

Visma Bluegarden A/S

Annual Report 2017

CVR 48 11 77 16
Lautrupbjerg 6
2750 Ballerup

The Annual Report was presented and
approved at the General Meeting on 26st of
April 2018

Nils Anders Vold
Chairman of the meeting

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Statement by Management on the annual report

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 2017.

The annual report has been 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 2017 and of the results of the Company's operations for the financial year 1. January – 31. December 2017.

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 26st of April 2018

Executive Board:

Monika Juul Henriksen
CEO

Board of Directors

Nils Anders Vold
Chairman

Øystein Moan
Vice chairman

Eivind Gundersen

Hanne Gudik-Sørensen

Ercan Zülal

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 2017, 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 2017 and of the results of the Company's operations for the financial year 1. January - 31. December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

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

- Continued

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.

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 26st of April 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab
Business Registration No 30 70 02 28

Søren Smedegaard Hvid
State Authorised
Public Accountant
MNE no.: mne31450

Company information

The company

Visma Bluegarden A/S
Lautrupbjerg 6
2750 Ballerup

Phone: +45 72 27 90 00
Fax: +45 72 27 90 99
Homepage: www.bluegarden.dk

CVR: 48 11 77 16
Accounting period: 1. January - 31. December
Location: Ballerup

Board of Directors

Nils Anders Vold, Chairman
Øystein Moan, Vice chairman
Eivind Gundersen
Hanne Gudik-Sørensen
Ercan Zülal

Management

Monika Juul Henriksen, CEO

Audit company

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Group Annual Report

The company is included in the Group Annual Report for Visma AS.

The group annual report for Visma AS can be requisitioned at the following address:

Karenslyst Allé 56
0277 Oslo
Norway

Financial highlights

	2017	2016	2015	2014	2013
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Revenue	499	481	477	488	514
Gross profit*	317	305	277	284	239
Profit from operations	90	101	34	72	83
Financial items, net	-3	1	5	7	5
Profit for the year	68	80	29	58	66
Total assets	250	339	402	380	418
Gross investments in intangible assets	9	22	18	14	16
Gross investments in tangible assets	1	0	0	0	0
Equity	133	125	165	215	237
Number of employees (average for the year)	308	298	340	317	299
KPI %					
Gross margin*	64%	63%	58%	58%	47%
Profit margin	18%	21%	7%	15%	16%
Return on assets	36%	30%	8%	19%	20%
Equity ratio	53%	37%	41%	57%	57%
Return on equity	53%	55%	15%	26%	30%

*Figures for 2013 are not fully comparable to 2014-2017, as R&D costs are shown separately in 2014-2017 to improve transparency.

Financial ratios are calculated in accordance with the recommendations of the Danich Finance Society. For terms and definitions, please see the accounting policies

Management report

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

Strategic activities in 2017

In 2017, the key strategic activities were:

- Activities aimed at retaining and winning customers in the market of small and medium-size enterprises.
- Migrating customers from older payroll platforms to a new payroll solution for the purpose of phasing out older platforms and saving costs.
- Development and implementation initiatives on large customers within the private and public sector.

Development in activities and finances in 2017

In 2017, Visma Bluegarden A/S realised revenue of 499 MDKK compared to 481 MDKK in 2016, 3.7% growth on last year, which is in line with expectations.

Operating expenses amounted to 409 MDKK in 2017 (2016: 380 MDKK). An increase of 29 MDKK compared to last year. The higher costs compared to 2016 are primarily attributable to the restructuring, including double facility cost and IT restructuring, and higher personnel costs due to severance payments.

Result before net financials stands at 90 MDKK (2016: 101 MDKK) equal to a profit margin of 18%.

Net financials for 2017 amounted to a net expense of 2.6 MDKK (2016: net income of 1.1 MDKK). The lower income is due to lower lending of funds to affiliated companies compared with 2016, and a lower interest rate.

Profit of the year was 67.7 MDKK. The profit of the year is considered satisfactory compared to the expectations for the year.

In September 2017 TSH 2017 ApS was acquired by Visma Holding Danmark A/S.

Uncertainty relating to recognition and measurement

The main local payroll and frontend systems are significant intangible assets that have been tested for impairment in the Visma acquisitions phase. The impairment tests included expected selling prices, volumes and maintenance costs, which are estimated to be realised over the systems' useful lives, including major growth and efficiency improvement in the years ahead, and expected costs of completion for non-completed development

The impairment test of the assets mentioned did not give rise to any write-downs.

Management report

Outlook for 2018

A cautious assessment has been made of market conditions for 2018. The Company expects to keep the revenue stable in 2018. At the same time reducing the production cost in 2018. Expectations are that the generation of earnings will improve because of continued focus on improving efficiency in 2018.

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.

Subsequent events

The Group has submitted merge plan to merge Visma Bluegarden A/S, BGH 2017 A/S, TS 2017 ApS and TSH 2017 ApS as of 1st of January 2018 with Visma Bluegarden A/S as the continuing company.

Besides the above, no other events have occurred since the balance sheet date that would materially influence the evaluation of this annual report. The merge has no financial impact for the 2017 annual report.

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

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

In 2017 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 will be ISO 27001 compliant before the regulation enters into force, and in addition certify some of the products by the end of 2018.

Visma Bluegarden A/S has negotiated new data processing agreements and provided new security requirements for subcontractors during 2017.

In addition Visma Bluegarden A/S will in the first quarter of 2018 send new data processing agreements to all customers, that includes the new GDPR requirements.

Visma Bluegarden A/S has held more than 30 customer courses on processing personal data during 2017, thus contributing to customers being compliant.

Visma Bluegarden A/S will be fully compliant with GDPR by May 2018.

Particular 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 report

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.

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

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 a ongoing activity in 2017, 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 2017, the headcount was 317 compared to 320 at year-end 2016.

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 report on corporate social responsibility

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

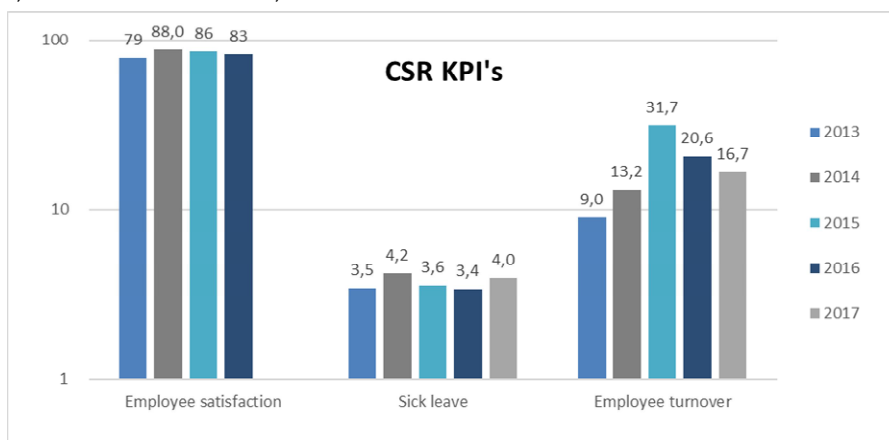
For our employees, we want to ensure:

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

Management report

Labour , continued

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.



Employee satisfaction is generally stable, however in 2017 the employee survey has not been completed due to the Visma acquisition in the fall of 2017. In 2018 Visma Bluegarden A/S will be included in the Visma employee satisfactory survey. Sickness absenteeism remains at a stable, low level, while the negative development in staff turnover, particularly in 2015 has been affected by organizational changes. The employee turnover is falling, but remains at a high level, which is influenced by the changes made in the organization in 2017. Diversity has not been measured.

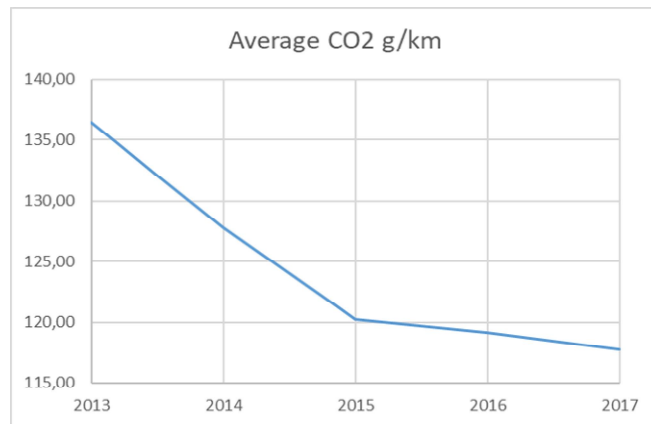
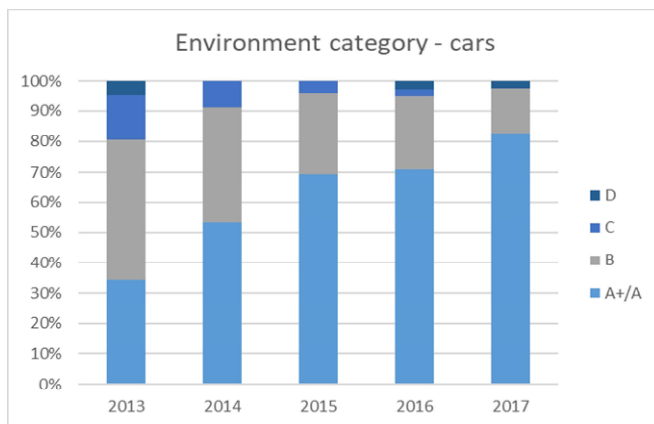
Climate, environment and energy

Based on having a generally profitable performance, Visma Bluegarden A/S is working on reducing its total CO2 emissions in accordance with the policy adopted.

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 that makes the large number of printouts superfluous for our customers.

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 3% in 2017, and the average CO2 g/km emission has dropped from 136 in 2013 to 118 in 2017 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 report

Human rights and anti-corruption.

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. Human rights and anti-corruption has not been measured.

Requirements for subcontractors and business partners

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.

Report on 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.

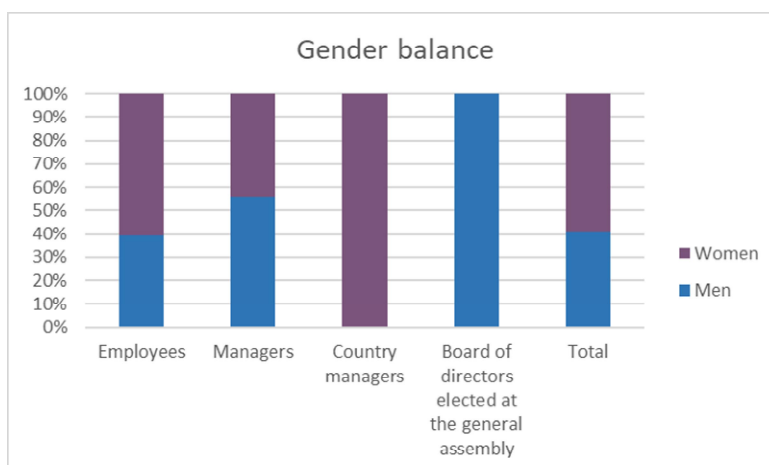
The gender compositions objective is considered fulfilled when at least 30% at each staff group are represented, or 20% in very small populations.

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 2017 is illustrated below. The objective has been fulfilled with respect to staff, executives and mid-level 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 1 woman. Visma Bluegarden A/S has a challenge with meeting the target in the Board of Directors (members selected on the general assembly) and country management. 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.

The composition objective for the country management department has been fulfilled in the first half of 2018.



Income statement 1. January - 31. December 2017

	Note	2017	2016
		TDKK	TDKK
Revenue	2	499.051	481.376
Cost of sales	3, 4, 5	<u>(181.601)</u>	<u>(176.679)</u>
Gross profit		317.450	304.697
Research and development costs	3, 4, 5	(101.935)	(89.628)
Sales and distribution costs	3, 4, 5	(52.614)	(43.301)
Administrative expenses	3, 4, 5	<u>(72.914)</u>	<u>(70.423)</u>
Profit from operations		89.987	101.345
Financial income	6	4.572	7.503
Financial expenses	7	<u>(7.196)</u>	<u>(6.453)</u>
Profit before tax		87.363	102.395
Tax on profit for the year	8	<u>(19.663)</u>	<u>(22.661)</u>
Profit for the year		<u>67.700</u>	<u>79.734</u>

Balance sheet 31. December 2017

Assets	Note	2017	2016
		TDKK	TDKK
Completed development projects		20.505	37.991
Acquired software		973	1.281
Goodwill		9.974	10.971
Development projects in progress		-	2.242
Intangible assets	9	31.452	52.485
Plant and equipment		1.225	419
Leasehold improvements		1.033	1.068
Tangible assets	10	2.258	1.487
Other receivables	11	4.772	4.791
Financial assets		4.772	4.791
Total fixed assets		38.482	58.763
Trade receivables		26.679	25.164
Receivables at affiliated companies		66.028	194.859
Prepayments	12	15.545	20.685
Receivables		108.252	240.708
Cash		103.598	39.096
Total current assets		211.850	279.804
Total assets		250.332	338.567

Balance sheet 31. December 2017

Liabilities	Note	2017	2016
		TDKK	TDKK
Share capital		10.000	10.000
Reserve for development projects		14.127	15.905
Retained earnings		108.375	38.897
Proposed dividend for the financial year		-	60.000
		132.502	124.802
Equity			
Deferred tax	13	2.868	7.600
Provisions	14	4.715	-
		7.583	7.600
Total provisions			
Credit institutions	15	-	101.621
Long term liabilities		-	101.621
Credit institutions	15	-	1.725
Contract work in progress		584	-
Trade payables		18.242	24.972
Prepayments received from customers		1.884	3.002
Payables to affiliated companies		411	1.600
Payable joint taxation contribution		17.193	14.281
Other payables		71.933	58.965
Short term liabilities		110.247	104.545
Liabilities other than provisions		110.247	206.165
Total equity, liabilities and provisions		250.332	338.567
Subsequent events	1		
Contingent liabilities and other financial obligations	16		
Related parties and ownership	17		
Proposed distribution of profit	18		

Statement of changes in equity

Equity

TDKK	Share capital	Reserve for development projects	Retained earnings	Proposed dividend	Total
Equity 1. January 2016	10.000	-	35.068	120.000	165.068
Dividend paid	-	-	-	(120.000)	(120.000)
Adjustment for development projects	-	15.905	(15.905)	-	-
Profit for the year	-	-	19.734	60.000	79.734
Equity 1. January 2017	10.000	15.905	38.897	60.000	124.802
Dividend paid	-	-	-	(60.000)	(60.000)
Profit for the year	-	(1.778)	69.478	-	67.700
Equity 31. December 2017	10.000	14.127	108.375	-	132.502

The share capital of 10.000 TDKK is split on shares of 1 kr. or multiples thereof.

There have been no changes to the share capital within the last 5 years.

Notes

1 Subsequent events

The Group has submitted merger plan to merge Visma Bluegarden A/S, BGH 2017 A/S, TS 2017 ApS and TSH 2017 ApS as of 1st of January 2018 with Visma Bluegarden A/S as the continuing company.

Besides the above, no other events have occurred since the balance sheet date that would materially influence the evaluation of this annual report. The merge has no financial impact for the 2017 annual report.

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
2 Revenue		
Revenue allocation by country:		
Domestic	499.051	481.376
	<u>499.051</u>	<u>481.376</u>
Revenue comprises salary handling and HR services.		

3 Staff costs

Wages and salaries	182.805	164.463
Pensions	18.437	17.198
Social security costs	3.281	3.364
	<u>204.522</u>	<u>185.025</u>
Wages, salaries, pension and social security costs are expensed as:		
Costs of sales	96.239	89.741
Research and development costs	55.641	48.907
Sales and distribution costs	29.153	29.562
Administration costs	27.433	23.490
Capitalized own hours	(3.944)	(6.675)
	<u>204.522</u>	<u>185.025</u>
This includes cost re invoiced from group company of:		
Fees to Management	12.677	7.183
Fees to Management and Board of Directors	<u>12.677</u>	<u>7.183</u>

Fee to Management include severance costs for resigned directors in connection with the sale of the company in 2017.

Average number of employees	<u>308</u>	<u>298</u>
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4 Fees to independent auditors

With reference to § 96, subsection 3 of the Danish Financial Statements, Audit fee is not presented. The Audit fee is presented in the consolidated Annual Report for Visma Group Holding AS.

Notes

	<u>2017</u>	<u>2016</u>		
	TDKK	TDKK		
5 Depreciations and amortisation				
Intangible assets	29.817	26.563		
Tangible assets	490	356		
	30.307	26.920		
Depreciations and amortisation are expensed as:				
Costs of sales	358	358		
Research and development costs	28.095	23.680		
Sales and distribution costs	1.083	1.005		
Administration costs	771	1.876		
	30.307	26.920		
6 Financial income				
Financial income from affiliated companies	4.537	7.469		
Other financial income	35	34		
	4.572	7.503		
7 Financial expenses				
Other financial expenses	7.196	6.453		
	7.196	6.453		
8 Tax on profit for the year				
Tax for the period	24.193	23.281		
Change in deferred tax	(4.732)	(456)		
Prior year adjustment, tax payable	202	(62)		
Prior year adjustment, deferred tax	-	(102)		
	19.663	22.661		
9 Intangible assets				
	Completed	Acquired	Goodwill	Development
TDKK	development	software		projects in
	projects			progress
Cost at 1. January 2017	187.104	10.840	79.247	2.242
Additions	-	-	-	8.784
Disposals	(14.546)	(250)	-	-
Transfers between asset groups	11.026	-	-	(11.026)
Cost at 31. December 2017	183.584	10.590	79.247	-
Amortisation and write down 1. January 2017	149.113	9.560	68.276	-
Amortisation	28.512	308	997	-
Disposals	(14.546)	(250)	-	-
Amortisation and write down 31. December 2017	163.079	9.618	69.273	-
Carrying amount at 31. December 2017	20.505	973	9.974	-

Notes

9 Intangible assets, continued

Completed development projects

The valuation of development projects depends on future selling prices and volumes. All individual development projects are tested for impairment in circumstances in which indicators of impairment are identified and therefore, the carrying amount may not be recoverable. As of 31 December 2017 impairment indicators were identified for one project, which resulted in a write-down of 914 tDKK.

The impairment test of the assets mentioned did not give rise to any write-downs.

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
Amortisation of intangible assets are included in the following cost groups:		
Cost of sales	358	358
Research and development costs	28.095	23.680
Sales and distribution costs	1.083	1.005
Administrative expenses	281	1.520
	<u>29.817</u>	<u>26.563</u>

10 Tangible assets

TDKK	Plant and Equipment	Leasehold Improvements
Cost at 1. January 2017	17.094	3.865
Additions	1.062	199
Disposals	(90)	(74)
Cost at 31. December 2017	<u>18.066</u>	<u>3.990</u>
Depreciation and write down 1. January 2017	16.674	2.797
Depreciation	256	234
Transfers between asset groups	(90)	(74)
Depreciation and write down 31. December 2017	<u>16.840</u>	<u>2.957</u>
Carrying amount at 31. December 2017	<u>1.225</u>	<u>1.033</u>
Depreciation of tangible assets are expensed as:		
Administrative expenses	490	356
	<u>490</u>	<u>356</u>

11 Other receivables

Deposit	4.676	4.791
Other receivables	96	-
	<u>4.772</u>	<u>4.791</u>

12 Prepayments

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

Notes

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
13 Deferred tax		
Deferred tax development:		
Deferred tax at 1. January	7.600	8.157
Change in deferred tax	(4.732)	(456)
Prior year adjustment, deferred tax	-	(101)
Deferred tax at 31. December	<u>2.868</u>	<u>7.600</u>
Deferred tax is attributable to:		
Intangible assets	4.725	9.133
Tangible assets	(386)	(500)
Provisions	(1.471)	(1.033)
	<u>2.868</u>	<u>7.600</u>
14 Provisions		
Loss provision	1.765	-
Restructuring	2.950	-
	<u>4.715</u>	<u>-</u>
15 Credit institutions		
After 5 years	-	94.125
Falling due within 2 to 5 years	-	7.495
Long term liabilities	<u>-</u>	<u>101.621</u>
Falling due within 1 year	<u>-</u>	<u>1.725</u>

16 Contingent liabilities and other financial obligations

Leases

Covering the years 2018-2021 the company has entered leases regarding cars and office equipment at a total yearly expense of 2.3 MDKK, whereof 2.2 MDKK is due within the first year.

The Company has property leases with a tenure from 9 months to 6 years. The yearly costs for the company amount to 11,0 MDKK.

There has been made a provision of 3.0 MDKK for rent for vacant premises

Contingent liabilities

Visma Bluegarden A/S is jointly liable for VAT and other public charges together with the common registered group companies. Since 2013 the company is liable for income tax for the companies within the joint taxation and since 1. July 2012 for possible obligations to withhold tax on interest, royalties and

Contractual obligations

The Company has entered facility management agreements with a tenure up to 3 years and a cost in 2017 of 45 MDKK. Operation dependent variable costs will be added.

Notes

17 Related parties and ownership

Controlling interest and ownership

BGH 2017 A/S, Lautrupbjerg 6, 2750 Ballerup owns the share capital of Bluegarden A/S. The shares in BGH 2017 A/S are owned by TS 2017 Aps, and the ultimate owner is Metatron AS (Oslo, NO)

BGH 2017 A/S is included in the consolidated financial statement of Visma Group Holding AS (Oslo, NO)

The consolidated annual report can be required by contacting the company.

Other related parties

The parent company Visma AS and its affiliated are the only related parties of Visma Bluegarden A/S.

The company only discloses transactions with related parties that have not been completed within normal market conditions, cf. The Danish Financial Statements Act § 98 C, point 7. All transactions are done according to normal market conditions.

18 Proposed distribution of profit

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
Ordinary dividend	-	60.000
Reserve for development projects	(1.778)	-
Transferred to retained earnings	69.478	19.734
	<u>67.700</u>	<u>79.734</u>

Notes

19 Accounting policies

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

The accounting policies applied are consistent with those applied last year.

Research and development cost are shown separately to improve transparency according to section 11(3), of the Danish Financial Statement Act.

Cash flow statement is not included with reference to the Danish Financial Statemnet Act § 86, point 4. The cash flow statement for the Group is included in the Annual report for Visma Group Holding AS.

Recognition and measurement

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost, subsequently at fair value. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial statements classified as and complying with the requirements for hedging future transactions are taken directly to equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Notes

19 Accounting policies, continued

Income statement

Revenue

Revenue consists of invoiced sales, licencing income from standard software and fees etc from services sold if delivery has been made and risk has been transferred to the buyer before year-end and if the income can be determined reliably. License income from fixed-term contracts is recognised applying the straight-line method over the contract period. Revenue also includes non-invoiced sales which are recognised at the selling price of work completed based on the stage of completion at the balance sheet date (percentage of completion method).

Revenue is recognised net of VAT and duties and less sales discounts.

Cost of sales

Cost of sales include IT operations, software operating leases, external production costs, amortisation and depreciation, salaries and a share of indirect costs.

Research and development costs

Research and development costs comprise salaries, other staff related costs, external consultancy costs as well as amortisation of development costs capitalised and other costs directly og indirectly attributable to the research and delvelopment activities.

Research and development costs are expensed in the year in which they incurred when they do not qualify for capitalisation.

Sales and distribution costs

Sales and distribution costs consist include sales commission, salaries, marketing, amortisation and depreciation and a share of indirect costs. Amortization of goodwill is allocated to sales and distribution costs.

Administrative expenses

Administrative expenses consist of expenses related to the Group's administrative functions, including salaries, amortisation and depreciation and a share of indirect costs.

Financial income and expenses

These items comprise interest income and interest expenses, realised and unrealised gains and losses from foreign currency transactions as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

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 profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is part of the joint taxation arrangement with Team Siri Holding ApS as the administration company in the period 1 January - 11 September 2017. As from 12 September 2017 the Company is part of the joint taxation with Visma Danmark Holding A/S. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Notes

19 Accounting policies, continued

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

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 in progress and completed development projects with related intellectual property rights as well as software.

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

Development projects regarding new products and material improvements of functionalities and processes of existing systems and products are recognised as intangible assets. It is a requirement in this respect that the development projects are identifiable, that the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and that the intention is to manufacture, market or use the product or process in question. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and consultancy services etc that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis over the estimated useful lives. The amortisation period is 2-7 years.

Uncompleted development projects are entered under projects in progress.

Software is recognised at historical cost less accumulated amortisation and any impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 10 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The cost of a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components are different.

Tangible assets are depreciated on a straight-line basis applying their estimated useful lives. Their estimated useful lives are:

Plant and equipment	3-5 years
Leasehold improvements	5-15 years

Profits and losses from the sale of tangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Notes

19 Accounting policies, continued

Impairment losses on fixed assets

The carrying amount is reviewed annually for impairment in addition to that reflected through depreciation. If any such indication exists, impairment tests are made of each asset and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of the estimated net income from using the asset or the group of assets.

Receivables

Receivables are measured at amortised cost, usually equalling the nominal amount. Write-down for bad and doubtful debts is made based on an assessment of the individual receivables.

Contract work in progress

Contract work in progress is measured at the selling price of work carried out at the balance sheet date. The selling price is measured based on the stage of completion and total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Provisions

Provisions include expected costs of guarantee commitments, losses on work in progress, restructuring etc. Provisions are recognized as a result of past events, legal or constructive 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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax assets and liabilities

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

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Current tax receivables and tax liabilities

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

Notes

19 Accounting policies, continued

Financial liabilities

Trade payables, payables to affiliated companies and other debt are measured at amortised cost, usually equalling the nominal amount.

Prepayments

Prepayments recorded as assets comprise incurred costs relating to subsequent financial years.

Prepayment received include payments received relating to income in subsequent financial years. Such items are measured at cost.

Financial highlights

The ratios and figures shown in the statement of financial highlights and key figures are calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit/loss before financial income and expenses} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financial income and expenses} \times 100}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Average equity}}$