

AI Keyemde 2 ApS

Lautrupparken 40

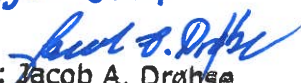
2750 Ballerup

CVR No. 34704139

Annual Report 2018/19

Årsrapporten er fremlagt og
godkendt på selskabets
generalforsamling.

Dato: 5. juli 2019

Dirigent: 
Jacob A. Drøhse

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Management's Statement

Today, Management has considered and adopted the Annual Report of AI Keyemde 2 ApS for the financial year 1 January 2018 - 31 March 2019.

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 assets, liabilities and financial position of the Company at 31 March 2019 and of the results of the Company's operations for the financial year 1 January 2018 - 31 March 2019.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 5 July 2019

Executive Board

Eva Berneke
Man. Director

Nobuhiko Nakatsu
Director

Jannich Kiholm Lund
CFO

Supervisory Board

Masakazu Yamashina

Jens Due Olsen

Megumi Yamamoto

Tomoki Kubo

Toshiyuki Otake

Independent Auditor's Report

To the shareholders of AI Keyemde 2 ApS

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2019 and of the results of its operations and cash flows for the financial year 1 January 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of AI Keyemde 2 ApS for the financial year 1 January 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Management's responsibility 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.

Independent Auditor's Report

The auditor's responsibility 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 judgment and maintain professional skepticism 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 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.

Hellerup, 5 July 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerskab
CVR-no. 33771231

Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

AI Keyemde 2 ApS

Company details

Company	AI Keyemde 2 ApS Lautrupparken 40 2750 Ballerup
CVR No.	34704139
Registered office	Ballerup
Financial year	1 January 2018 - 31 March 2019
Supervisory Board	Masakazu Yamashina Jens Due Olsen Megumi Yamamoto Tomoki Kubo Toshiyuki Otake
Executive Board	Eva Berneke, Man. Director Nobuhiko Nakatsu, Director Jannich Kiholm Lund, CFO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

Management's Review

The Company's principal activities

The Company's principal activities compromise the holding of shares in AI Keyemde 3 ApS, which is 100% owned.

Development in activities and financial matters

NEC Corporation has acquired the KMD Group from the global private equity firm Advent International and the Danish pension fund Sampension in February 2019.

The acquisition of the KMD Group is part of NEC's growth strategy and expansion of the group's global competencies within software development. The KMD transaction is the biggest company acquisition for NEC and one of the biggest Japanese acquisitions of a foreign software company in the past decade.

As part of the acquisition by NEC, the Group's external debt has been repaid and the company has been capitalized through equity contribution by KMD Holding ApS.

The Company's Income Statement of the financial year 1 January 2018 - 31 March 2019 shows a result of DKK -828 and the Balance Sheet at 31 March 2019 a balance sheet total of DKK 6.196.929 and an equity of DKK 5.971.016.

Accounting Policies

Reporting Class

The Annual Report of AI Keyemde 2 ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Company has also decided not to include a cash flow statement due to Danish Financial Statements Act §86, 4.

The accounting policies applied remain unchanged from last year.

Due to the acquisition of the KMD Group by NEC, the company has changed its fiscal year to align with the fiscal year in the NEC Group. As a result the fiscal year for 2018/19 includes 15 months, and the fiscal year going forward will be from 1 April - 31 March.

Consolidated Financial Statements

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are included in the consolidated financial statements of KMD Holding ApS.

Reporting currency

The Annual Report is presented in TDKK.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Income from equity investments in group enterprises and associates

Income from equity investments comprises dividends received from group enterprises and associates in so far as they do not exceed the accumulated earnings in the group enterprise or the associate during the ownership period.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Income Statement

	Note	2018/19 tkr.	2017 tkr.
Gross profit		-125	-37
Profit from ordinary operating activities		-125	-37
Financial income	1	3.355	453
Financial expenses	2	-4.099	-455
Profit from ordinary activities before tax		-869	-39
Tax expense for the year		41	8
Profit		-828	-31
Proposed distribution of profit	3		
Retained earnings		-828	-31
Distribution of profit		-828	-31

Balance Sheet as of 31 March

	Note	2019 tkr.	2017 tkr.
Assets			
Long-term investments in group enterprises	4, 5	5.972.001	1.310.898
Investments		5.972.001	1.310.898
Fixed assets		5.972.001	1.310.898
Short-term receivables from group enterprises		224.843	27.353
Short-term tax receivables		41	8
Receivables		224.884	27.361
Cash and cash equivalents		44	37
Current assets		224.928	27.398
Assets		6.196.929	1.338.296

Balance Sheet as of 31 March

	Note	2019 tkr.	2017 tkr.
Liabilities and equity			
Share capital		21.789	21.789
Retained earnings		5.949.227	1.288.952
Equity		5.971.016	1.310.741
Payables to group enterprises		225.913	27.555
Short-term liabilities other than provisions		225.913	27.555
Liabilities and equity		6.196.929	1.338.296
Significant events occurring after end of reporting period	6		
Contingent liabilities	7		
Collaterals and assets pledges as security	8		
Related parties	9		

Statement of changes in Equity

	Share capital	Retained earnings	Total
Equity 1 January 2018	21.789	1.288.952	1.310.741
Profit (loss)		-828	-828
Contribution from group		4.661.103	4.661.103
Equity 31 March 2019	21.789	5.949.227	5.971.016

The share capital has remained unchanged for the last 5 years. The share capital comprise only 1 share class.

Notes

1. Finance income

	2018/19	2017
Other finance income from group enterprises	3.355	453
	3.355	453

2. Finance expenses

Finance expenses arising from group enterprises	4.099	455
	4.099	455

3. Distribution of profit

Retained earnings	-828	-31
	-828	-31

4. Long-term investments in group enterprises

Cost at the beginning of the year	1.310.898	1.310.898
Addition during the year, incl. improvements	4.661.103	
Cost at the end of the year	5.972.001	1.310.898
Carrying amount at the end of the year	5.972.001	1.310.898

5. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
AI Keyemde 3 ApS	Ballerup	100,00	5.276.227	-237.140
			5.276.227	-237.140

6. Significant events occurring after end of reporting period

No events significant to the company's financial position have occurred since the end of the financial year.

7. Contingent liabilities

The Company is jointly taxed with the other Danish companies in the KMD Holding Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

Notes

9. Related parties

The Company is 100% owned by KMD Holding ApS and the Company is included in the consolidated financial statements of KMD Holding ApS. A copy of the consolidated financial statements is available by contacting, Group Secretariat, Lautrupparken 40, 2750 Ballerup, Denmark.

KMD Holding ApS is 100% owned by Soleil ApS. Soleil ApS is 100% owned by NEC Corporation, which is the ultimate parent company of the KMD Group.