



## **Visma Bluegarden A/S**

Lautrupbjerg 6, 2750 Ballerup

CVR no. 48 11 77 16

Annual report 2018

Approved at the Company's annual general meeting on 30 April 2019

Chairman:

.....  
Nils Anders Vold

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Visma Bluegarden A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 30 April 2019  
Executive Board:

.....  
Monika Juul Henriksen  
CEO

Board of Directors:

.....  
Nils Anders Vold  
Chairman

.....  
Øystein Moan  
Vice Chairman

.....  
Steffen Torp

.....  
Ercan Zülal

.....  
Hanne Gudik-Sørensen

## Independent auditor's report

To the shareholder of Visma Bluegarden A/S

### Opinion

We have audited the financial statements of Visma Bluegarden A/S for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the 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.

## Independent auditor's report

- ▶ 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.

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.

Odense, 30 April 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Søren Smedegaard Hvid  
State Authorised Public Accountant  
mne31450

## Management's review

### Company details

Name	Visma Bluegarden A/S
Address, Postal code, City	Lautrupbjerg 6, 2750 Ballerup
CVR no.	48 11 77 16
Established	9 May 1968
Registered office	Ballerup
Financial year	1 January - 31 December
Website	<a href="http://www.bluegarden.dk">www.bluegarden.dk</a>
Board of Directors	Nils Anders Vold, Chairman Øystein Moan, Vice Chairman Steffen Torp Ercan Zülal Hanne Gudik-Sørensen
Executive Board	Monika Juul Henriksen, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

## Management's review

### Financial highlights

DKK'000	2018	2017	2016	2015	2014
<b>Key figures</b>					
Revenue	497,216	499,051	481,376	477,099	488,185
Gross margin	325,868	324,817	304,697	276,524	283,905
Operating profit/loss	116,678	89,987	101,345	33,802	71,833
Net financials	-171	-2,624	1,050	4,490	6,886
Profit before tax	116,507	87,363	102,395	38,292	78,719
<b>Profit/loss for the year</b>	<b>90,185</b>	<b>67,700</b>	<b>79,734</b>	<b>29,335</b>	<b>57,938</b>
<b>Balance sheet</b>					
Total assets	411,463	250,333	338,567	402,163	380,365
Investment in property, plant and equipment	217	1,261	463	0	478
<b>Equity</b>	<b>245,859</b>	<b>132,502</b>	<b>124,802</b>	<b>165,068</b>	<b>215,423</b>
<b>Financial ratios</b>					
Return on equity	47.7%	52.6%	55.0%	15.4%	26.9%
<b>Average number of employees</b>	<b>292</b>	<b>308</b>	<b>298</b>	<b>340</b>	<b>317</b>

For terms and definitions, please see the accounting policies.

\*The company merged with Bluegarden Holding A/S, Team Siri Holding ApS and Team Siri ApS as of 1st of January 2018. The financial highlights for 2014-2017 are not restated to reflect the merge.

## Management's review

### Business review

#### Corporate mission and goals

Visma Bluegarden A/S is a provider of payroll and HR administration services. The company manages disbursement of salaries by means of its payroll systems and provides HR administration systems and numerous related outsourcing services to support our customers' organisations.

#### Mission:

Visma Bluegarden's mission is to make the daily life of our customers easier and more efficient by handling or supporting payroll and HR administration activities.

#### Values:

- ▶ Precision
- ▶ Respect
- ▶ Simplicity
- ▶ Value creation
- ▶ Execution

#### Recognition and measurement uncertainties

Provision for idle office space and reestablishment amounts to DKK 18,938 thousand as of 31 December 2018. The valuation of the provision includes estimates for idle time, future lease income and cost for reestablishment.

### Financial review

#### Strategic activities in 2018

In 2018, the key strategic activities were:

- ▶ Rebranding of Visma Bluegarden A/S
- ▶ Divestment of non-strategic customer base to focus on core capabilities and expand in the recruitment market
- ▶ New service to the Danish market from Visma Global HRM expense and talent management systems
- ▶ Development and implementation to support migration to Visma Løn for our largest customers
- ▶ Customer solutions for GDPR and ISO 27001

#### Development in activities and finances in 2018

In 2018, Visma Bluegarden A/S realised revenue of 497 MDKK compared to 499 MDKK in 2017, 0,4% decrease compared to last year, which is in line with expectations due to increased focus on core capabilities, and therefore termination of non-strategic customers.

Operating expenses amounted to 381 MDKK in 2018 (2017: 409 MDKK). A decrease of 28 MDKK compared to last year. The lower costs compared to 2017 are primarily attributable to the restructuring, including onboarding to Visma products, and lower personnel and consulting costs. 2018 has particularly been influenced by a higher internal focus, including GDPR compliance and the Visma transition.

Result before net financials stands at 117 MDKK (2017: 90 MDKK) equal to a profit margin of 23.4%.

Net financials for 2018 amounted to a net expense of 0.2 MDKK (2017: net expense of 2.6 MDKK). The lower expense is due to settlement of loan in 2017.

Profit of the year was 90.2 MDKK. The profit of the year is considered satisfactory compared to the expectations for the year.



## Management's review

### Personal data, including EU General Data Protection Regulation (GDPR)

Visma Bluegarden A/S is fully compliant with applicable privacy legislation.

In 2018 Visma Bluegarden A/S has continued the work with implementing GDPR. The work has been organized in two cooperating tracks. An information security track, based on the ISO 27001 standard, and a legal track that ensures compliance and documentation in regard to the legal principles of GDPR.

Visma Bluegarden A/S are ISO 27001 compliant, and in addition Visma Løn/HR will be ISO27001 certified in 2019.

Visma Bluegarden A/S has completed negotiations with all subcontractors on new data processing agreements and new security requirements for subcontractors during 2018.

New data processing agreements was sent to all customers in March 2018. Subsequently, individual terms have been negotiated with some customers.

Visma Bluegarden A/S has held several customer courses on processing personal data during 2018, thus contributing to customers being compliant.

### Knowledge resources

Visma Bluegarden A/S's business activities are based on in-depth knowledge of and expertise in software development, payroll and HR administration. The Company requires that staff of the development, sales and service functions hold strong skills and have solid experience in the fields of payroll and HR so that they are always able to put themselves in the customer's position and provide services matching their demands and expectations.

In recent years, Management has prioritized development of the employees' competencies in the agile development methodology throughout the Group and not just within IT development. In addition, focus has been on strengthening the employees' awareness of process optimization to improve efficiency in their respective fields of responsibility and on how to create simple and effective solutions to the customers' needs.

Enhancing customer focus has been an ongoing activity in 2018, both in the ongoing customer dialogue via the service functions, better self-service and in the user experience of our products.

The company has also worked with its core narrative and strategic roadmap. The aim is that the employees are even better in supporting the customer's business processes regarding payroll and HR, to make the customer's feel safe about their payroll and assure them of having a fully compliant payroll process. The focus will continue to be on securing the satisfaction of the customers, delivering sustainable result improvements and thereby raise the market share. Internally the focus will be on having a continuously high engagement and satisfaction among the employees, to enable the realization of the company's strategic goals.

At year-end 2018, the headcount was 317 compared to 320 at year-end 2017.

### Special risks

#### IT security and business continuity

As a technology business whose core services for customers are based on information technology, IT security, process safety and business continuity are crucial. This applies to both applications and production processes where quality assurance is the focal point. The Company requires a high level of security in own processes and in those of sub-contractors. Security is tested on a regular basis and verified through auditor's reports, and audits are also performed by companies specialized in IT security.

#### Market conditions and fluctuations

Demand for the Company's products and services is to some degree sensitive to economic developments as sales of payroll administration products are affected by the employment situation and the business climate in general. Risks are minimized by having a portfolio of products and services.

## Management's review

### Financial risks

Visma Bluegarden A/S' business activity does not imply currency risk except for minor exposures in NOK, SEK and EUR related to intercompany trade and other minor customers and suppliers. The Company manage interest rate risks related to the net interest-bearing debt. Steps are taken to reduce credit risks from customers by having processes in place for rating major customers.

### Research and development activities

The company has a number of IT development projects that are capitalized and depreciated over the expected useful lives. The activated projects include proprietary programs developed as part of the company's future strategy.

### Statutory CSR report

Visma Enterprise provides a wide range of products and services for many different industries, business areas and customer types. Visma Enterprise Denmark is the leading supplier of payroll and HR solutions in the Danish market. More than 1,500 intermediate and large companies, and over 62,000 small companies, today have one of our payroll and or HR solutions. Our solutions support the employee's life-cycle in a company with automation of essential processes such as recruitment, personnel and payroll administration. Our market position in Denmark rests on a foundation of trust, knowledge and respect. It is our job to ensure that our customers fulfill their promises and obligations to their employees about HR and payroll.

At Visma Bluegarden A/S we believe that we can develop a profitable business while also demonstrating corporate social responsibility (CSR). Visma Bluegarden A/S's CSR policy has been established to support profitable performance in the following areas, directly as well as indirectly:

- ▶ Labour
- ▶ Climate, environment and energy
- ▶ Human rights and anti-corruption.
- ▶ Requirements for subcontractors and business partners on labour, human rights and anti-corruption.

In our day-to-day operations, we pursue a CSR policy and support behavior that is based on activities that also produce higher profitability for the Company and its business partners.

### Labour

For our employees, we want to ensure:

- Healthy and safe working conditions
- Job satisfaction of the employees
- Opportunities for development and challenges
- Fair standard of salaries
- Equality and equal opportunities.

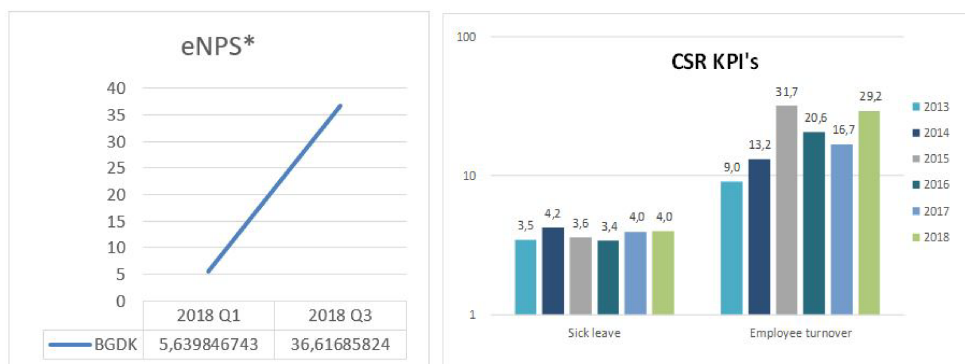
To insure the overall employee standards we comply with all legal requirements and agreements with the 'Finansforbund'. The agreement with the 'Finansforbund' also ensures fair standard of salary for all employees, as all employees follow the same salary development and get the same benefits.

Furthermore we conduct a yearly workplace assessment, to insure the health and safety.

On a semi-annually basis a 'Employee Engagement survey' is made between all employees and their leader, to insure the satisfaction and development. In extension to the survey, a development plan is made for all employees to make sure that all employees have the same asses to the opportunities and challenges that they wish.

In addition to these initiatives, employee involvement and competency development seek to keep employee satisfaction high, reduce staff turnover, reduce sickness absenteeism and further the diversity of staff mix.

## Management's review



\* BGDK figures excluding IT department

In 2018 Visma Bluegarden A/S implemented the Visma employee satisfactory survey, employee Net Promoter Score. Generally, the employee satisfaction has been stable, but as expected the Visma transformation has been a rough transformation on many employees, which is evident in the first survey done after the transfer. In that period, and now, there was an enhanced focus on ensuring the employees and the workplace. This enhanced focus has stabilized the larger uncertainties and caused the satisfaction the raise again. The satisfaction is expected to increase further in 2019, with the latest initiatives.

Sickness absenteeism remains at a stable, low level.

The negative development in staff turnover has been affected by organizational changes done in 2017 and 2018. This negative development is expected to turn around in 2019, as the new division split will be implemented in full, and when the organization has settled down.

The risk of not stabilizing the organization could be, that sickness leave and employee turnover would increase, and possible damage the reputation of the company, but also increase the cost of employees and consultants.

### Climate, environment and energy

Visma Bluegarden A/S aim to run our business in an environmentally conscious way - and is constantly working on reducing its total CO2 emissions in accordance with the policy adopted.

It is Visma Bluegarden A/S' overall intention to have the lowest possible CO2 emission, and make the focus on the climate a general focus point for all departments and employees of the company.

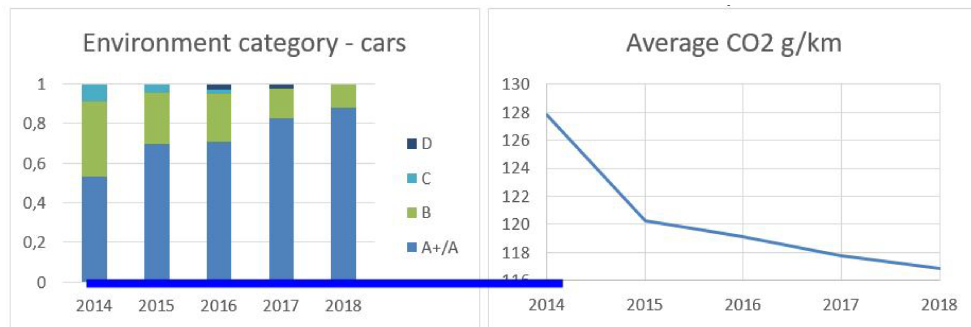
In the broader context, Visma Bluegardens provides solutions and services that contribute to greater productivity for our customers and that generally reduce their carbon footprint through electronic business operation.

Additionally Visma Bluegarden A/S makes an effort to help our customers reduce their consumption of paper by using electronic payslips and by providing an on-line storage feature (e-Boks/e-Boks Erhverv) which during 2018 has additionally reduced the large number of physical printouts.

The Company primarily emits CO2 in connection with car and air transport as well as electricity and heating in buildings.

Guidelines have been implemented governing the selection of cars, the aim of which is to ensure an environmentally sustainable car pool. The share of low ranking environmental cars have been reduced over the last few year from 20% of the total car pool in 2013 to 0% in 2018, and the average CO2 g/km emission has dropped from 136 in 2013 to 117 in 2018 per car. As for air transport, the policy is that, if possible, meetings are to be held as conference calls or video conferences. Emission from air transport has not been measured.

## Management's review



We will in the coming years keep focusing on our travel activities and choices of company cars, to keep the environmental impact on a minimum level. Also we will help our customers to lower their usage of print.

The risk of a higher paper consumption is estimated to be low as the general development of society is going towards digitalisation, and the hard work done in prior years by Visma Bluegarden A/S to convert paper payslips to digital payslips. The risk of a higher CO2 emission in connection with cars is also estimated to be low, as we are in direct control of the choices made by the employees when selecting a company car. For the environmental impact coming from travel activities Visma Bluegarden A/S estimates the risk to be low, as it is proven in 2018 that the majority of all meetings can successfully be held via digital hangouts.

### Human rights and anti-corruption.

Visma Bluegardens approach to human-rights, anti-corruption and bribery is based on two of the main Corporate values of the Visma Group, i.e. Respect and Reliability:

- Respect: Show respect for colleagues, clients and their businesses and always represent Visma in an appropriate manner. Respect must be shown in all relationships, external as well as internal, based on principles such as equality and diversity.
- Reliability: Be loyal, to Visma's directives and honour the agreements that have been made with clients, colleagues and others.

Visma Bluegarden upholds diversity in its appointment of people from different cultural, ethnic and religious backgrounds.

All contracts that are made with Visma Bluegarden A/S contains demands of enforcement of human rights and anti-corruption, and therefore Visma Bluegarden A/S makes it a point to be leading in these areas as well.

The corporate values are comprehensively communicated and known throughout the Visma Group - and is now also part of 'My Development Plan' recently rolled out for all Visma Bluegarden employees to ensure understanding and compliance.

The risk of not having these standards would be that we in Visma Bluegarden A/S could be linked to a damaging and risky situation, that would not measure up to our moral standards.

To support the knowledge of anti-corruption an annually mandatory test for all employees has been implemented, that insures the awareness of the anti-corruption policy in the Visma Group.

Visma Bluegarden A/S's anti-corruption statement is:

- Visma Bluegarden has a zero tolerance on corruption and bribery
- We are all responsible every day
- We are transparent and seek guidance when in doubt
- We are all responsible for completing the anti-corruption training and read the anti-corruption policy

The risk of not having this policy would be that we in Visma Bluegarden A/S could be linked to a damaging and risky situation, that would not live up to our general moral standards.

### Requirements for subcontractors and business partners

## Management's review

Requirements regarding labour, human rights and anti-corruption are incorporated in the standard terms and in the negotiations for contracts with subcontractors. This policy was drawn up in 2013, and, in 2014, the requirements were incorporated in the standard terms for new and renegotiated contracts with subcontractors.

The risk of not having these standards for all subcontractors would be that we in Visma Bluegarden A/S could be linked to a damaging and risky situation, that would not measure up to our moral standards.

### Account of the gender composition of Management

The policy on equality stipulates that staff mix at all management levels should reflect the gender balance of the surrounding environment. Furthermore, equality compels staff to be respectful of the values of mutual respect, cohesion and diversity.

The gender compositions objective is considered fulfilled when at least 30% at each staff group are represented, or 20% in very small populations.

Through its recruiting activities, Visma Bluegarden A/S will ensure that both genders are represented in the selection of candidates. We want to promote an even gender balance in all job categories, however, without positive discrimination. All employments will still be made based on an overall assessment of who is best suited for the job.

Gender distribution for 2018 is illustrated below. The objective has been fulfilled with respect to general employees, managers and country managers.

At present, only men are represented as members of the board of directors who have been elected at the general assembly. The goal related to the board of directors are to have at least 20 % of the general assembly elected members to be women, equivalent to one woman. Visma Bluegarden A/S has a challenge with meeting the target in the Board of Directors (members selected on the general assembly). The target is not achieved due to a lack of qualified female applicants to positions in the board of directors. The target are expected to be fulfilled within the next 4 years.



### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

A cautious assessment has been made of market conditions for 2019. The Company expects to keep the revenue stabil in 2019. At the same time reducing the production cost in 2019. Expectations are that the generation of earnings will improve because of continued focus on improving efficiency in 2019.

Negative market developments compared to the expected scenario or failure to stabilize revenue or reductions in costs will have an adverse impact on expected growth and earnings performance.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
2	<b>Revenue</b>	497,216	499,051
	Other external expenses	-171,348	-174,234
	<b>Gross margin</b>	325,868	324,817
3	Staff costs	-185,423	-204,522
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-23,767	-30,308
	<b>Profit before net financials</b>	116,678	89,987
5	Financial income	93	4,579
	Financial expenses	-264	-7,203
	<b>Profit before tax</b>	116,507	87,363
6	Tax for the year	-26,322	-19,663
	<b>Profit for the year</b>	90,185	67,700

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Completed development projects	7,967	20,505
	Acquired intangible assets	112,271	973
	Goodwill	27,349	9,974
		<u>147,587</u>	<u>31,452</u>
8	<b>Property, plant and equipment</b>		
	Plant and machinery	962	1,225
	Leasehold improvements	794	1,033
		<u>1,756</u>	<u>2,258</u>
9	<b>Investments</b>		
	Other receivables	77	96
	Deposits	4,705	4,676
		<u>4,782</u>	<u>4,772</u>
	<b>Total fixed assets</b>	<u>154,125</u>	<u>38,482</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	62,857	44,069
	Receivables from group enterprises	127,753	66,028
	Other receivables	15	0
10	Prepayments	13,388	15,545
		<u>204,013</u>	<u>125,642</u>
	<b>Cash</b>	53,325	86,209
	<b>Total non-fixed assets</b>	<u>257,338</u>	<u>211,851</u>
	<b>TOTAL ASSETS</b>	<u>411,463</u>	<u>250,333</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
11	Share capital	10,000	10,000
	Reserve for development costs	6,215	14,127
	Retained earnings	79,644	108,375
	Dividend proposed	150,000	0
	<b>Total equity</b>	<b>245,859</b>	<b>132,502</b>
	<b>Provisions</b>		
12	Deferred tax	20,028	2,868
	Other provisions	19,976	4,715
13	<b>Total provisions</b>	<b>40,004</b>	<b>7,583</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	1,463	1,884
	Contract work in progress	15	584
	Trade payables	20,278	18,243
	Payables to group enterprises	3,632	411
	Joint taxation contribution payable	33,837	17,193
	Other payables	66,375	71,933
		<b>125,600</b>	<b>110,248</b>
	<b>Total liabilities other than provisions</b>	<b>125,600</b>	<b>110,248</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>411,463</b>	<b>250,333</b>

- 1 Accounting policies
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting



## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2017	10,000	15,905	38,897	60,000	124,802
18	Transfer, see "Appropriation of profit"	0	-1,778	69,478	0	67,700
	Dividend distributed	0	0	0	-60,000	-60,000
	<b>Equity at 1 January 2018</b>	<b>10,000</b>	<b>14,127</b>	<b>108,375</b>	<b>0</b>	<b>132,502</b>
	Additions on merger	0	0	23,172	0	23,172
18	Transfer, see "Appropriation of profit"	0	-7,912	-51,903	150,000	90,185
	Proposed dividend in merger	0	0	100,000	0	100,000
	Dividend distributed	0	0	-100,000	0	-100,000
	<b>Equity at 31 December 2018</b>	<b>10,000</b>	<b>6,215</b>	<b>79,644</b>	<b>150,000</b>	<b>245,859</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Visma Bluegarden A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

A few reclassifications were made in the comparison figures for 2017.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Licence income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10-20 years. The amortisation period is based on the expected repayment period.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	5-10 years
Goodwill	10-20 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5-15 years

###### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments.

The carrying amount is reviewed annually for impairment in addition to that reflected through amortisation.

An impairment test is made in the event of indication of impairment. Write-down is made to the lower of recoverable amount and carrying amount.

Other intangible assets include development projects and other acquired intangible rights, including software licences, trademarks, customer relationships, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 10 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Other securities and investments

Other investments are measured at cost and consists of longterm receivables and deposits.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### **Work in progress for third parties**

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

##### **Prepayments**

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### **Cash**

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

##### **Equity**

##### ***Reserve for development costs***

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

##### ***Proposed dividends***

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, work in progress, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Provisions are measured at net realisable value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on equity 
$$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$$

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2018	2017
<b>2 Segment information</b>		
<b>Breakdown of revenue by geographical segment:</b>		
Domestic	497,216	499,051
	<u>497,216</u>	<u>499,051</u>
Revenue comprises salary handling and HR services.		
The Company has not disclosed the breakdown of revenue by business segment at, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company. The reason is that is operating in a highly competitive market where information about business segments will damage its market position.		
<b>3 Staff costs</b>		
Wages/salaries	164,346	182,804
Pensions	17,657	18,437
Other social security costs	3,420	3,281
	<u>185,423</u>	<u>204,522</u>
Average number of full-time employees	<u>292</u>	<u>308</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed regarding 2018. Remuneration to management of DKKt 12,677 was included in the 2017 staff costs.		
<b>4 Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	23,048	30,074
Depreciation of property, plant and equipment	719	234
	<u>23,767</u>	<u>30,308</u>
<b>5 Financial income</b>		
Interest receivable, group entities	0	4,538
Other financial income	93	41
	<u>93</u>	<u>4,579</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	33,837	24,193
Deferred tax adjustments in the year	-7,706	-4,732
Tax adjustments, prior years	191	202
	<u>26,322</u>	<u>19,663</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2018	183,584	10,590	79,247	273,421
Additions through mergers	0	177,397	27,558	204,955
Additions	0	6,548	0	6,548
Disposals	-22,627	-19,022	0	-41,649
Cost at 31 December 2018	160,957	175,513	106,805	443,275
Impairment losses and amortisation at 1 January 2018	163,079	9,617	69,273	241,969
Impairment losses and amortisation of additions through mergers	0	64,370	7,950	72,320
Amortisation for the year	12,538	8,277	2,233	23,048
Reversal of accumulated amortisation and impairment of assets disposed	-22,627	-19,022	0	-41,649
Impairment losses and amortisation at 31 December 2018	152,990	63,242	79,456	295,688
Carrying amount at 31 December 2018	7,967	112,271	27,349	147,587
Amortised over	3 years	5-10 years	10-20 years	

#### Completed development projects

Development projects includes the main local payroll and fronted systems. The valuation of development projects depends on future selling prices and volumes. Based on budgets, management expects future cash flow from the development projects that exceeds the booked value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Property, plant and equipment

DKK'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 January 2018	18,066	3,990	22,056
Additions	217	0	217
Disposals	-2,831	0	-2,831
Cost at 31 December 2018	15,452	3,990	19,442
Impairment losses and depreciation at 1 January 2018	16,841	2,957	19,798
Depreciation	480	239	719
Reversal of accumulated depreciation and impairment of assets disposed	-2,831	0	-2,831
Impairment losses and depreciation at 31 December 2018	14,490	3,196	17,686
<b>Carrying amount at 31 December 2018</b>	<b>962</b>	<b>794</b>	<b>1,756</b>
Depreciated over	3 years	5-15 years	

#### 9 Investments

DKK'000	Other receivables	Deposits	Total
Cost at 1 January 2018	96	4,676	4,772
Additions	0	41	41
Disposals	-19	-12	-31
Cost at 31 December 2018	77	4,705	4,782
<b>Carrying amount at 31 December 2018</b>	<b>77</b>	<b>4,705</b>	<b>4,782</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Prepayments

Prepayments include salaries, pension, facility payments, and other costs connected to these costs.

DKK'000	2018	2017
<b>11 Share capital</b>		
Analysis of the share capital:		
10,000,000 shares of DKK 1.00 nominal value each	10,000	10,000
	10,000	10,000
	10,000	10,000

The Company's share capital has remained DKK 10,000 thousand over the past 5 years.

#### 12 Deferred tax

Deferred tax at 1 January	2,868	7,600
Change in deferred tax	-7,706	-4,732
Additions related to merge	24,866	0
<b>Deferred tax at 31 December</b>	20,028	2,868

#### 13 Provisions

Other provisions comprise provisions for idle office space and reestablishment and loss provisions related to work in progress.

Provision for idle office space and reestablishment amounts to DKK 18,938 thousand as of 31 December 2018. The valuation of the provision includes estimates for idle time, future lease income and cost for reestablishment. 2,995 thousand of the provision are expected to be used in 2019, and the rest within 2-5 years.

Provision related to loss on work in progress amounts to DKK 1,038 thousand as of 31 December 2018 and are expected to be fully used in 2019.

#### 14 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its parent, Visma Danmark Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Through the merger with BGH 2017 A/S Visma Bluegarden A/S have acquired some issued financial guarantees for a number of customers in a former subsidiaries. Guarantees covering the former subsidiaries have not been taken over by the new appropriate owners within the Visma Group as of 31 December 2018.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### Other financial obligations

Covering the years 2019-2022 the company has entered leases regarding cars and office equipment at a total expense of 3.5 MDKK, whereof 1.7 MDKK is due within the first year.

The Company has property leases with a tenure from 9 months to 5 years. The yearly costs for the company amount to 10.9 MDKK. There has been made a provision of 8.1 MDKK for rent for vacant premises.

The Company has entered agreements with suppliers with a tenure up to 2 years and a maximum contractual obligation of 68.6 MDKK.

#### 15 Collateral

The Visma Group has a cash pool agreement, under which the Norwegian parent company, Visma AS, is the holder of the agreement, while other group companies are sub-account holders. The bank can settle drafts and deposits with each other, so the net amount constitutes a balance between the bank and Visma AS. For Visma Bluegarden A / S's intercompany balances, 126 million are included in the joint cash pool agreement.

#### 16 Related parties

Visma Bluegarden A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Metatron AS	Oslo, Norway	Ultimate owner
Visma Danmark Holding A/S	Copenhagen, Denmark	Capital owner, 100%

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Visma Group Holding AS	Oslo, Norway	Karenslyst allé 56P.O. Box 733 SkøyenNO-0214 Oslo
Visma Norge AS	Oslo, Norway	<a href="http://www.visma.com/Investors-Relations/">http://www.visma.com/Investors-Relations/</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Visma Danmark Holding A/S	Copenhagen, Denmark

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 17 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Visma Group Holding AS.

DKK'000	2018	2017
<b>18 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	150,000	0
Other statutory reserves	-7,912	-1,778
Retained earnings/accumulated loss	-51,903	69,478
	90,185	67,700