



Visma Dataløn A/S

Lautrupbjerg 6, 2750 Ballerup

CVR no. 48 11 77 16

Annual report 2019

Approved at the Company's annual general meeting on 30 April 2020

Chairman:

.....
Ari-Pekka Salovaara

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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 Dataløn A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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 2020
Executive Board:

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Karina Wellendorph
CEO

Board of Directors:

.....
Ari-Pekka Salovaara
Chairman

.....
Steffen Torp
Vice Chairman

.....
Yvette Hoogewerf

Independent auditor's report

To the shareholder of Visma Dataløn A/S

Opinion

We have audited the financial statements of Visma Dataløn A/S for the financial year 1 January - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2020
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 Dataløn 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	www.dataoen.dk
Board of Directors	Ari-Pekka Salovaara, Chairman Steffen Torp, Vice Chairman Yvette Hoogewerf
Executive Board	Karina Wellendorph, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	315,677	497,216	499,051	481,376	477,099
Gross profit	227,404	325,868	324,817	304,697	276,524
Operating profit/loss	111,076	116,678	89,987	101,345	33,802
Net financials	-661	-171	-2,624	1,050	4,490
Profit before tax	115,684	116,507	87,363	102,395	38,292
Profit for the year	89,348	90,185	67,700	79,734	29,335
Financial ratios					
Total assets	305,877	411,463	250,333	338,567	402,163
Investment in property, plant and equipment	0	217	1,261	463	0
Equity	155,207	245,859	132,502	124,802	165,068
Return on equity	44.6%	47.7%	52.6%	55.0%	15.4%
Average number of employees	139	292	308	298	340

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 2015-2017 are not restated to reflect the merge.

**As of 1st of January 2019 Visma Bluegarden A/S was demerged in two separate legal entities: Visma DataLøn A/S and Visma Enterprise A/S. The financial highlights for 2015-2018 are not restated to reflect the demerger.

Management's review

Business review

Corporate mission and goals

Visma DataLøn 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 legal advice and services within HR administration and numerous related outsourcing services to support our customers in their everyday lives.

Mission:

Visma DataLøns mission is to make it easy to run a business in Denmark. By providing the best Payroll & Personnel Administrative services, it is both our privilege to be able to affect and support so many at the same time, AND it is our duty to do it the right way.

We live by (our Values)

- ▶ Respect
- ▶ Reliability
- ▶ Innovation
- ▶ Competence
- ▶ Team spirit

Recognition and measurement uncertainties

Provision for idle office space and reestablishment amounts to DKK 13,518 thousand as of 31 December 2019. The valuation of the provision includes estimates for idle time, future lease income and cost for reestablishment.

Financial review

Strategic key efforts in 2019

In 2019, the key strategic efforts were:

- ▶ Grow Customer Base
- ▶ Increase Value from Payroll Partner Business
- ▶ Introduce Add-ons and Strengthened Offering on Seminars
- ▶ Implement New Danish Holiday Act (Transition Period)
- ▶ Customer solutions for GDPR and ISO 27001

Development in activities and finances in 2019

As of 1st of January 2019 Visma Bluegarden A/S was demerged into two separate legal entities: Visma Dataløn A/S and Visma Enterprise A/S with Visma Dataløn A/S as the continuing company.

In 2019, Visma DataLøn A/S A/S realised revenue of 315 MDKK compared to 497 MDKK in 2018. The decrease, 36.6% compared to last year, is solely due to the demeger of the company, and is completely in line with expectations due to increased focus on core capabilities.

Result before net financials stands at 116 MDKK (2018: 117 MDKK) equal to a profit margin of 36.9%.

Net financials for 2019 amounted to a net expense of 0.7 MDKK (2018: net expense of 0.2 MDKK). The higher expense is primarily due to negative interest rates on bank deposits in 2019 and foreign exchange rate fluctuations.

Profit of the year was 89.3 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 DataLøn A/S is fully compliant with applicable privacy legislation.

In 2019, we continued to comply with the GDPR requirements implemented in 2018, and our internal processes reflect that we handle our clients' data with a focus on safety and security.

Visma DataLøn A/S is ISO 27001 compliant.

Visma DataLøn A/S has held several customer seminars on processing personal data during 2019, thus contributing to customers being compliant. It is a major focus area for our customers.

Knowledge resources

The business activities in Visma DataLøn A/S are based on in-depth knowledge of and expertise in software development, payroll and legal HR administration. It 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.

It is important to the Management team that all employees, regardless of position, know about financial indicators, key challenges and strategic focus areas.

This has naturally affected 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 2019, both in the ongoing customer dialogue via the service functions, better self-service and in the user experience of our products. We have also focused on improving the quality of our solution and reducing the number of errors. Customers have acknowledged our efforts with a high NPS score, 67 for 2019 against 65 for 2018.

We have experienced a great demand from our customers for knowledge about the new holiday act. Throughout 2019, we have held many seminars and webinars for our customers, and we have been focusing on sending out newsletters and communicating complicated rules in a way that everyone could understand.

We have received very positive feedback from our customers and many have participated in several offers on this topic.

We have also contributed to knowledge of the new holiday act towards e-economic and Dinero, as our knowledge here has been very strong and at a high level.

At year-end 2019, the headcount was 149 compared to 144 at year-end 2018 (adjusted for demerger).

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. Visma DataLøn A/S 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 our 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 support services.

Financial risks

Visma DataLøn A/S' business activity does not imply currency risk except for minor exposures in NOK, SEK and EUR related to intercompany trade and 3rd party suppliers. The Company manages interest rate risks mainly by the Visma Cash-pool agreement. The company has no net interest-bearing debt. Steps are taken to reduce credit risks from customers by having processes in place for rating major customers.

Management's review

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

This report constitutes Visma DataLøn A/S' compliance with the statutory disclosure on corporate social responsibility and gender distribution of management, see the Danish Financial Statements Act, section 99a and 99b.

Visma DataLøn A/S provides a wide range of products and services for many different industries, business areas and customer types. Visma DataLøn A/S is the leading supplier of payroll solutions in the Danish market. More than 62,000 small companies, today have one of our payroll solutions. Our solutions and services support the employee's lifecycle in a company and makes it administratively safe and simple for the employer to have employees.

Our market position in Denmark rests on a foundation of trust, knowledge and respect. It is our job to make it easy to run a business in Denmark by ensuring that our customers fulfill their promises and obligations to their employees about HR and payroll. At Visma DataLøn A/S we believe that we can develop a profitable business while also demonstrating corporate social responsibility (CSR). Visma DataLøn A/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

Material risks

There is a risk of sickness leave and a negative development in staff turnover. This could potentially damage the reputation of the company and increase the cost of employees and consultants.

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.

Our 2019 actions

In April 2019 we had a visit from the Danish Working Environment Authority and got a green smiley, which means that the working environment is fine.

In 2019 we, once again, conducted our semi-annual employee engagement surveys to ensure satisfaction and development of our employees.

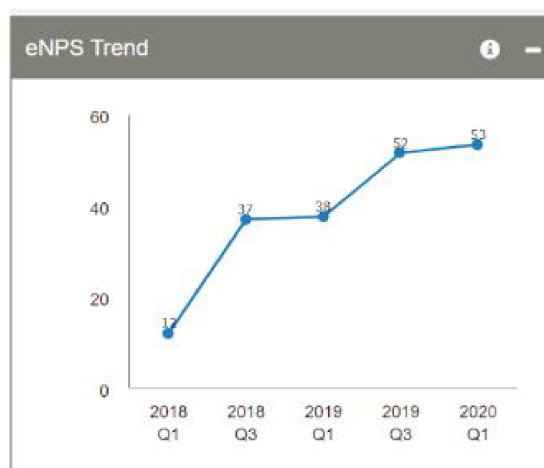
"One Team One Focus" will be one of the main Key Objectives for 2020 to additionally improve the employee engagement and satisfaction of Visma DataLøn A/S.

Management's review

Our 2019 results

Based on our employee engagement surveys, development plans for all employees were made to ensure same access to opportunities and new challenges.

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. The eNps trend from Q1 2018 to Q1 2020 is shown below:



Climate, environment and energy

Material risks

There is an environmental risk in terms of paper consumption as well as a climate risk in terms of CO2 emissions from car and air transport as well as electricity and heating in our buildings. All risks are, however, estimated to be low.

Our policies

Visma DataLøn 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 DataLøn 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.

Our 2019 actions

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

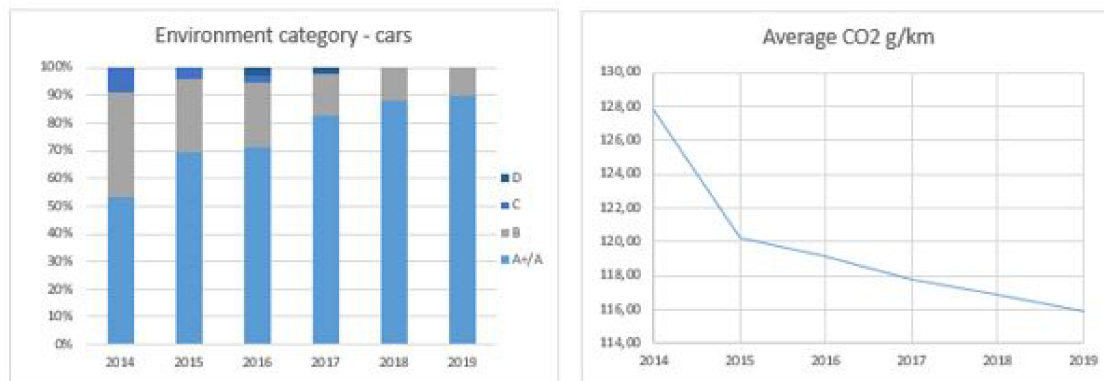
Additionally Visma DataLøn A/S makes an effort to help our customers reduce their consumption of paper by using electronic payslips and by providing an on-line storage feature (e-Boks/e-Boks Erhverv).

In 2019, we continued our focus on having an environmentally friendly car pool guided by our guidelines governing the selection of cars. Additionally, we focused on conference and video calls as oppose to physical meetings.

Management's review

Our 2019 results

During 2019, our efforts to help customers reduce their paper consumption helped reduce the large number of physical printouts. Additionally the share of class A and A+ cars has increased over the past years from 53% of the total car pool in 2014 to 90% in 2019. The average CO2 g/km emission has in the same period dropped from 128 in 2014 to 116 in 2019 per car. These improvements have been achieved despite the change of measurement methods from NECD to WLTP (Worldwide Harmonized Light Vehicle Test Procedures) as of 1 January 2019. Additionally, the company had less air travel compared to last year helping to lower our CO2 footprint. Emission from air transport has not been measured.



Human rights and anti-corruption

Material risks

It is important for Visma DataLøn A/S to have standards in place for both human rights and anti-corruption. Not having such standards would place a risk of the company being linked to damaging and risky situations that would not live up to our moral standards.

Our policies

Visma DataLøns 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 DataLøn 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

Our 2019 actions

We are continuously focusing on demands of enforcement of human rights and anti-corruption being included in our contracts.

Our 2019 results

All contracts made with Visma DataLøn A/S in 2019 contained demands of enforcement of human rights and anti-corruption, and therefore Visma DataLøn A/S makes it a point to be leading in these areas as well.

Management's review

Account of the gender composition of Management

Our policies

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

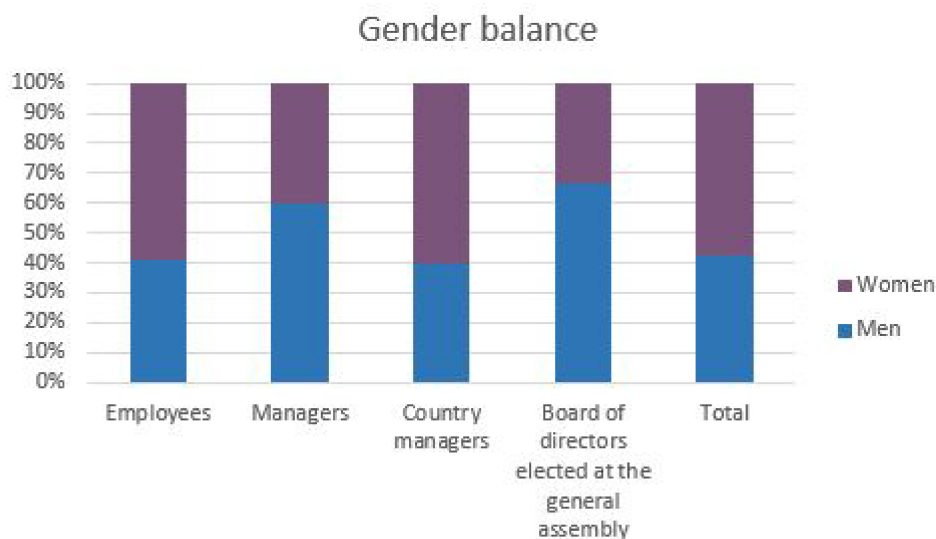
Through its recruiting activities, Visma DataLøn A/S will ensure that both genders are represented in the selection of candidates. We want to promote even gender balance in all job categories, however, without positive discrimination. All employments will still be made based on an overall assessment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

Our 2019 actions

Visma DataLøn A/S' goal to have at least 20% of the general assembly elected members to be women, equivalent to one woman has over the years been challenging - and the 2018 target was expected to be fulfilled within the next 3-4 years. During 2019, however - the target was achieved by appointing Yvette Hoogewerf as new member of The Board of Directors.

Our 2019 results

The 2019 Gender balance is illustrated below. The objective has been fulfilled with respect to all categories.



Management's review

Events after the balance sheet date

Management considers the consequences of COVID-19 an event after the balance sheet date (31 December 2019) and the event is thus a non-adjusting event for the Company. Hence the COVID-19 pandemic have not impacted the financial statement of 31 December 2019. Management expects the COVID-19 pandemic will have a negative impact on the revenue and profit for 2020 as described in "Outlook".

In addition, no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Originally a cautious assessment was made of the market conditions for 2020. The company expected to keep the revenue stable in 2020, reducing the production costs and continue improving efficiency with a positive effect on the earnings.

However, the Covid-19 pandemic that hit Denmark in March and the subsequent lock-down of the country will have a negative impact on the overall Danish economy and the general market conditions for the customers of Visma DataLøn A/S in the small and medium business segment. The financial impact will depend of the unemployment rate and the length and depth of the situation. Management is taking all necessary steps to reduce the consequences of the current situation.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
2	Revenue	315,677	497,216
	Other operating income	5,270	0
	Other external expenses	-93,543	-171,348
	Gross profit	227,404	325,868
3	Staff costs	-87,960	-185,423
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-23,099	-23,767
	Profit before net financials	116,345	116,678
	Financial income	5	93
	Financial expenses	-666	-264
	Profit before tax	115,684	116,507
5	Tax for the year	-26,336	-26,322
	Profit for the year	89,348	90,185

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	716	7,968
	Acquired intangible assets	90,325	112,270
	Goodwill	23,596	27,349
		<u>114,637</u>	<u>147,587</u>
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	505	962
	Leasehold improvements	498	794
		<u>1,003</u>	<u>1,756</u>
8	Investments		
	Other receivables	0	77
	Deposits	4,439	4,705
		<u>4,439</u>	<u>4,782</u>
	Total fixed assets	<u>120,079</u>	<u>154,125</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	36,205	62,857
	Receivables from group enterprises	121,365	127,753
	Other receivables	6	15
9	Prepayments	5,023	13,388
		<u>162,599</u>	<u>204,013</u>
	Cash	23,199	53,325
	Total non-fixed assets	<u>185,798</u>	<u>257,338</u>
	TOTAL ASSETS	<u>305,877</u>	<u>411,463</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	10,000	10,000
	Reserve for development costs	558	6,215
	Retained earnings	84,649	79,644
	Dividend proposed	60,000	150,000
	Total equity	<u>155,207</u>	<u>245,859</u>
	Provisions		
11	Deferred tax	16,590	20,028
12	Other provisions	13,518	19,976
	Total provisions	<u>30,108</u>	<u>40,004</u>
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Deposits	1,356	0
	Other payables	2,823	0
		<u>4,179</u>	<u>0</u>
	Current liabilities other than provisions		
	Prepayments received from customers	0	1,463
	Contract work in progress	0	15
	Trade payables	8,989	20,278
	Payables to group enterprises	37,061	3,632
	Joint taxation contribution payable	28,961	33,837
14	Other payables	41,372	66,375
		<u>116,383</u>	<u>125,600</u>
	Total liabilities other than provisions	<u>120,562</u>	<u>125,600</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>305,877</u></u>	<u><u>411,463</u></u>

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 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 2018	10,000	14,127	108,375	0	132,502
	Additions on merger	0	0	23,172	0	23,172
19	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
	Equity at 1 January 2019	10,000	6,215	79,644	150,000	245,859
	Disposals on demerger	0	-3,657	-26,343	0	-30,000
19	Transfer, see "Appropriation of profit"	0	-2,000	31,348	60,000	89,348
	Dividend distributed	0	0	0	-150,000	-150,000
	Equity at 31 December 2019	10,000	558	84,649	60,000	155,207

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Visma Dataløn A/S for 2019 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 2018.

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.

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 operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and income of subrent of lease premises.

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 statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

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	2019	2018
2 Segment information		
Breakdown of revenue by geographical segment:		
Domestic	315,677	497,216
	<u>315,677</u>	<u>497,216</u>
Revenue comprises salary handling and HR services.		
The Company has not disclosed the breakdown of revenue by business segmentat, 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 it market position.		
3 Staff costs		
Wages/salaries	78,828	164,346
Pensions	7,513	17,657
Other social security costs	1,619	3,420
	<u>87,960</u>	<u>185,423</u>
Average number of full-time employees	<u>139</u>	<u>292</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	22,367	23,048
Depreciation of property, plant and equipment	732	719
	<u>23,099</u>	<u>23,767</u>
5 Tax for the year		
Estimated tax charge for the year	28,961	33,837
Deferred tax adjustments in the year	-2,625	-7,706
Tax adjustments, prior years	0	191
	<u>26,336</u>	<u>26,322</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2019	160,958	175,512	106,805	443,275
Disposals on demerger	-82,678	-7,374	-40,000	-130,052
Cost at 31 December 2019	78,280	168,138	66,805	313,223
Impairment losses and amortisation at 1 January 2019	152,990	63,242	79,456	295,688
Disposals on demerger	-77,990	-1,478	-40,000	-119,468
Amortisation for the year	2,564	16,049	3,753	22,366
Impairment losses and amortisation at 31 December 2019	77,564	77,813	43,209	198,586
Carrying amount at 31 December 2019	716	90,325	23,596	114,637
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

7 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2019	15,452	3,990	19,442
Disposals on demerger	-617	0	-617
Cost at 31 December 2019	14,835	3,990	18,825
Impairment losses and depreciation at 1 January 2019	14,490	3,196	17,686
Disposals on demerger	-596	0	-596
Depreciation	436	296	732
Impairment losses and depreciation at 31 December 2019	14,330	3,492	17,822
Carrying amount at 31 December 2019	505	498	1,003
Depreciated over	3-5 years	5-15 years	

8 Investments

DKK'000	Other receivables	Deposits	Total
Cost at 1 January 2019	77	4,705	4,782
Additions	0	56	56
Disposals on demerger	-77	-322	-399
Cost at 31 December 2019	0	4,439	4,439
Carrying amount at 31 December 2019	0	4,439	4,439

Financial statements 1 January - 31 December

Notes to the financial statements

9 Prepayments

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

DKK'000	2019	2018
10 Share capital		
Analysis of the share capital:		
10,000,000 shares of DKK 1.00 nominal value each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

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

11 Deferred tax

Deferred tax at 1 January	20,028	2,868
Change in deferred tax	-2,625	-7,706
Additions related to merge	0	24,866
Disposals related to demerge	-813	0
Deferred tax at 31 December	<u>16,590</u>	<u>20,028</u>

12 Other provisions

Other provisions comprise provisions for idle office space and reestablishment.

Provision for idle office space and reestablishment amounts to DKK 13,518 thousand as of 31 December 2019. The valuation of the provision includes estimates for idle time, future lease income and cost for reestablishment. 1,784 thousand of the provision are expected to be used in 2020, and the rest within 2-5 years.

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deposits	1,356	0	1,356	0
Other payables	2,823	0	2,823	2,823
	<u>4,179</u>	<u>0</u>	<u>4,179</u>	<u>2,823</u>

14 Other payables

Other short-term payables consist of VAT (DKK 24,503 thousand), Holiday liabilities (DKK 14,479 thousand) and salaries including salary taxes (DKK 2,390 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

15 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 Dataløn 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 2019.

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 10.1 MDKK. There has been made a provision of 5.6 MDKK for rent for vacant premises.

The Company has entered agreements with suppliers with a tenure up to 3 years and a maximum contractual obligation of 46.4 MDKK.

As of 1 of January 2019 Visma Bluegarden A/S was demerged in two separate legal entities: Visma DataLøn A/S and Visma Enterprise A/S. Visma Dataløn A/S has a universal succession obligation with the demerger in connection with any financial obligations in Visma Enterprise A/S.

16 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 Dataløn A/S' intercompany balances, 121 million are included in the joint cash pool agreement.

17 Related parties

Visma Dataløn 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	http://www.visma.com/Investors-Relations/

Financial statements 1 January - 31 December

Notes to the financial statements

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

18 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	<u>2019</u>	<u>2018</u>
19 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	60,000	150,000
Other statutory reserves	-2,000	-7,912
Retained earnings/accumulated loss	<u>31,348</u>	<u>-51,903</u>
	<u>89,348</u>	<u>90,185</u>



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The signatures in this document are legally binding. The signers identities are registered and listed below.

"With my signature, I confirm the content of the document above."

Karina Wellendorph
Managing Director

IP: 128.76.231.196
07-05-2020 13:36

Ari-Pekka Salovaara
Segment Director

IP: 82.128.180.24
07-05-2020 16:40

Steffen Torp
Division Director

IP: 51.175.172.109
07-05-2020 22:31

Yvette Hoogewerf
Strategy Director

IP: 89.8.158.207
08-05-2020 09:04

Søren Smedegaard Hvid
Statsaut. revisor

IP: 87.50.18.46
10-05-2020 16:39

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All documents included in the transaction are listed below. The event log describes signers' events related to the signing of the document.

Documents in the transaction

This document

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The documents and attachments above have been signed and sent to all parties by e-mail or as a download link. Signer is responsible for downloading and securing the content of the documents and attachments.

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As a signer you have received a link to download the documents. The documents will be available for 14 days whereupon they will be deleted from Visma Addo.

Event log for document

Event log for the document

2020-05-07 13:22 The signing process has started
2020-05-07 13:22 A notification has been sent to Karina Wellendorph (karina.wellendorph@visma.com)
2020-05-07 13:35 The authentication screen has been accessed via the link sent to Karina Wellendorph with method 2 Factor identification from IP address: 128.76.231.196
2020-05-07 13:35 The document was opened via the link sent to Karina Wellendorph
2020-05-07 13:36 The document was signed by Karina Wellendorph (IP: 128.76.231.196)
2020-05-07 13:36 All documents have been signed by Karina Wellendorph
2020-05-07 13:36 The signing process has started
2020-05-07 13:36 A notification has been sent to Ari-Pekka Salovaara (ari-pekkka.salovaara@visma.com)
2020-05-07 16:39 The authentication screen has been accessed via the link sent to Ari-Pekka Salovaara with method 2 Factor identification from IP address: 82.128.180.24
2020-05-07 16:39 The document was opened via the link sent to Ari-Pekka Salovaara
2020-05-07 16:40 The document was signed by Ari-Pekka Salovaara (IP: 82.128.180.24)
2020-05-07 16:40 All documents have been signed by Ari-Pekka Salovaara
2020-05-07 16:40 The signing process has started
2020-05-07 16:40 A notification has been sent to Steffen Torp (steffen.torp@visma.com)
2020-05-07 22:27 The authentication screen has been accessed via the link sent to Steffen Torp with method 2 Factor identification from IP address: 51.175.172.109
2020-05-07 22:27 The document was opened via the link sent to Steffen Torp
2020-05-07 22:31 The document was signed by Steffen Torp (IP: 51.175.172.109)
2020-05-07 22:31 All documents have been signed by Steffen Torp
2020-05-07 22:31 The signing process has started
2020-05-07 22:31 A notification has been sent to Yvette Hoogewerf (yvette.hoogewerf@visma.com)
2020-05-08 09:01 The authentication screen has been accessed via the link sent to Yvette Hoogewerf with method 2 Factor identification from IP address: 89.8.158.207
2020-05-08 09:02 The document was opened via the link sent to Yvette Hoogewerf
2020-05-08 09:04 The document was signed by Yvette Hoogewerf (IP: 89.8.158.207)
2020-05-08 09:04 All documents have been signed by Yvette Hoogewerf
2020-05-08 09:04 The signing process has started
2020-05-08 09:04 A notification has been sent to Søren Smedegaard Hvid (soeren.s.hvid@dk.ey.com)
2020-05-10 16:38 The authentication screen has been accessed via the link sent to Søren Smedegaard Hvid with method 2 Factor identification from IP address: 87.50.18.46
2020-05-10 16:38 The document was opened via the link sent to Søren Smedegaard Hvid
2020-05-10 16:39 The document was signed by Søren Smedegaard Hvid (IP: 87.50.18.46)
2020-05-10 16:39 All documents have been signed by Søren Smedegaard Hvid