in group enterprises		60.741	63.242
Deposits		1.144	1.064
Other long-term receivables		7	17
Fixed asset investments	13	**61.892**	**64.323**
Fixed assets		**94.481**	**115.944**
Trade receivables		2.457	64.873
Receivables from group enterprises		72.134	174.350
Other receivables		482	10.432
Prepayments	14	1.175	8.193
Receivables		**76.248**	**257.847**
Cash		**41.829**	**164.578**
Current assets		**118.077**	**422.425**
Assets		**212.558**	**538.369**

	Notes	2023 USD'000	2022 USD'000
Contributed capital		94	94
Reserve for development expenditure		1.852	2.697
Retained earnings		82.351	(10.261)
Equity		**84.297**	**(7.470)**
Payables to group enterprises		21.042	25.358
Other payables	15	—	8.363
Deferred income		221	—
Non-current liabilities other than provisions	16	**21.263**	**33.721**
Trade payables		4.713	15.462
Payables to group enterprises		90.693	363.019
Income tax payable		1	757
Other payables		6.688	18.106
Deferred income	17	4.903	114.773
Current liabilities other than provisions		**106.998**	**512.118**
Liabilities other than provisions		**128.261**	**545.839**
Equity and liabilities		**212.558**	**538.369**

Going concern	1
Events after the balance sheet date	2
Proposed distribution of profit/loss	10
Contingent liabilities	18
Related parties with controlling interest	19
Transactions with related parties	20
Group relations	21

Statement of changes in equity for 2023

	Contributed capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for development expenditure	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Equity beginning of year	94	—	—	2.697	(10.261)	(7.470)
Increase of capital	—	—	—	—	—	—
Exchange rate adjustments	—	—	—	—	3.399	3.399
Transfer to reserves	—	—	—	(1.600)	1.600	—
Profit/loss for the year	—	—	11.687	—	76.681	88.368
Equity end of year	**94**	**—**	**11.687**	**1.097**	**71.419**	**84.297**

Changes in contributed capital:

	USD'000
Contributed capital 1st January 2012	94
Increase of capital, cash in 2018	—
Increase of capital, cash in 2019	—
Increase of capital, cash in 2020	—
Increase of capital, cash in 2021	—
Increase of capital, cash in 2022	—
Increase of capital, cash in 2023	—
	94

The contributed capital is not divided into classes.

The share capital comprises 513 thousand shares of a nominal value of DKK 1 each. All shares rank equally.

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 12th July 2024. 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 for at least one year from the date of approval of the 2023 Financial Statements by the directors of the Company.

2. Events after the balance sheet date

After the balance sheet date, no significant events have taken place that materially impacts the financial statement for 2023.

	2023	2022
3. Revenue	**USD'000**	**USD'000**
Revenue by geographical market		
Denmark	489	4.801
USA	205.114	172.041
Japan	3.283	58.131
Other countries	5.760	274.148
	214.645	**509.120**
Revenue by activity		
Create Solutions	52.220	428.320
Strategic Partnerships and Other	162.425	80.800
	214.645	**509.120**

	2023	2022
	USD'000	**USD'000**
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	242	180
	242	**180**

Notes

	2023	2022
	USD'000	**USD'000**
5. Staff costs		
Wages and Salaries	39.980	44.124
Pension costs	3.406	3.454
Other social security costs	94	207
	43.480	**47.784**
Average number of employees	318	341

	Remuneration of management 2023	Remuneration of management 2022
	USD'000	**USD'000**
Executive Board	516	539
	516	**539**

Special incentive program

The Ultimate Parent Company has set up a special incentive scheme applying to Entity's full-time employees with grants of stock options and, beginning in 2019, restricted stock units, based on job level and title.

These are granted at hiring date, subject to Board approval and additional grants may be given based on employee's performance in subsequent years. Only active full-time employees receive grants, and are entitled to vest the shares over a period of 4 years.

The Ultimate Parent Company carries all costs related to the incentive scheme.

In succession to the 2019 Stock Plan, our board of directors approved our 2020 Stock Plan in September 2020. The 2020 Stock Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock or cash awards to employees, consultants, and directors. Under the 2020 Stock Plan/Program, 92.925.680 shares are authorized for the Group, covering the period 1 January 2023– 31 December 2023, whereas 582.291 are specifically granted for Unity Technologies ApS, with nil stock options granted and 582.291 restricted stock units granted in 2023. The value of the outstanding options is USD 109.080.903, and the value of the outstanding Restricted Stock Unit is USD 46.445.847 as of the end of December 2023.

The exercise price is variable representing the fair value of the shares in the respective quarter, subject to Board approval. The market value is based on the daily change in the stock price on the NYSE.

Notes

	2023 USD'000	2022 USD'000
6. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	18.178	18.105
Depreciation of property, plant and equipment	2.319	2.358
Gain/Loss asset disposition	2	(29)
	20.499	**20.434**
7. Other financial income		
Other interest income	3.972	2.239
	3.972	**2.239**
8. Other financial expenses		
Financial expenses from group enterprises	765	765
Other interest expenses	—	—
Exchange rate adjustments	385	3.715
	1.150	**4.480**
9. Tax on profit/loss for the year		
Refund in joint taxation arrangement	—	(788)
Current tax for the year	—	—
	—	**(788)**
Change in deferred tax:		
Tax deductible losses	263.817	221.439
Other temporary differences	113.711	100.305
	377.528	321.744
Deferred tax asset not recognized	(377.528)	(321.744)
Carrying amount	—	**—**

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.

Refund in joint taxation arrangement is related to reimbursement of the tax value of tax losses from development costs according to the Danish tax credit system, subject to approval from the Danish tax authorities.

Corporate income tax receivable for the Danish jointly taxed companies amounted to USD 0 thousand at 31 December 2023 (2022: USD (788) thousand).

Notes

10. Proposed distribution of profit/loss

Transfer to retained earnings	88.368	(401.658)
	88.368	**(401.658)**

	Completed development projects USD'000	Acquired intangible assets USD'000
11. Intangible assets		
Cost beginning of year	9.631	75.353
Additions	—	666
Transfers	—	—
Disposal	(43)	(6.730)
Cost end of year	**9.588**	**69.289**
Amortisation and impairment losses beginning of year	(6.173)	(34.346)
Amortisation for the year	(2.009)	(16.171)
Disposal	—	6.730
Amortisation and impairment losses end of year	**(8.182)**	**(43.787)**
Carrying amount end of year	**1.406**	**25.502**

Completed development projects

The amount of capitalized software implementation costs was USD 0 thousand during the year ended 31 December 2023. The amount of amortised software implementation costs was USD 2.009 thousand during the year ended 31 December 2023 and is included in depreciation, amortization, and impairment losses on the income statement.

Management assessment of impairment

The Management has reviewed the intangible assets, the goodwill and the development projects for impairment as of December 2023. The Management considered the following facts: the Entity is profitable in year 2023, the Entity has focused on investments in the Unity product, , the Entity is fully financially supported by the ultimate Parent company, the outlook for the Unity group is a trend towards profitability and positive cash flow and there is no change of events for the intangibles in question. The Management concludes that the positive outlook and strong growth gives no evidence for impairment losses as of December 2023.

Notes

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	USD'000	USD'000	USD'000
12. Property, plant and equipment			
Cost beginning of year	11.146	5.485	1.327
Additions	869	302	—
Transfers	173	838	(1.011)
Disposals	(5.659)	—	(316)
Cost end of year	**6.529**	**6.625**	**—**
Depreciation and impairment losses beginning of year	(8.731)	(2.071)	—
Depreciation for the year	(1.619)	(700)	—
Reversals regarding disposals	5.648	—	—
Depreciation and impairment losses end of year	**(4.702)**	**(2.771)**	**—**
Carrying amount end of year	**1.827**	**3.854**	**—**

Notes

	Investments in group enterprises	Deposits
	USD'000	USD'000
13. Fixed asset investments		
Cost beginning of year	144.476	1.064
Exchange rate adjustments	3.399	—
Additions	—	80
Disposal	(17.587)	—
Cost end of year	**130.288**	**1.144**
Revaluations beginning of year	(38.480)	—
Correction to prior year	48	—
Amortisation of goodwill	(122)	—
Share of profit/loss for the year	12.065	—
Dividends	—	—
Reversal of revaluation from disposal	(10.288)	—
Revaluations end of year	**(36.777)**	**—**
Impairment losses beginning of year	(42.754)	—
Impairment losses for the year	—	—
Reversal of impairment losses	9.984	—
Impairment losses end of year	**(32.770)**	**—**
Carrying amount end of year	**60.741**	**1.144**
Intangible assets recognized during the financial year		
Goodwill or negative goodwill recognized during the financial year		

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
Graphine NV	BE	NV	100
Unity Technologies Finland	FI	OY	100
Metaverse Technologies Limited	IR	Ltd.	100
Metaverse Technologies France	FR	SARL	100
Unity Technologies (BVI) Ltd	UK	Ltd.	100

Notes

14. Prepayments

	2023	2022
	USD'000	USD'000
Software license	516	4.155
Other	659	4.038
	1.175	**8.193**

15. Other long-term payables

	2023	2022
	USD'000	USD'000
Other payables	—	8.363
	—	**8.363**

16. Liabilities other than provisions

	Long term liabilities USD'000
Payables to group enterprises	21.043
Deferred income	221
	21.264

17. Deferred income

Deferred income comprises revenue related to contract- and websales, received for recognition in subsequent financial years. Deferred income is measured at costs.

18. Contingent assets and liabilities

The Entity has a not recognized deferred tax asset as 31 December 2023. The tax asset totals USD 156.089 thousand and relates to tax losses carried forward and temporary differences between valuations for accounting and taxation purposes. The tax losses can be carried forward indefinitely.

The Entity has concluded rental commitments of a total of USD 6.039 thousand for the period of interminability until 31 December 2024.

The Entity has issued 2 payment guarantees totaling USD 31 thousand.

The Entity is engaged in a legal dispute. The value of the claim is rejected. There is significant uncertainty of the value and outcome of the dispute, however it is expected to be resolved in 2024.

Joint tax

The Entity participates in a Danish joint taxation arrangement where UNITY IPR ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities

Notes

19. Related parties with controlling interest

Unity Software Inc.., 30 3rd St, San Francisco, CA94103, controlling shareholder (ultimate parent)

UNITY IPR ApS, Copenhagen, Denmark, controlling shareholder

Unity Technologies Singapore Pte. Ltd., Singapore, controlling shareholder.

20. Transactions with related parties

Sale of services to group enterprises

	2023	2022
	USD'000	USD'000
Cost plus	71.190	12.933
Reseller	—	19.754
Licensing	68.733	12.547
Platform and Data Services	—	29.685
Other sales of services to group enterprises	22.502	10.381
	162.425	**85.299**

Purchase of services from group enterprises

	2023	2022
	USD'000	USD'000
Cost plus	(7.300)	682.450
Reseller	57.039	8.219
License Fee	—	5.650
	49.739	**696.319**

Intercompany balances with the group enterprises are disclosed in the balance sheet and interest expense is disclosed in note 8.

21. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Unity Software Inc..,
30 3rd St, San Francisco, CA94103, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Unity Software Inc..,
30 3rd St, San Francisco, CA94103, USA

Ultimate Parent Unity Software Inc.. has at the date of this financial statement, issued their financial statement for 2023.

Accounting policies

Reporting class

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

Omission of consolidated financial statements

Pursuant to section 112(2) 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 Software Inc., CA94103.

Omission of the cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the Entity has not prepared a cash flow statement. The Entity is part of the cash flow statement prepared for the consolidated financial statements of Unity Software Inc., CA94103.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising 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.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associates that are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate adjustments arising at the translation of the opening equity and exchange rate adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Reporting currency is US Dollar (USD'000)

The exchange rate between USD and DKK was 6,75 on 31 December 2023 and 6,97 on 31 December 2022.

Income statement

Revenue

Revenue is recognized upon the transfer of control of promised products and services to customers in an amount that reflects the consideration Unity expect to receive in exchange for those products and services.The Entity is recognizing revenue based on IFRS 15.

Unity evaluate and recognize revenue by:

- Identifying the contract(s) with the customer,
- Identifying the performance obligation(s) in the contract(s);
- Determining the transaction price;
- Allocating the transaction price to performance obligation(s) in the contract(s); and
- Recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (“transfer of control”).

Accounting policies

Unity generate revenue through two sources: (1) Create Solutions, which is comprised of our subscription offerings and professional services; (2) Strategic Partnerships and Other, which is primarily arrangements with strategic partners for the customization and development of our software for platform partners. Unity recognize revenue as our contractual performance obligations are satisfied. When contracts with our customers contain multiple performance obligations, Unity allocate the overall transaction price, which is the amount of consideration to which Unity expect to receive in exchange for promised goods or services, to each of the distinct performance obligations based on their estimated relative standalone selling prices.

Create Solutions

Create Solution Subscriptions
Our subscriptions, mainly consisting of Unity Pro and Unity Plus (collectively the “Create Solution Subscriptions”) are a fully integrated content development solution that enable customers to build interactive or media-based applications. These Create Solution Subscriptions provide customers with the rights to a software license with embedded cloud functionality and multi-platform support. Under IFRS 15, Unity have concluded that the software license is significantly affected by the Company’s ongoing support and updates and therefore have concluded that our Create Solutions Subscriptions represent a single performance obligation.

The transaction price is determined based on the consideration that Unity will be entitled to receive in exchange for transferring our Create Solution Subscriptions to the customer, and Unity do not have material variable consideration. Unity recognize the single performance obligation ratably over the contract term beginning when the license key is delivered.

Enterprise customers may purchase an enhanced support offering (“Enterprise Support”) that is sold separately from the Create Solution Subscriptions, Enterprise Support is generally billed in advance and is recognized ratably over the support term. When an arrangement includes Enterprise Support and Create Solution Subscriptions, which have the same pattern of transfer to the customer (the services transfer to the customer over the same period), Unity account for those performance obligations as if they are a single performance obligation. If an arrangement includes Enterprise Support and Create Solution Subscriptions that do not have the same pattern of transfer, Unity allocate the transaction price to the distinct performance obligations and recognizes them ratably over their respective terms.

Create Solution Subscriptions primarily have a term of one to three years and are generally billed in advance and recognized ratably over the term.

Professional Services
Our professional services revenue is primarily composed of consulting, integration, training, and custom application and workflow building. Professional services may be billed in advance or on a time and materials basis and Unity recognize the related revenue as services are rendered.

Unity typically invoice our customers up front or when promised services are delivered, and the payment terms vary by customer type and location. The term between billing and payment due dates is not significant. As a result, Unity have determined that our contracts do not include significant financing component.

Customer billings related to taxes imposed by and remitted to governmental authorities on revenue producing transactions are reported on a net basis.

Accounting policies

Strategic Partnerships and Other

Unity enter into strategic contracts with owners of hardware, operating system, and device manufacturers, gaming platforms and augmented and virtual reality platforms to customize our software licenses to allow interoperability with the platforms (“Strategic Partnerships”). This allows customers using our Create Solution Subscriptions to build and publish content to more than one platform without having to significantly customize developed content or utilize a third-party plug-in software. Unity consider the platform partners as our customers and generally provide them with the following promises in platform contracts: (i) development and customization of our software to integrate with the customer’s platform and (ii) post-integration ongoing support and updates. Unity generally view these promises as one single performance obligation as the customized software license that is integrated with the customer’s platform requires continuous updates that are critical to the utility of the customized software.

The transaction price is determined based on the consideration that Unity will be entitled to receive in exchange for transferring our goods and services to the customer. Unity do not have material variable consideration. When Strategic Partnerships contain non-monetary consideration, Unity measure and record the transaction price at the estimated fair value of the non-cash consideration received from the customer.

Typically, Unity recognize revenue for these contracts over time as service is performed using the input method to measure progress of the satisfaction of the performance obligation.

Cost of sales

Cost of sales comprises variable costs measured at cost, including costs of foreign assistance, incurred to achieve the revenue for the year.

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 assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pensions etc.

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, 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.

Other operating expenses

Other operating expenses comprises items secondary to the activities of the Entity.

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.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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.

Intellectual property rights etc

Intellectual property rights etc comprise acquired intangible assets, software in progress and development projects.

Acquired intangible assets and software are measured at the lower of cost less accumulated amortisation and recoverables amounts. 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 capitalized implementation costs incurred in cloud computing service arrangements related to enterprise software solutions (“capitalized implementation costs”) and costs associated with customized internal use software systems that have reached the application development stage. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll related expenses for employees, who are directly associated with the development of the applications.The Company capitalize such costs during the application development stage, which begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and is ready for its intended purpose. Costs related to preliminary project activities and post-implementation activities are expensed as incurred.

Capitalized software costs are amortized on a straight-line basis over their estimated useful life, generally two to three years. Management evaluates these assets’ useful lives on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of

Accounting policies

these assets Capitalized implementation costs are expensed over the term of the hosting arrangement, which is the fixed, noncancellable term of the arrangement, plus any reasonably certain renewal periods.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling prices 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.

Leases
The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Investments in group enterprises
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.

Accounting policies

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 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 5-10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable 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 recognized in the income statement or equity, respectively.

Receivables
The Company has chosen IAS 39 as interpretation for impairment for write-down of financial receivables.

Receivables are recorded at the invoiced amount. There is maintained an allowance for doubtful accounts for any receivables that may be unable to collect, based on historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with delinquent accounts. In addition, the accounts receivable amounts due from customers that are past due to identify specific customers with known disputes or collectability issues are reviewed. In determining the amount of the reserve, judgments are made about the creditworthiness of customers based on ongoing credit evaluations. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Income tax payable or receivable
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.

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

Accounting policies

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

Cash
Cash comprises cash in hand and bank deposits.

Equity
Net revaluation reserve according to the equity method
The net revaluation reserve according to the equity method comprises net revaluations of equity investments in group entities and associates and participating interests compared to cost comprising i.a. recognised shares of profit/loss and foreign exchange adjustments less dividends.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs
Reserve for development costs comprise recognised development costs after tax, which are capitalised as intangible assets. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations. This is done by a transfer directly to the distributable reserves under equity.

Proposed dividend
Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Other financial liabilities
The Company has chosen IAS 39 as interpretation for recognition and measurement of 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.