20220706185340

Årsredovisning
Unit4 Nordics Holding AB

Org. nr. 556995-8837

Räkenskapsår 2021-01-01 - 2021-12-31

Fastställelseintyg

Undertecknad styrelseledamot intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 27/6 2022

Årsstämman beslöt att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Solna den 27/6 2022

Jeremias Jansson

20220706185411

ÅRSREDOVISNING

för

Unit4 Nordics Holding AB

Org.nr. 556995-8837

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31

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20220705185542

Unit4 Nordics Holding AB
Org.nr. 556995-8837

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i KSEK.

Verksamhetens art och inriktning
Unit4 Nordics Holding AB, med säte i Solna, skall direkt eller indirekt äga och förvalta aktier jämte annan fast och eller lös egendom samt bedriva därmed jämförlig verksamhet och eller indirekt genom dotterbolag bedriva försäljning av datorer med tillbehör, utveckling och försäljning av programvaror, utbildning samt underhåll av datorsystem och programvaror.

Ägarförhållanden
Unit4 Nordics Holding AB är ett helägt dotterbolag till Unit4 Business Software Holding B.V. (org.nr. 2305 6147) med säte i Sliedrecht, Nederländerna.

Väsentliga händelser under räkenskapsåret
Under 2021 förvärvade Bock Capital Bidco B.V. Unit4 koncernen.

Genom holdingbolagets dotterbolag fortsätter koncernen anpassa sig till den nuvarande COVID-19 situationen. Unit4 sätter främst säkerheten först för de anställda, kunderna och leverantörerna och har vidtagit åtgärder för att uppnå det. Vår programvara fortsätter att fungera som den skall och fortlöpande service säkerställs genom de åtgärder som vidtas.

Några initiativ koncernen jobbar med är:

- Vi aktiverade vår kontinuitetsplan i samma ögonblick som WHO deklarerade att smittan var att betrakta som en global pandemi.
- Vi uppdaterat vår kontinuitetsplan kontinuerligt för att anpassa oss till den aktuella situationen samt ta lärdom av framtida situationer.
- En COVID-19 styrgrupp är tillsatt för att dagligen se över situationen och anpassa åtgärder.
- Vi uppmuntrar anställda att arbeta hemifrån. Vilket gör att den absoluta merparten av vår personal arbetar hemifrån.
- De flesta anställda är vana att jobba remote mot kunder och från hemmet.
- Regelbunden kommunikation till anställda, leverantörer och kunder. Uppdatera alla om de åtgärder som vidtagits och säkerställa kontinuiteten i leveransen av tjänster.

20220706185543

Flerårsöversikt	**2021**	**2020**	**2019**	**2018**
Nettoomsättning (tkr)	0	0	0	0
Rörelseresultat	-80	-96	-124	-79
Resultat efter finansiella poster (tkr)	-65 293	-59 617	-60 032	-55 596
Avkastning på eget kapital (%)	-3,5%	2,5%	-2,7%	-0,1%
Balansomslutning (tkr)	1 679 824	1 657 517	1 625 663	1 636 033
Soliditet (%)	32,1%	33,7%	33,5%	34,2%
Antal anställda	0	0	0	0

Resultatdisposition
Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står

Balanserat resultat	558 122 544
Årets resultat	-19 012 371
	539 110 172
Styrelsen föreslår att	
i ny räkning balanseras	539 110 172
	539 110 172

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande tilläggsupplysningar.

Unit4 Nordics Holding AB
Org.nr. 556995-8837

RESULTATRÄKNING

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Rörelsens intäkter			
Nettoomsättning		0	0
Rörelsens kostnader			
Övriga externa kostnader		-80	-96
		-80	-96
Rörelseresultat		-80	-96
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	1	298	211
Räntekostnader och liknande resultatposter	2	-65 511	-59 732
		-65 213	-59 521
Resultat efter finansiella poster		-65 293	-59 617
Bokslutsdispositioner			
Erhållet koncernbidrag		50 000	70 000
Utdelning		3 479	16 827
Resultat före skatt		-11 815	27 210
Skatt på årets resultat	3	-7 198	-13 333
Årets resultat		**-19 012**	**13 877**

20220706185345

Unit4 Nordics Holding AB
Org.nr. 556995-8837

BALANSRÄKNING	**Not**	**2021-12-31**	**2020-12-31**
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	1 557 750	1 557 750
		1 557 750	1 557 750
Summa anläggningstillgångar		1 557 750	1 557 750
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		122 024	99 717
		122 024	99 717
Kassa och bank		50	50
Summa omsättningstillgångar		122 074	99 767
SUMMA TILLGÅNGAR		**1 679 824**	**1 657 517**

20220706185546

Unit4 Nordics Holding AB
Org.nr. 556995-8837

BALANSRÄKNING	**Not**	**2021-12-31**	**2020-12-31**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	5	50	50
		50	50
Fritt eget kapital			
Balanserad vinst eller förlust		558 122	544 245
Årets resultat		-19 012	13 877
		539 110	558 122
Summa eget kapital		539 160	558 172
Långfristiga skulder	6		
Skulder till kreditinstitut		1 102 200	1 085 947
Summa långfristiga skulder		1 102 200	1 085 947
Kortfristiga skulder			
Skatteskuld		17 670	13 333
Skuld hos koncernföretag		20 730	0
Upplupna kostnader och förutbetalda intäkter		64	65
Summa kortfristiga skulder		38 464	13 398
SUMMA EGET KAPITAL OCH SKULDER		**1 679 824**	**1 657 517**

20220705185547

Unit4 Nordics Holding AB
Org.nr. 556995-8837

Rapport över förändringar i eget kapital (Tkr)

	Aktie-kapital	Balanserad vinst eller förlust	Årets resultat	Summa eget kapital
Ingående balans 2020-01-01	**50**	**559 277**	**-15 032**	**544 295**
Disposition av föregående års resultat	0	-15 032	15 032	0
Årets resultat	0	0	13 877	13 877
Utgående balans 2020-12-31	**50**	**544 245**	**13 877**	**558 172**

	Aktie-kapital	Balanserad vinst eller förlust	Årets resultat	Summa eget kapital
Ingående balans 2021-01-01	**50**	**544 245**	**13 877**	**558 172**
Disposition av föregående års resultat	0	13 877	-13 877	0
Årets resultat	0	0	-19 012	-19 012
Utgående balans 2021-12-31	**50**	**558 122**	**-19 012**	**539 160**

TILLÄGGSUPPLYSNINGAR

20220706185548

ALLMÄNNA UPPLYSNINGAR

Redovisningsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning K3.

Koncernredovisning
Bolaget är moderbolag men upprättar med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ inte någon koncernredovisning.

Koncerntillhörighet
Närmast överordnade moderföretag som upprättar koncernredovisning i vilken företaget ingår är Al Avocado Holding B.V (org nr 284 789 24) med säte i Sliedrecht, Nederländerna. Moderföretag för hela koncernen är Al Avocado Holding B.V (org nr 284 789 24). Al Avocado Holding B.V är indirekt kontrollerat av fonder som förvaltas av Advent International Corporation.

Värderingsprinciper

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Koncernbidrag
Erhållna och lämnade koncernbidrag redovisas som bokslutsdisposition i resultaträkningen.

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.

Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Fordringar och skulder i utländsk valuta
Monetära fordringar och skulder i utländsk valuta har räknats om till balansdagens kurs.

Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer, antingen som en rörelsepost eller som en finansiell post utifrån den underliggande affärshändelsen.

Finansiella instrument
Företaget tillämpar säkringsredovisning i syfte att minska fluktuationer i resultatet som en följd av säkring av valutarisker. Omvärdering sker ej av den säkrade posten om det finns en motsatt värdeförändring på säkringsinstrumentet.

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TILLÄGGSUPPLYSNINGAR

UPPLYSNINGAR TILL ENSKILDA POSTER

Not 1 Övriga ränteintäkter och liknande resultatposter

	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Ränteintäkter	298	211
	298	211

Not 2 Räntekostnader och liknande resultatposter

	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Räntekostnader	49 259	55 088
Övriga räntekostnader	16 252	4 644
	65 511	59 732

Not 3 Skatt på årets resultat

	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Aktuell skatt	7 198	13 333
	7 198	13 333
Avstämning av effektiv skatt		
Resultat före skatt	-11 814	27 210
Skattekostnad 20,6% (21,4%)	-2 434	5 823
Skatteeffekt av:		
Ej avdragsgill räntor	10 349	8 250
Skatt tidigare år	0	2 861
Ej skattepliktiga intäkter	- 717	-3 601
Summa	7 198	13 333

Not 4 Andelar i koncernföretag

Företag **Organisationsnummer**	**Säte**	**Antal/Kap. andel %**	**2021-12-31** **Redovisat värde**	**2020-12-31** **Redovisat värde**
Unit4 AB, 556185-0172	Solna	100%	852 384	852 384
Unit4 Agresso A/S, 26570433	Farum, Danmark	100%	16 751	16 751
Unit4 Norway Holding A.S., 913 688 694	Oslo, Norge	100%	688 615	688 615
			1 557 750	1 557 750

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TILLÄGGSUPPLYSNINGAR

Not 5	Aktiekapital	2021-12-31	2020-12-31
	Antal aktier (a 1 SEK)	50 000	50 000

Not 6	Långfristiga skulder	2021-12-31	2020-12-31
	Amortering efter 5 år	1 102 200	1 085 947
		1 102 200	1 085 947

Skulden uppgår brutto till 120 MEuro. När lånet lades upp erlades en "arrangement fee" på 4,6 MEuro som kostnadsförs över lånets löptid (4,6 Mkr per år). Skulden är valutakurssäkrad, varför ingen valutakursförändring bokförs löpande.

Not 7	Ställda säkerheter och eventualförpliktelser	2021-12-31	2020-12-31
	Ställda säkerheter	**Inga**	**Inga**
	Eventualförpliktelser	**Inga**	**Inga**

Not 8 Nyckeltalsdefinitioner

Justerat eget kapital
Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt.

Avkastning på eget kapital
Resultat efter skatt i procent av genomsnittligt justerat eget kapital.

Soliditet
Justerat eget kapital i procent av balansomslutning.

Not 9 Väsentliga händelser efter balansdagen

Eftersom detta är ett holdingbolag finns det inga effekter av Covid-19.

20220706185511

Unit4 Nordics Holding AB
Org.nr. 556995-8837

Solna den 14/6 2022

Jeremias Jansson
Styrelseordförande

Russell Alexander
Ledamot

Matthew Bagley
Ledamot

Harald De Rooij
Ledamot

Vår revisionsberättelse har lämnats den 22/6 - 2022
Ernst & Young Aktiebolag

Mikael Berlin
Auktoriserad revisor

Vidimeras 27/6 2022

Carina Ekenstedt
08-553 331 02

20220706185532

Unit4 Nordics Holding AB
Org.nr. 556995-8837

Solna den 14/6 2022

Jeremias Jansson
Styrelseordförande

Russell Alexander
Ledamot

Matthew Bagley
Ledamot

Harald De Rooij
Ledamot

Vår revisionsberättelse har lämnats den
Ernst & Young Aktiebolag

Vidimeras 27/6 2022

Carina Ekenstedt
08-553 33100

Mikael Berlin
Auktoriserad revisor

Unit4 Nordics Holding AB
Org.nr. 556995-8837

Solna den 14/6 2022

Jeremias Jansson
Styrelseordförande

Russell Alexander
Ledamot

Matthew Bagley
Ledamot

Harald De Rooij
Ledamot

Vår revisionsberättelse har lämnats den
Ernst & Young Aktiebolag

Vidimeras 27/6 2022

Carina Ekenstedt
08-553 331 00

Mikael Berlin
Auktoriserad revisor

20220706185533

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Revisionsberättelse

Till bolagsstämman i Unit4 Nordics Holding AB, org.nr 556995-8837

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Unit4 Nordics Holding AB för räkenskapsåret 2021-01-01 - 2021-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Unit4 Nordics Holding ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Unit4 Nordics Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Unit4 Nordics Holding AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Unit4 Nordics Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Katrineholm den 22 juni 2022

Ernst & Young AB

Mikael Berlin
Auktoriserad revisor

Vidimeras 27/6 2022

Carina Ekenstedt
08-553 33102

A member firm of Ernst & Young Global Limited

Bock Capital Topco B.V.

Annual Report 2021

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Report from Board of Directors

The Board of Directors present their report and audited financial statements for the period commencing 10 June 2021 and ended 31 December 2021 ("the **Reporting Period**").

General information

Bock Capital Topco B.V. ("**Company**") is a Dutch limited liability company incorporated on 10 June 2021. In July 2021, the Company acquired AI Avocado Holding B.V., which is the Dutch holding entity of the group of companies that presents itself to the market as Unit4 ("**Unit4 Group**").

The Unit4 Group is the principal asset of the Company and as such, many of the factors in this report derive from considerations that apply to the Unit4 Group. For the avoidance of doubt the term "**Group**" refers to the Company and all of its subsidiaries.

Unit4 is a leading global provider of enterprise applications, empowering people in service organizations. Many organizations – primarily from industry verticals of Professional Services, Public Services, Higher Education and Not for Profit – benefit from the industry-focused solutions, end-to-end Cloud ERP suite and best-in-class applications for Financial Management and Performance Management.

The traditional business model of software vendors selling licenses, support and consultancy services has significantly changed in the past years, driven by the advent of new technology and customer demand and knowledge. Through the acquisition of the Unit4 Group, the Company obtained access to an infrastructure for development, support and delivery that can support Unit4's growth on a global scale and focus Unit4's product development on cloud-based applications.

The Unit4 Group operates a global business model. This global business includes modern cloud-based business applications serving predominantly organizations in people-centric or service industries. This is a business that benefits from scale and global reach. Unit4's flagship products are Unit4 Enterprise Resource Planning (ERP), Unit4 Financial Planning & Analysis (FP&A), Unit4 Human Capital Management (HCM) and Unit4 Financials. These products deliver an excellent people experience with proven flexibility utilizing the potential of the latest cloud technologies.

In 2021, Unit4 launched its latest solution, ERPx. ERPx is Unit4's next generation cloud-based ERP solution, which delivers a fully integrated ERP, HCM and FP&A solution on a single platform, making use of the latest developments to deliver an optimal people experience.

The Company is headquartered in the Netherlands. The Group employs more than 2,300 people, and has operations in 25 countries across Europe, North America, Asia Pacific and Africa. In addition, it operates a distribution network of partners around the world to ensure local access to sales, service and support. Local entities within the Unit4 Group act as resellers of Unit4 products with local add-ons and are the owners of region-specific products and services.

For the legal structure of Group, please refer to paragraph 3.2 of the Consolidated Financial Statements.

The Company's directors are as follows:

M.E. Ettling, CEO (appointed December 13, 2021)
J.M. Seigler, Chairman (appointed June 10, 2021)
N. Wadhera (appointed December 13, 2021)
S.A. Dandl (appointed December 13, 2021)
C.A.A. Bayne (appointed December 13, 2021)
C.M. Rees (appointed December 13, 2021)
B.A. Ogut (appointed December 13, 2021)

Highlights of 2021

Having been incorporated in June 2021, the Company acquired the Unit4 group of companies via the acquisition of the ultimate parent company of the group, AI Avocado Holding B.V. on 1 July 2021.

In late 2021, Unit4 successfully launched ERPx, which delivers a fully integrated ERP, HCM and FP&A solution on a single platform, making use of the latest developments to deliver the optimal people experience. This platform will be core to the Unit4 Group's offerings for future years and will drive further innovation.

A first example of this innovation is the Unit4 "Industry Mesh" which was announced in 2021 and then launched in January 2022. Utilizing the ERPx platform, this service provides customers with pre-built data flows between applications, data sources, and the industry ecosystem. By delivering business-critical data flows out-of-the-box, the Unit4 Industry Mesh significantly reduces the cost, burden and time-to-value of integration, while also bringing organizations much richer and more consistent data sharing opportunities.

Financial overview

In the Reporting Period, total revenue amounted to €165.9 million. Total recurring revenue (SaaS and subscriptions, maintenance revenue) amounted to €106.4 million, reflecting the general focus on recurring revenues by the Group. This trend is expected to continue in the future years, as a consequence of the Group's strategy and overall market developments. License revenues are expected to decrease due to the conversion of existing customers to SaaS and sales of SaaS products to new customers.

Services revenue amounted to €36.9 million. Despite the shift of focus from license to SaaS, which has a lower attach rate for Services, the Group expects these service revenues to remain stable over the upcoming period. Furthermore, the development of the partner ecosystem with capability to deliver Unit4 solutions will provide a broader distribution base. The Group will continue to refine its delivery methods and simplify implementation processes as standardized industry models are developed.

Operating result

Operating result before interest, tax, depreciation & amortization ("**operating result**") amounts to a negative result of € 2.6 million.

In order to assess the operating performance, management takes the following items into account in their evaluation:

- exceptional costs (one-off items)	€ 26.0 million
- transaction costs	€ 17.7 million
- restructuring costs (cost reduction)	€ 1.3 million

The exceptional costs relate to various one-off costs incurred during the year, which management deems to be unrelated to current year performance.
The EBITDA for the Group as adjusted for the above items is reflected in the table below. For the purposes of comparability, the results of the Unit4 Group prior to the acquisition have also been set out in the table below.
The impact on the operating result of IFRS 15 and 16 is excluded, as it does not affect the cash flow generating potential of the Group.

Reconciliation between IFRS Operating Result and full year 2021 Unit4 EBITDA'

(in € x millions)	Unit4
Operating result before interest, tax, depreciation & amortization	(2.6)
Exceptional costs	26.0
Transaction costs	17.7
Restructuring costs	1.3
Unit4 - Operating result before interest, tax, depreciation & amortization, excluding the effect of IFRS 15 & 16, exceptional & restructuring costs – 1 January 2021 – 30 June 2021	76.8
Effect of IFRS 15 related to capitalization of costs to obtain contracts	(3.5)
Effect of lease payments not included in EBITDA following application of IFRS 16	(4.4)
Unit4 EBITDA	**111.3**

Net result

The Reporting Period shows a net loss of €108.2 million, primarily due to:

- the fair value adjustment to deferred revenue identified as part of the Purchase Price Allocation, which reduced revenues by an amount of € 27.2 million.
- One-off costs incurred related to the acquisition of Unit4 amounting to €17.7 million.
- Depreciation and amortization charges amounting to €58.2 million on acquisition-related intangibles.
- Finance costs amounting to €49.9 million of which €35.3 million is non-cash.

Acquisitions

On 1 July 2021, the Company acquired the entirety of the shares in AI Avocado Holding B.V. AI Avocado Holding B.V. is the Dutch ultimate holding entity of Unit4 Group.

The 2021 consolidated income statement includes Unit4's revenue of €165.9 million and a net loss of 24.7 million.

Financing structure

During the Reporting Period, the Group received a capital contribution in the amount of €988.4 million.

In June 2021, the Group obtained external financing in the amount of €900 million, which was used to acquire the Unit4 Group. This external financing consists of two agreements, the Senior Facilities Agreement and the PIK Facility.

As part of the Senior Facilities Agreement, a €675 million loan was received (called "Facility B"). Facility B matures in June 2028 and has a monthly interest payable at a rate of 1-month Euribor plus a spread of 400 basis points.

Under the PIK Facility, a €225 million loan was received. The PIK Facility will mature in June 2029. Interest on the outstanding loan accrues at a rate of 1-month Euribor plus a spread of 950 basis points, subject to an E&S ratchet. The E&S ratchet offers the possibility to reduce the margin in the event the Group achieves certain specified environmental and social objectives Interest on this loan is added to (and forms part of) the outstanding principal amount on the last day of each interest period.

As part of the Senior Facilities Agreement, the Group also received access to a revolving credit facility ("RCF") of €100.0 million. As at year-end 2021, no amounts were drawn under the RCF.

Reporting Period changes in the principal amounts of the long-term loans are as follows:

(in € x millions)	PIK	SFA	**Total**
Balance at 10 June 2021	–	–	–
Loan amount	225.0	675.0	900.0
Accrued interest	10.9	–	10.9
Balance at 31 December 2021	**235.9**	**675.0**	**910.9**

Financial position

In 2021, the total Company equity amounted to € 880.6 million, despite the negative net result of the Reporting Period.

Risk Management

The Group's enterprise risk assessment framework seeks to provide an understanding and awareness of the risks that could potentially jeopardize the Group's strategic objectives and future performance. The approach encompasses an overview of the major risk scenarios as well as taking into account the Group's capacity and acceptance of risk. A risk register lists the identified risks and for each of them an assessment including triggers, potential consequences and mitigations. The risk register is updated on a quarterly basis and reviewed by the Group's Global Leadership Team and the Audit Committee.

The objectives of the risk management framework are to:

- set out the risk management objectives and requirements for the business;
- establish a risk management structure embedded within the Group's areas of business, corporate functions and each of the regions where it operates;
- ensure that risk management activities are performed in a consistent manner across the business;
- establish the periodic reporting of risk data to the Global Leadership Team, the Audit Committee and the Board.

The main risks identified in the risk register are summarized below.

Macroeconomic; Strategic; Compliance risks

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Macro-economic	The Group is impacted by global political and economic events leading to economic downturn in geographies in which the Group operates and resulting in less investments or delayed purchases by customers and hence lower or negative growth. Macro-economic events could also affect the credit risk the Group is exposed to, see the Financial Risk section hereafter.	Moderate	Ongoing economic awareness is fed into annual and quarterly budget and forecasting cycles. Both lead and lag indicators are reviewed and monitored on a monthly and quarterly basis, globally and for every region. Flexibility in the business model regarding costs, and especially employee costs, implemented to provide the Group with the ability to flex resources up and down to respond to external market conditions.
Strategic	The Group's strategy as defined is inappropriate or ineffectively executed and fails to deliver on the Group's strategic goals.	Moderate: right balance between risk and long-term return	To ensure the relevance and effectiveness of the strategy, the long-term plan is evaluated annually, and approved by the Board. It is supported by an annual budget and annual operating plan, with performance monitored on a regular basis by the Board and the Global Leadership Team. Areas for acquisitions and divestments are clearly identified in the strategic plan defined and approved by the Board. Active sourcing and management of potential targets takes place on an ongoing basis.

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Compliance with Laws/ Regulations	The Group has ineffective systems and processes to ensure up-to-date knowledge and compliance with relevant legislation leading to breaches and the resulting consequences of penalties and sanctions for the Group and its officers and employees with consequent damage to reputation and brand and potential financial losses.	Low: full compliance with legal and regulatory environments	Group General Counsel is responsible for overseeing the regulatory framework, supported by a delegation of authorities. The policies and procedures as well as standard sales and supplier agreements are regularly updated, supported by a communications plan and fit for purpose trainings regime. In its day-to-day business operations, the Group has the goal to fully comply with relevant legislation and obligations. If there is uncertainty about the interpretation of those relevant laws and regulations it will seek external specialists' advice. The Group has a Corporate Code of Conduct in place. A training programme has been rolled out which covers not only the Code of Conduct itself, but also further topics such as the cybersecurity, diversity, whistleblower policy and anti-bribery regulations. General Data Protection Regulation ("GDPR") and further privacy regulation continue to be important following their implementation. Under the supervision of the Data Protection Officer, GDPR adherence is continuously monitored by the respective business owners. The Data Protection Officer continues to create further privacy awareness, strengthen the privacy network and ensure that policies and processes are known. Review of tax framework and strategy undertaken by the central team, supported by external experts on specific areas, is taking place as required. Ongoing monitoring of fiscal and regulatory compliance is in place to address issues that may arise.

Operational risks

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Growth	The Group fails to meet growth ambitions and targets due to inadequate brand awareness, uncompetitive products, overselling, underperformance of implementation services or inadequate go-to-market model and execution.	Moderate: alignment of targets and related costs	The Group has clearly defined the strategy for the Global business and the approach to the market. Further marketing activities were developed to increase brand awareness in the target markets. An ongoing program to engage with analysts and digital marketing campaigns is up and running, with ongoing monitoring of effectiveness. The Chief Product Officer organization actively monitors the market, technology and customer trends, to ensure that the product development team continues to develop existing products and new products to meet market demands. The direct go-to-market strategy is running with a model to support both growth and customer success, with implementation of customer acquisition, customer success, and inside sales capabilities, complemented with centers of excellence for key target verticals. The cloud transformation team is in place with focus on improving cloud delivery capabilities and shorten the time to go live. Centralized cloud operations and support teams are available to reduce support backlog and shorten resolution times. The Group developed value accelerators and standard industry configurations to shorten the implementation cycles and apply industry best practices to better meet customers' requirements. Both lead and lag measures are operational across verticals, geographies, and channels to ensure effective monitoring of progress.

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Information Security	The Group may be subject to attacks or failures leading to breaches of legislation or loss of information (including data or IP theft) resulting in brand and reputational damages plus financial and legal sanctions against the Group, its officers and customers.	Low	The information security policies are based on industry best practices. Controls are implemented, risk based and improvement activities are planned based on priorities and risk appetite. These are continuously evaluated under the supervision of the Chief Information Security Officer and adjusted as needed to address recent developments presenting a risk to the Group and ensure that the risks identified are sufficiently mitigated. As an additional safeguard cybercrime insurance is in place. Where required, the effectiveness of (security) controls is demonstrated via certification & third party assurance reports. Additional awareness was created on the information security risks when working from home. The data protection trainings will be further updated to highlight the data protection measures in place.
People	The Group fails to establish a strong employer brand and supporting infrastructure leading to its inability to attract and retain high caliber people leading to loss of competitiveness and business interruption	Moderate to high	A Global HR organization is in place supported by the HR centers of excellence. Ongoing investments in employer brand are made to drive attractiveness of Unit4 as an employer of choice. Continued emphasis is placed on the Company values to clearly communicate the mission of the organization to people inside and outside of the Group. A diversity & inclusion course was launched in 2021 to increase awareness on this topic as well as emphasizing the importance of creating an inclusive environment that values diversity. Following the Covid-19 pandemic, most employees are working from home. Various initiatives were deployed to ensure ongoing engagement with our employees. Additional measures have been taken to ensure that support is available to all our employees as required. A global job framework has been established to cover all business areas and functions, along with a more standardized compensation and benefits framework.

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Product - Innovation	The Group fails to identify, track and respond to market and technological developments in the ERP marketplace leading to lack of product innovation and ability to compete with rival offers.	Low to moderate	The product strategy and execution governance, supported by product marketing and product management is reviewed as part of the Strategic Plan. Ongoing review of market developments with analysts, customer win-loss analysis and other marketing research to ensure product roadmap delivers appropriate level of innovation for ongoing market competitiveness. An innovation group is in place to identify potential market development opportunities, starting incubation then handing over to the developments teams (e.g. self-driving ERP, digital assistant). A strategic partnership with Microsoft is in place for the Unit4 Cloud offering.

Financial Risk

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Currency	The Group's results, which are reported in Euro but are generated with a substantial portion in other currencies, are negatively impacted by fluctuations between the reporting currency and the various functional currencies in the economic regions in which the Group's operating companies are active.	Moderate: the currency exposure of the net investments in foreign activities is not hedged. Only specific transactions with a high currency exposure are hedged with derivatives.	The Group uses, where it is deemed necessary, currency derivatives, such as forward contracts, to secure certainty in its cash flows and results as much as possible.
Interest	The Group is exposed to floating interest payments under long term financing agreements with 3rd parties, resulting in higher cash outflows.	Low to moderate	The Group's actual cash position, including the consolidated cash balances in each currency, is continuously monitored and managed by the Corporate Finance Department. The Company uses interest derivatives to secure its long-term exposure to volatility in interest rates. The working capital financing needs are generally financed against floating interest. The impact of any upward direction of the floating interest rate is limited as these finance needs generally are smaller, given the current excess cash position, and short-term nature.
Credit	The Group is unable to collect its accounts receivable.	Low	The Group assesses the credit status of new customers, and when there is an immediate cause also for existing customers, using a standardized procedure in which, when deemed necessary, advice is obtained from external credit reference agencies. A large part of the Group's revenue is pre-billed on an annual basis. Where a customer does not pay, the support, maintenance or service may be stopped until payment. In some cases, the Group limits the associated risks through validation software based on annually changing pin codes that only allow use of the software after payment by a customer has been made.

Risk Areas	Risk description	Risk appetite	Control Measurements and/or mitigating factors
Liquidity	The Group has insufficient liquidity.	Low	The Group has a daily cash management process in place which monitors the daily cash inflows and outflows. The Group also has a Planning & Control process which includes the analysis of liquidity budgets for a period of 12 months ahead and also has a Revolving Credit Facility (RCF) which is used to cover short term liquidity requirements.

Remuneration

The goal of the remuneration policy is to attract, motivate and retain talented people, who will act for the benefit of all stakeholders in the Group. Remuneration may consist of fixed and variable components and the Remuneration Committee seeks to ensure the proper balance between these components to align with the interests of the Group and the individual.

In accordance the rules governing the operation of the Remuneration Committee, the remuneration of all directors is determined by the general shareholders meeting.

The remuneration of the members of the Group Global Leadership Team is determined by the CEO, with approval of the Remuneration Committee.

Research and development activities

With a view to best serving the needs of its customers, the Group is seeking to transition key products from its portfolio onto a single platform, enabling products to function together thereby providing enhanced value. The core platform is designed around four areas which enable Group customers to run their business:

- a functionally comprehensive and integrated ERP solution;
- best-in-class applications for specific processes and / or geographies;
- deep industry functionality that creates sustainable market differentiation;
- a platform that enables Unit4 offerings to work together based on user experience, integration framework and to enable capabilities in the areas of digitization, social media, mobile, analytics (big data) and cloud.

Unit4's product priorities are determined taking into account the following:

- product performance and potential;
- market-centric product roadmaps; and
- centralization of development efforts in locations where there is an appropriate skill / cost balance.

Future outlook

In 2022, the Group will focus on the main drivers of growth, by increasing investments in core products and their cloud delivery, while managing costs efficiently to grow profit margins.

The forecast operating cash flows in combination with the financing structure in place, are expected to be sufficient to support the liquidity needs in the upcoming period.

For 2022 the Group will continue to invest in the development of employees to and to achieve the goals of its remuneration policy. The Group does not anticipate significant changes in existing workforce based on its current business and related operations.

Subsequent events during 2022

On 3 January 2022, the Group completed the acquisition of Compright Inc., a company based in San Francisco, USA. Founded in 2017, the company delivers an intuitive, comprehensive and powerful compensation solution designed with mid-market customers in mind, particularly those with more complex multi-national requirements. The solution will be integrated in the broader product offerings of the Group, extending the combined possibilities of ERP, HCM and FP&A. The total transaction price is $ 8 million. No further disclosures can be made in relation to the fair values acquired and the valuation of the goodwill, as the purchase price allocation related to the acquisition has not been completed at the time of the issuance of the financial statements.

12 April 2022

The Board of Directors

J.M. Seigler (appointed June 10, 2021)

S.A. Dandl (appointed December 13, 2021)

N. Wadhera (appointed December 13, 2021)

B.A. Ogut (appointed December 13, 2021)

C.A.A. Bayne (appointed December 13, 2021)

C.M. Rees (appointed December 13, 2021)

M.E. Ettling (appointed December 13, 2021)

Consolidated Financial Statements

Consolidated statement of profit or loss and other comprehensive income

For the period 10 June 2021 - 31 December 2021

(in € x 1,000)	Notes	2021
Continuing operations		
Revenue from contracts with customers	7	
SAAS and Subscriptions		47,657
Licenses		22,620
Maintenance		58,702
Services and other		36,929
Total Revenue		**165,908**
Cost of sales	8	(26,930)
Gross profit		**138,978**
Employee costs	9	(96,745)
Other operating expenses	11	(44,812)
Operating result before interest, tax, depreciation & amortization		**(2,579)**
Depreciation and amortization	0	(63,908)
Operating result before interest, tax		**(66,487)**
Finance costs	13	(49,871)
Finance income	14	1,700
Other expense		(1,404)
Other income		480
Share of profit / (loss) of associates		28
Profit / (loss) before tax		**(115,554)**
Income taxes (expense) / benefit	15	7,361
Profit / (loss) for the period		**(108,193)**
Profit / (loss) for the period attributable to the owners of the Company		**(108,193)**
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations		404
Other comprehensive income for the period, net of income tax		**404**
Total comprehensive income / (loss) for the period		**(107,789)**
Total comprehensive income for the period attributable to the owners of the Company		**(107,789)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December

(in € x 1,000)	Notes	2021
Assets		
Non-current assets		
Goodwill	0	1,142,884
Other intangible assets	0	808,393
Property, plant and equipment	18	13,734
Right-of-use assets	19	12,334
Investments in associates		2,604
Deferred tax assets	15	6,727
Other financial assets	20	11,144
Total non-current assets		**1,997,820**
Current assets		
Contract assets	21	28,006
Trade and other receivables	22	76,099
Other financial assets	20	1,309
Current tax assets	15	4,941
Cash and cash equivalents	23	86,665
Total current assets		**197,020**
Total assets		**2,194,840**

Consolidated statement of financial position – continued

(in € x 1,000)

	Notes	2021
Equity and liabilities		
Capital and reserves		
Issued capital and share premium	24	988,408
Share-based payments reserve	10	4
Foreign currency translation reserve	25	404
Retained earnings		(108,193)
Total equity		**880,623**
Non-current liabilities		
Borrowings	26	892,442
Lease liabilities	19	10,093
Other financial liabilities	27	7,282
Deferred tax liabilities	15	157,830
Provisions	28	3,513
Other liabilities	31	1,311
Total non-current liabilities		**1,072,471**
Current liabilities		
Lease liabilities	19	6,609
Other financial liabilities	27	23,689
Trade and other payables	30	19,197
Current income tax liabilities	15	28,914
Provisions	28	4,105
Contract liabilities	29	92,321
Other liabilities	31	66,911
Total current liabilities		**241,746**
Total liabilities		**1,314,217**
Total equity and liabilities		**2,194,840**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

(in € x 1,000)	Share capital/ premium	Share-based payments reserve	Foreign currency translation reserve	Retained earnings	**Total**
Reference	24	10	25		
For the period ended 31 December 2021					
Balance at 10 June 2021	–	–	–	–	–
Profit/(Loss) for the period	–	–	–	(108,193)	(108,193)
Other comprehensive income for the period, net of income tax	–	–	404	–	404
Total comprehensive income for the period	–	–	404	(108,193)	(107,789)
Capital contribution	988,408	–	–	–	988,408
Share-based compensation	–	4	–	–	4
Balance at 31 December 2021	**988,408**	**4**	**404**	**(108,193)**	**880,623**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the period 10 June 2021- 31 December 2021

(in € x 1,000)	Note	2021
Cash flows from operating activities		
Operating result (EBIT)		(66,487)
Adjustments for:		
Depreciation, amortization and impairment	0	63,908
Share-based payment transaction expense	10	800
Changes in contract assets	0	(3,476)
Change in Provisions	28	3,181
Changes in Long Term liabilities		43
Changes in Long Term receivables		24
Changes in working capital		70,852
Cash generated from operations		**68,845**
Interest received		137
Income tax paid		325
Net cash generated by operating activities		**69,307**
Cash flows from investing activities		
Investments in intangible assets	0	(16,369)
Investments in property, plant and equipment	18	(1,270)
Acquisition of subsidiaries, net of cash and cash equivalents	0	(1,804,131)
Proceeds from divestment in/disposals of subsidiaries, net of cash and cash equivalents		(256)
Cash received from associates		122
Proceeds/(investments) in other financial assets	20	311
Loans to related parties	34	(1,879)
Cash flows from investing activities		**(1,823,472)**
Cash flows from financing activities		
(Repayments)/Proceeds from borrowings	26	900,000
Capital contribution received	24	980,747
Interest and financial expenses paid		(34,648)
Payment of principal portion of lease liabilities	19	(4,800)
Net cash used in financing activities		**1,841,299**
Movement in cash and cash equivalents		**87,134**
Cash and cash equivalents at the beginning of the period		–
Effects of exchange rate changes on the balance of cash held in foreign currencies		(469)
Cash and cash equivalents at the end of the period	23	**86,665**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 General information

Bock Capital Topco B.V. (hereafter "the Company") is a limited liability company and was incorporated on 10 June 2021. Bock Capital Topco B.V. (Chamber of Commerce reference 83047581) and its subsidiaries (together "the Group"). Under its core business, the Group is an international provider of enterprise applications empowering people in service organizations, and delivers ERP, industry-focused applications.

Bock Capital Topco B.V. is the head of the group. The parent of the Group is Bock Capital EU Luxembourg Nature II S.a.r.l. (100% shareholding). Its ultimate parent of the Group is TA Associates L.P., Boston United States of America. Bock Capital Topco B.V. has its registered office at Stationspark 1000, 3364 DA, Sliedrecht, The Netherlands.

Following the date of Bock Capital Topco B.V. incorporation, the Financial Statements cover the period between 10 June 2021 and 31 December 2021 and no comparative information applies.

The Financial Statements were authorized for issue by the Board of Directors on 12 April 2022. The adoption of these Financial Statements, including the adoption of the proposed allocation of the net loss for the period ended 31 December 2021, is subject to approval by the shareholders at the General Meeting.

As permitted pursuant to Article 402, Title 9, Book 2 of the Dutch Civil Code Bock Capital Topco B.V.'s company income statement is presented in a condensed form. All amounts are presented in Euros (€ x 1,000), unless stated otherwise.

2 Basis of preparation

Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), effective as at 31 December 2021, as issued by the Internal Accounting Standards Board ("IASB") and as endorsed for use in the European Union by the European Commission.

Basis of measurement

The Group prepared its consolidated financial statements on a going-concern basis and under the historical cost convention, except for certain financial instruments that have been measured at fair value as discussed in the significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability, which market participants would take into account when pricing the asset or liability at the measurement date.
In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The consolidated financial statements for the period ended 31 December 2021 are prepared on a going-concern basis.

The Group incurred a negative operating result before interest, tax and depreciation & amortization loss in the period 10 June 2021 – 31 December 2021. The loss primarily was incurred due to a fair value adjustment to deferred revenue identified as part of the Purchase Price Allocation, which lowered revenues to be recognized by the Group for an amount of € 27.2 million. In addition, one-off costs were incurred related to the acquisition of the Unit4 Group amounting to € 17.7 million.

In the period ended 31 December 2021, the Group incurred a net loss of € 108.2 million. Apart from the elements described in relation to the operating result, the net loss was mainly attributable to the amortization of the intangible assets identified as part of the acquisition amounting to € 58.2 million, the interest charges on the Facility B and PIK Facility amounting to € 14.0 million and € 10.9 million respectively, as well as the result on the valuation of the derivatives for an amount of € 21.7 million.
The amortization expenses, the result on the valuation of derivatives and the interest expense on the PIK facility are non-cash.

Despite the loss in 2021, the total equity attributable to owners of the parent as at 31 December 2021 is positive.

The Company has sufficient access to liquidity, including a cash balance of € 86.7 million per year-end 2021, positive operating cash flow over the reporting period in 2021 and undrawn revolving credit facility in amount of € 100.0 million.

Based on access to liquidity and the detailed forecast prepared with planned growth, the Company's Board of Directors is confident that the Company will have sufficient cash to pay all its suppliers over the next 12 months after sign off date.

The Covid-19 pandemic has no material impact on the financial performance of the Group.

2.1 Changes to IFRS standards in 2021

In the current period the Group has adopted a number of amendments to IFRSs issued by the IASB that are mandatorily effective for the current accounting period. The amendments are:

- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

To the extent relevant, the amendments listed above that were in issue and effective from 1 January 2021 have been adopted by the Group as of date of incorporation - 10 June 2021. These various amendments to the standards had no material impact for the Group.

2.2 Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.
Actual results may differ from these estimates which, together with underlying assumptions, are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are discussed below:

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognized in profit or loss as incurred. Management applies judgement in the identification of assets and liabilities and the valuation thereon.

In a business combination, the Company measures the identifiable assets and liabilities at fair value. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For more information on acquisitions and valuation techniques applied, please refer to Note 3.4 and Note 0.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified valuators to perform the valuation. For further information on fair values of financial instruments we refer to note 0 of the Consolidated Financial Statements.

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular whether the Group had transferred control of the goods and services to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Estimation of the stand-alone selling price
The Group has established a hierarchy to identify the stand-alone selling prices that are used to allocate the transaction price of a customer contract to the performance obligations in the contract.

- Where standalone selling prices for an offering are observable and reasonably consistent across customers, the stand-alone selling prices estimates are derived from our respective pricing history and rate cards. This applies to most of the revenue streams.
- Where sales prices for an offering are not directly observable or highly variable across customers, we use estimation techniques. For renewable offerings, these techniques consider the individual contract's expected renewal price. For non-renewable offerings, these estimations follow a cost-plus-margin approach.
- For offerings that lack renewals and have highly variable pricing, we allocate the transaction price by applying a residual approach.

Judgment is required when estimating stand-alone selling prices. In judging whether contracts are expected to renew at their contractual renewal prices, we rely on our respective renewal history. We review the stand-alone selling prices periodically or whenever facts and circumstances change to ensure the most objective input parameters available are used.

Reference is made to note 7 for the criteria used regarding revenue recognition.

Capitalization of development costs

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

Impairment of assets

Assets subject to depreciation and amortization are reviewed for impairment if events or changes in the circumstances indicate that the carrying amount may not be recoverable. Assets not subject to depreciation and amortization are reviewed for impairment once a year. In the impairment tests the lowest level of cash-generating units are used. The goodwill will be attributed to those cash-generating units or group of cash-generating units that are to be expected to take advantage of those business combinations in which goodwill has been generated. The judgements, estimates and assumptions used by management to determine if an impairment has to be recognized are:

- Determining the cash-generating units or group of cash-generating units;
- Timing of the review of impairment;
- Determining the discount rate;
- Projecting of cash flows including long-term expectations.

For more details regarding key assumptions and sensitivity analysis refer to Note 0.

Tax assets and liabilities

The Company and its subsidiaries estimate the tax positions upon their interpretations of the applicable tax laws and regulations in various jurisdictions. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. For material positions the Company consults with external tax advisors. For the tax declarations that were not formally approved by the tax authorities yet, there is a risk that these positions may be challenged by the local tax authorities. When the risk is considered to be probable, a tax liability will be recognized to reflect the effect of the uncertainty based on either the most likely amount or the expected value.

The Group recognizes deferred tax assets related to losses carried forward or tax receivables as long as the respective fiscal unity or legal entity has sufficient taxable temporary differences or when there are reliable estimates that taxable profits will be available for use by the fiscal unity or legal entity. For more details regarding tax assets and liabilities refer to Note 15.

Share-based payments

Management Equity Incentive Plan (MEIP)
The value of the underlying shares as determined on the grant date depends on the proceeds realized by the majority shareholder upon an Exit. As a result, the grant date fair value of the Plan awards has been measured using a Binomial option pricing model.

Leases

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The renewal options for lease cars are not included as part of the lease term because the Group typically leases cars for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Lease classification – Group as lessor

The Group has entered into partial sublease of its buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the Right-of-use asset and the present value of the minimum lease payments not amounting to substantially all of the fair value of the building, that it retains substantially all the risks and rewards incidental to ownership of these buildings and accounts for the contracts as operating leases.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

IBR calculation for every individual country where the Group was leases to be considered under IFRS 16, resulting on the final list of percentages to be used for the further calculations.

3 Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities that are directly or indirectly controlled by the Company. Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the right, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.
The accounting policies set out below have been applied consistently by all subsidiaries to all periods presented in these consolidated financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the Non-Controlling Interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the Non-Controlling Interests even if this results in the Non-Controlling Interests having a deficit balance.

Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the Non-Controlling Interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the Non-Controlling Interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any Non-Controlling Interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.2 Overview of Group companies

As at 31 December 2021, the following companies are consolidated:

COMPANY	Statutory seat	Business activities	% of ownership
Bock Capital Midco 1 B.V.	Sliedrecht, the Netherlands	Holding	100%
Bock Capital Midco 2 B.V.	Sliedrecht, the Netherlands	Holding	100%
Bock Capital Bidco B.V.	Sliedrecht, the Netherlands	Holding	100%
AI Avocado Holding B.V.	Sliedrecht, the Netherlands	Holding	100%
AI Avocado B.V.	Sliedrecht, the Netherlands	Holding	100%
UNIT4 B.V.	Sliedrecht, the Netherlands	Corporate	100%
UNIT4 Business Software Netherlands B.V.	Sliedrecht, the Netherlands	Operational	100%
UNIT4 Business Software N.V.	Antwerp, Belgium	Operational	100%
UNIT4 Domestic Holding B.V.	Sliedrecht, the Netherlands	Operational	100%
UNIT4 Business Software Holding B.V.	Sliedrecht, the Netherlands	Corporate	100%
UNIT4 Nordics Holding AB	Solna, Sweden	Holding	100%
UNIT4 AB	Solna, Sweden	Operational	100%
UNIT4 A/S	Copenhagen, Denmark	Operational	100%
UNIT4 AS	Oslo, Norway	Operational	100%
UNIT4 Eesti OU	Tallinn, Estonia	Operational	100%
UNIT4 Norway Holding AS	Oslo, Norway	Holding	100%
UNIT4 R&D AS	Oslo, Norway	Operational	100%
UNIT4 UK Software Holdings Ltd.	Reading, United Kingdom	Holding	100%
UNIT4 Business Software Ltd.	Reading, United Kingdom	Operational	100%
CODA Ltd.	Reading, United Kingdom	Dormant	100%
CODA Group International Ltd.	Reading, United Kingdom	Dormant	100%
UNIT4 Business Software Cyprus Ltd.	Nicosia, Cyprus	Operational	100%
UNIT4 Asia Pacific Pte Ltd.	Singapore, Singapore	Operational	100%
UNIT4 Business Software (Ireland) Ltd.	Dublin, Ireland	Operational	100%
UNIT4 Business Software South S.L.	Granada, Spain	Operational	100%
UNIT4 Portugal Unipessoal LDA	Lisbon, Portugal	Operational	100%
UNIT4 Business Software GmbH	Munich, Germany	Operational	100%
UNIT4 Business Software France SA	Courbevoie, France	Operational	100%
UNIT4 R&D Spain S.L.	Granada, Spain	Operational	100%
UNIT4 Business Software Pty Ltd.	Sydney, Australia	Operational	100%
UNIT4 Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	Operational	100%
PT. UNIT Four Indonesia	Jakarta, Indonesia	Operational	100%
UNIT4 Business Software (Pty) Ltd.	Gauteng, South Africa	Operational	100%
UNIT4 Polska Sp. z.o.o.	Wroclaw, Poland	Operational	100%
UNIT4 Software Engineering Sp. z.o.o.	Wroclaw, Poland	Operational	100%
UNIT4 Americas Holding Inc.	Wilmington, United States	Holding	100%
UNIT4 Business Software Americas Inc.	Victoria (BC), Canada	Operational	100%
UNIT4 Business Software Corp	Alberta, Canada	Operational	100%
UNIT4 Business Software, Inc.	Massachusetts, United States	Operational	100%
Prevero GmbH	Munich, Germany	Operational	100%
UNIT4 Business Software Malta Ltd.	Ta' Xbiex, Malta	Operational	100%
UNIT4 Oy	Vantaa, Finland	Operational	100%
Prevero Software GmbH	Graz, Austria	Operational	100%
Prevero Schweiz AG	Zug, Switzerland	Operational	100%
Unit4 Merger 1, Inc.	Delaware, United States	Corporate	100%

3.3 Foreign currencies

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For purpose of the consolidated financial statements, the results and the financial position of each entity are expressed in Euros, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis as either finance income or expenses, depending on whether the foreign currency movements result in a net income or a net loss position

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (none of which has the currency of a hyperinflationary economy) are expressed in Euros using the exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the period. Exchange differences, if any, arising on net investments, including receivables from or payables for a foreign operation for which settlement is neither planned nor likely to occur are recorded directly in Other Comprehensive Income ('OCI').

When control over a foreign operation is lost, in part or in full, the relevant amount in the FCTR (foreign currency translation reserve) is transferred to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.4 Business combinations

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any Non-Controlling Interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) relating to facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to one cash-generating unit. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investee becomes an associate.

The equity method is a method of accounting whereby the investment is initially recognized at cost (including goodwill) and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the yearly result of the investee.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

Investments in associates accounted for using the equity method are classified as non-current assets.

3.7 Revenue recognition

The Group derives its revenues from the sale of a license and optional bespoke effort on the standard product, SaaS, hardware or implementation services as well as maintenance and support. The Group makes a distinction between all of the components which have their own features, specific pricing and timing of delivery. The value of the remaining performance obligations will be deferred until they are delivered. If a discount is offered in a contract with multiple performance obligations, a proportionate amount of that discount is applied to each element included in the arrangement based on each element's stand-alone selling price without regard to the discount. Where a contract has multiple performance obligations, involving software and consulting, training, or other professional services that are not essential to the functionality of the software, the service revenues are accounted for separately from the software revenues.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

SaaS (Software as a Service) is delivered remotely in a cloud-based environment and priced with a periodic flat fee, where there is little need for implementation services and there is no need to install and manage software at the customer site. The customer is not entitled to take possession of the software and manage it independently.
The revenue is recognized over the time of the contract as the client simultaneously receives and consumes the benefits provided by Unit4 evenly throughout the obligation period. The Group uses the as-invoiced practical expedient as described in IFRS 15 paragraph B16 for recognizing the SaaS revenue.

Licenses revenue is the sum of proprietary software revenues and third-party software products. The revenue from license sales is recognized immediately (at a point in time) when the customer either takes possession of the software via a download or is provided with the access codes that allow the customer to take immediate possession of the software on its hardware. At that point, transfer of control has taken place.

Maintenance revenue is the contracted post implementation services revenue, consisting of maintenance and support services. This is generally straightforward where the customer simultaneously receives and consumes the benefits of the M&S promises provided by the Group. Therefore, the performance obligation is satisfied over time and the M&S revenue has to be recognized over time.

Services and other revenues is the sum of professional services, customer services, training and IT services. Service revenues involving modification or customization of the software are recognized depending on the fee structure, on a time-and material basis, or using the percentage of completion method, based on direct labor costs incurred to date as a percentage of total estimated project costs required to complete the project.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group has concluded that it is acting as a principal in most of its revenue arrangements and therefore records revenue on a gross basis.

In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Revenue is reduced for estimated customer returns, rebates and other similar allowances. In making this judgment, we consider our history with the respective customer as well as the broader economic context. Warranties and related obligations are not applicable to the company in the consideration of performance obligations.

Significant financing component
Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.17.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Contract costs
The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

3.8 Cost of sales

The cost of sales is recognized in the same period as the corresponding revenue and relates to direct external costs such as external contractors who generate direct revenue on external projects or third-party components. Costs of personnel, generating direct revenue on external projects for which the Group runs the economic risk are presented under Personnel Costs.

3.9 Finance income and expenses

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, fair value losses on financial assets at fair value through profit or loss and foreign exchange gains and losses. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the costs of those assets, until such time as the assets are ready for their intended use or sale.

The interest expense component of lease payments is recognized in the income statement using the effective interest rate method.

Interest and dividend income

Revenue arising from the use by others of Company's assets yielding interest, royalties and dividends are recognized on the following bases:

- Interest income is recognized in the income statement as it accrues, using the effective interest method.
- Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.
- Dividends are recognized when the shareholder's right to receive payment is established.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years (temporary difference) and items that are never taxable or deductible (permanent differences). The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax

liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax group liability (the Netherlands)

The Company forms a fiscal unity with some of its Dutch subsidiaries for corporate income tax purposes. In accordance with standard conditions, the Company, along with the subsidiaries that are part of the fiscal entity, is wholly and severally liable for taxation payable by the fiscal unity.

3.11 Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognized right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the expected lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are separately disclosed in Note 19.

The Group applies portfolio approach to leases with similar characteristics. Applying this approach would not differ materially from applying lease accounting principles to the individual leases within the portfolio.

Furthermore, reference is made to Note 19 for more detailed information about amounts recognized in profit or loss.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.12 Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Land and buildings:
  - Freehold buildings — 50 years
- Technological equipment — 2 - 10 years
- Other tangible assets — 2 - 10 years

Other tangible assets include alterations and renovations on buildings and all remaining tangible assets not specifically attributable to separate categories.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other operating expenses in the income statement.

An item of property, plant and equipment that qualifies for recognition as an asset shall initially be measured at its cost. The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

3.13 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life or technical life expectancy, of which the shortest is applied, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Internally developed software	3 – 5 years
- Trademark	20 years
- Acquired software	5 – 7 years
- Customer contracts	8.6 years
- Contract assets	8.6 years

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated software development costs is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. Reinstatement of expenditure previously recognized as an expense is not allowed.
The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.
Examples of directly attributable costs are:
- Costs of materials and services used or consumed in generating the intangible asset.
- Costs of employee benefits (as defined in IAS 19 Employee Benefits) arising from the generation of the intangible asset.
- Fees to register a legal right
- Amortization of patents and licenses that are used to generate the intangible asset.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset or cash-generating unit is the greater of either its value in use or its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses

recognized in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

Impairment losses on assets other than goodwill recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss on assets other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Employee benefits

Share-based payments

The Group recognizes the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are rendered. A corresponding increase in equity is recognized if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If their fair value cannot be estimated reliably, the Group measures their value, and the corresponding increase in equity, by reference to the fair value of the equity instruments granted (intrinsic value).

Pension costs

The Group has defined benefit pension plans in Germany and France. The pension plan in France is managed by the government. The pension plan in Germany is contracted to a (local) pension insurer.

The plans at other entities, when available, qualify as defined contribution plans. The pension plans are financed from payments by employees and the relevant entities.

3.16 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Provisions are then determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The discount rate arising on the provision is amortized in future years through interest.

When some or all economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when:

- there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision only includes the direct expenditures arising from the restructuring, which are those that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the company.

3.17 Financial assets and liabilities

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized costs, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Classification and measurement

Assets are subsequently classified as debt instruments, equity or derivatives.

The subsequent valuation of the debt instruments is based on two criteria: whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding; and the Group's business for managing the assets. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortized costs (debt instruments)

The Group measures financial assets at amortized costs if both of the following conditions are met:

- The financial asset is held within the business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in the principal amount outstanding.

Financial assets at amortized costs are subsequently measured using the effective interest (EIR) method and are subjected to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, and loan to an associate included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within the business model with the objective of holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subjected to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of the financial position at fair value. Net changes in fair value are recognized in the statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flow from the assets have expired; or
- The Group has transferred its rights to receive cash from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and neither(a) the Group has transferred substantially all the risk and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continued involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligation of the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosure of significant assumptions Note 2.2
- Contract assets Note 21
- Trade and other receivables Note 22

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flow will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life off the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated derivatives are also classified as held for trading.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 26.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group enters into a derivative financial instrument to manage its exposure to foreign currency risk and interest rate risk, including forward foreign exchange contracts and interest rate swaps. The derivative financial instruments are measured at fair value and classified at fair value through profit or loss. The Group does not apply hedge accounting.

3.18 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.19 Cash and cash equivalents

Cash and cash equivalents only includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents, including short-term investments, is valued at face value, which equals its fair value.

3.20 Cash flow statement

The consolidated statement of cash flows is prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Payments and receipts of corporate income taxes and interest paid are included as cash flow from financing activities.

4 Financial risk management

The Group has exposure to the following financial risks from its use of financial instruments:
- credit risk;
- liquidity risk;
- market risk;
- other risks (including currency risk, interest rate risk and other price risk).

This note presents information about the Group's exposure to each of the above risks, the Group's goals, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group continues developing and evaluating the Group's risk management policies with a view to identifying and analyzing the risks it faces, to setting appropriate risk limits and controls, and to monitoring risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees the way management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks the Group faces.

The Group seeks to minimize the effects of certain risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

4.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. A credit risk is run on the financial assets of the Group, which consist of cash and cash equivalents, securities, loans and receivables and certain derivatives, arising from default of the other party, with a maximum risk equal to the carrying amount of these instruments.
As described in section 3.17, an allowance is recognized to reflect the credit risk embedded in the debt instruments not held at fair value through profit or loss, through the application of the expected credit losses model. For further details, refer to the aforementioned note.

Trade and other receivables

Group only trades with reputable, creditworthy counterparties. It is the Group's policy that all customers who wish to pay in instalments are subject to a credit assessment procedure. Moreover, the outstanding balances are continually monitored, so that the Group does not run any unforeseen significant risks in respect to doubtful debtors. Refer to the credit quality disclosure of trade and other receivables in Note 22.

Trade receivables relate to many customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group's standard terms require contracted services to be paid in advance of these services being delivered. In the event that a customer fails to pay amounts that are due, the Group has a clearly defined escalation policy that can result in a customer's access to their SaaS environment being denied or maintenance and support service being suspended.
The Group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the period.

Bank counterparties

The credit risk on balances with banks and financial institutions and derivative financial instruments is limited because the counterparties are banks with minimum A- credit-ratings assigned by international credit-rating agencies.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation or jeopardizing its future.

A large part of the Group's revenues and operating costs are contracted, which assists it in monitoring cash flow requirements, which is done on a daily and weekly basis. Typically, the Group ensures that it has sufficient cash on demand to meet expected normal operational expenses, including the servicing of financial obligations, for a period of 60 days; this excludes the potential impact of extreme circumstances, such as natural disasters, that cannot reasonably be predicted. The company's revolving credit facility of € 100 million remained undrawn as at 31 December 2021.

All significant expansion and/or M&A projects are subject to formal approval by the Board of Directors, and material expenditure are only made once the management is satisfied that the Group has adequate committed funding to cover the anticipated expenditure.

The Group's objective is to find a balance between continuity and flexibility of financing through the use of bank facilities, cash loans, factoring of trade receivables and lease and rental contracts. The Group monitors its liquidity risk by using a procedure in which the bank balances linked to the electronic banking system are analyzed. The principal daily movements are clarified. In addition, all bank balances are reviewed every month and compared with the monthly estimated cash balances. This monthly cash flow forecast has a forecasting period of 12 months. The table below represents the undiscounted cash flow analysis of the liabilities recognized by the Group as at 31 December 2021.

At 31 December 2021
(in € x 1,000)

	On demand	< 3 months	3-12 months	1-5 years	> 5 years	**Total**
Non-derivative financial liabilities						
PIK Facility	–	–	–	–	435,005	435,005
Senior Facility Agreement	–	7,015	21,427	113,836	717,621	859,899
Lease Liabilities	–	276	932	14,411	3,752	19,371
Trade and other payables	–	19,197	–	–	–	19,197
	–	26,488	22,359	128,247	1,156,378	1,333,472

Guarantees

Certain of our subsidiaries have granted guarantees to our lending banks in relation to our facilities. The Company grants rent guarantees to landlords of certain of the Group's property leases.

4.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Forward currency contracts and currency swaps to hedge the exchange rate risk arising on sales or purchase transactions made by subsidiaries
- Interest rate swaps to mitigate the risk of rising interest rates.

Currency risk

Due to the presence of investment activities in the United States, Canada, the United Kingdom, Norway, Sweden, Switzerland, Denmark, Indonesia, South Africa, Poland, Hungary, the Czech Republic, Singapore, Malaysia and Australia, the Group income statement and statement of financial position are exposed to changes in the respective exchange rates against the Euro.

The Group operates in an international environment and is exposed to foreign currency exchange risks arising from commercial transactions made by Group companies in other currencies than their functional currency.
To manage this exposure, the Group identifies, assesses and hedges the foreign currency exchange risks relating to these transactions in co-operation with the subsidiaries using a variety of financial derivatives.

In addition, the Group uses currency swaps to optimize the interest charges and interest income.
For the derivatives the Group's Corporate Finance Department enters into contracts with accredited banks. The Group is primarily exposed to changes in GBP, PLN, SEK and SGD exchange rates. The table below presents the increase or (decrease) of the net result of the period as a result of a 10% strengthening of the Euro against these currencies during 2021. In addition, the increase or (decrease) in the equity balance is shown, including the translation effect of underlying subsidiaries, resulting from a 10% strengthening of the Euro against the following currencies at December 31. This analysis assumes that all other variables remained constant.

	Equity (€'000)	**Profit or loss (€'000)**
31 December 2021		
GBP	(7,066)	(262)
PLN	1,714	242
SEK	(7,739)	28
SGD	1,619	375

A 10% weakening of the Euro against the above currencies at December 31 would have had the equal, but opposite, effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Group's borrowings are Euro denominated and the Company believes that the Interest on these borrowings will be serviced from the cash flows generated by the underlying operations of the Group, the functional currency of which is the Euro. The Group's investments in subsidiaries are not hedged.

Interest rate risk

The exposure from the Group due to fluctuations in the market interest rates primarily relates to the Group's bank accounts with a floating interest, of which most are based on 1 month. The Group uses derivatives to manage the interest rate risk on the long-term loans.

The Group does not use derivatives or other instruments to manage the interest risk on short-term bank overdrafts, as the interest rate risk is currently estimated to be low. The interest charges and interest income are optimized by centralizing the bank balances in a so-called "cash pool". Excess cash and cash equivalents when available will be put on shorter-term deposits. Need for short term financing is depending on the interest conditions fulfilled by cash loans and exiting working capital facilities.
For more information regarding the interest-bearing loans refer to Note 26. For more information regarding derivative financial instruments refer to Note 27.

The impact on the profit or loss and equity due to changes in the floating interest rate at the reporting date, based on the current net interest-bearing loans (including Cash and Cash equivalents), is presented in the table below:

Interest rate	**Impact on pre-tax profit/ (loss) and equity**
	2021
Increase by 100 basis points	9,109
Decrease by 100 basis points	(9,109)

The Group's receivables are carried at amortized cost. They are, therefore, not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Price risk

There is a risk that changes in market circumstances, such as strong unanticipated increases in operational costs, new products from competitors or churn in customer contracts, will negatively affect the Group's income. Customers individually have medium-term contracts that require notice prior to termination. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Capital management

The Group has a capital base comprising its equity, including reserves, loans under the Senior Facility Agreement and PIK Facility, other loans, and committed debt facilities. It monitors its solvency ratio, financial leverage, funds from operations and net debt with reference to multiples of its previous twelve months' Adjusted EBITDA[1] levels. The Company's policy is to maintain a strong capital base and access to capital in order to sustain the future development of the business and maintain shareholders', creditors' and customers' confidence.

In order to maintain or adjust the capital structure, the group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital based on the leverage ratio as per the Senior Facility Agreement and PIK Facility. This ratio is calculated as net debt divided by Adjusted EBITDA. The Group's policy is to keep the leverage ratio well within the bank covenants. The Group includes within net debt, interest-bearing loans and borrowings (Note 26), less cash and cash equivalents (Note 23).

[1] Adjusted EBITDA is defined as Operating result before interest, tax, depreciation and amortization adjusted for restructuring and exceptional expenses and pro-forma adjustments as defined in the Senior Facility Agreement & PIK Facility.

5 Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. The Group has several financial instruments measured at fair value.

The following table presents the group's financial assets and liabilities that are measured at fair value. Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value (in € × 1,000) as at	Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/21		
Foreign currency forward contracts	Assets - € 145 Liabilities - € 637	Level 2	Discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the counterparty.
Derivative – Interest rate cap instrument	Assets – € 2,191	Level 2	Discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative – Interest floor in B Facility	Liabilities – € 16,947	Level 3	Discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative – Interest floor in PIK Facility	Liabilities – € 4,758	Level 3	Discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. The valuation is based on the assumption that the first 4 years of interest will be accrued and added to the nominal amount at the end of each interest period and for the last 4 years the interest will be paid at the end of each period, without further increasing the nominal amount.

The Board of Directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

There have been no transfers between Level 1 and Level 2 during the periods.

The fair value of the derivative instruments is the result of fluctuations in the forward interest rate affecting the future cash flows in combination with the effects of discounting based on the remaining terms of the contracts. The forward interest rate is currently negative, resulting in the liability presented. Once the forward interest rate will be equal or higher than nil, the value of the interest floor instrument will be nil. The value of the interest rate cap instrument will increase in value as the forward interest rate increases, reflecting the higher probability of cash flows being generated from this instrument.

6 Business combinations

In July 2021, the Group acquired 100% of the shares in AI Avocado Holding B.V. AI Avocado Holding B.V. is the Dutch top holding entity of the group of companies that presents itself to the market as Unit4. Unit4 is a leading global provider of enterprise applications, empowering people in service organizations from industries including Professional Services, Public Services, Higher Education and Not for Profit. The flagship products of Unit4 are Unit4 Enterprise Resource Planning (ERP), Unit4 Financial Planning & Analysis (FP&A), Unit4 Human Capital Management (HCM) and Unit4 Financials. These products deliver a superior people experience with proven flexibility utilizing the full potential of the latest cloud technologies. The Group acquired this business to obtain a strong position in the people-oriented software business.

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred (in € x1,000)
Unit4	People oriented Software Business	July 1, 2021	100%	975,372

The total purchase consideration was determined based on the cash- and debt-free principle. At the date of acquisition, the Unit4 Group still held borrowings and cash balances, which were deducted from the total amount of cash paid as reflected in the cashflow statement to determine the final purchase consideration paid in cash. For the reconciliation between the cash flow statement and the total purchase consideration identified, refer to the table below.

Reconciliation between total cash paid and total purchase consideration (in € x 1,000)	**Unit4**
Cash transferred by the Group in relation to the acquisition of Unit4	1,804,131
Less: Borrowings held by Unit4 at date of acquisition	(860,183)
Add: Cash balance held by Unit4 at date of acquisition	23,764
Total purchase consideration paid in cash	967,712
Consideration paid in kind with depository receipts	7,660
Total purchase consideration	975,372

The consolidated results of AI Avocado Holding for the years 2021 and 2020 are shown in the table below. The results have only been included in the consolidated statement of comprehensive income of Bock Capital Topco B.V. after control was obtained on July 1, 2021.
The revenue included in the consolidated statement of comprehensive income of Bock Capital Topco B.V. since 1 July 2021 contributed by AI Avocado Holding and its subsidiaries was € 165.9 million, which includes the impact of the fair adjustment on the contract liabilities of € 27.2 million as identified during the Purchase Price Allocation. Without the impact of this fair value adjustment, the revenue contributed would amount to € 193.1 million. A loss of € 24.7 million over the same period was contributed by the same Group. The accounting policies of the Group as disclosed in the financial statements were also applied by AI Avocado Holding B.V. to determine the results and its subsidiaries with no material differences in the period before the Group obtained control. The amortization on the intangible assets identified as described below is not included in the results of AI Avocado Holding as included below as no pushdown accounting has been applied.

Consolidated results of AI Avocado Holding

(in € x 1,000)	2021	2020
Revenue from contracts with customers	389,712	369,491
Expenses	(366,665)	(373,163)
Operating income/(loss)	**23,047**	**(3,672)**
Finance costs	(60,845)	(91,230)
Other income/(expense)	(471,758)	–
Profit/(loss) before tax from continuing operations	**(509,556)**	**(94,902)**
Tax benefit/(expense)	31,648	(11,198)
Profit/(loss) for the year from continuing operations	**(477,908)**	**(106,100)**
Profit/(loss) after tax for the year from discontinued operations	334	208,016
Profit/(loss) for the year	**(477,574)**	**101,916**

Assets acquired and liabilities assumed

Under the acquisition method, the total purchase price as shown in the table above is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The fair value of the identified intangible assets acquired, as well as other fair value adjustments made as part of the acquisition have been determined based on the following valuation techniques

Intangible asset identified	Fair value (in € × 1,000)	Valuation technique(s) and key input(s)
Tradename	99,900	The fair value of the identified tradenames is estimated using the relief-from-royalty method. This method assumes that an operator of a tradename would be compelled to pay compensation (royalties) to the tradename owner, while legal ownership of a tradename relieves a company from making such payments. Under this method, the fair value of the tradename is estimated by discounting the royalty savings to a present value. Based on market royalty rate analysis, a royalty rate of 2% has been applied in the fair value calculation to estimate the royalty relief. The estimated royalty savings have been discounted using a discount rate of 8.4%.
Acquired software	200,800	The fair value of the acquired software is estimated using the relief-from-royalty method. This method assumes that without holding the legal ownership of the software, the user/distributor would be compelled to pay compensation (royalties) to the tradename owner, while legal ownership of this software relieves a company from making such payments. Under this method, the fair value of the acquired software is estimated by discounting the royalty savings to a present value. Based on market royalty rate analysis, a royalty rate of 19.3% has been applied in the fair value calculation to estimate the royalty relief. The estimated royalty savings have been discounted using a discount rate of 8.4%.
Acquired customer contracts	546,200	The fair value of the customer contracts, including the order backlog, is estimated using the multi-period excess earnings method, which is based on the principle that the value of an intangible asset equals the present value of the incremental cashflows attributable only to the subject intangible asset. The net cashflow attributable to the intangible asset is calculated based on a forecast of its related cash inflows and outflows, less contributory asset charges for economic returns of and on all monetary, tangible, and other intangible assets necessary to realize the cashflows. The customer contracts have been allocated to the five primary regions in which Unit4 operates to allow for regional differences in the underlying assumptions used. The customer attrition rates are estimated between 9% and 14%, depending on the region. The contributory asset charges for software and the tradename are included in this table. An additional charge for workforce has been applied of 0.7%. The identified cashflows have been discounted using a discount rate between 6.4% and 7.7%.

Fair value adjustment identified	Fair value (in € × 1,000)	Valuation technique(s) and key input(s)
Contract liability fair value adjustment	27,200	A fair value adjustment was identified which was deducted from the contract liability balance to reflect that the acquirer only recognizes a liability to the extent that it represents a performance obligation assumed by the acquirer as of the transaction date and for which payment was already received by the acquiree. The fair value adjustment was determined by estimating the present value of the total contract liability less the sum of the direct costs which will be avoided by the acquirer, including a profit margin on those activities. The direct costs are related to the sales and marketing and software development activities. The identified excess earnings have been discounted using a discount rate between 1.4% and 1.9%.

The allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions used were subject to change. At the reporting date, no events took place that would trigger any changes to the preliminary valuation. Based upon the fair values acquired, the purchase price allocation is as follows (in thousands):

(in € x 1,000)	Unit4
Assets	
Intangible assets (IP and customer relationships)	847,100
Right-of-use assets	17,949
Net Investment on subleases	2,148
Investments in associates	3,693
Plant and equipment	14,309
Deferred tax assets	53,067
Other financial assets	2,218
Contract assets	28,249
Trade and other receivables	83,068
Current tax assets	7,534
Cash and cash equivalents	23,764
	1,083,099
Liabilities	
Borrowings	860,183
Lease liabilities	22,951
Deferred tax liabilities	214,856
Provisions	4,438
Other liabilities	52,258
Trade and other payables	14,571
Current income tax liabilities	28,014
Contract liabilities	53,340
	1,250,611
Total identifiable net liabilities at fair value	**167,512**
Goodwill arising on acquisition	**1,142,884**
Total purchase consideration	**975,372**

The fair value of the trade and other receivables and contract assets acquired in this transaction were consistent with the underlying carrying amounts. As a result, no additional provision was recognized.
The goodwill of € 1,143 million mainly comprises of the growth potential and scalability of the business and the value of the company workforce and know-how. None of the goodwill recognized is expected to be deductible for income tax purposes.

7 Revenue

The Group's revenue from continuing operations from external customers by location of operations are detailed below.

(in € x 1,000)	Revenue 2021
Primary geographical markets	
United Kingdom and Ireland	38,673
Scandinavia	52,949
North America	15,412
Continental Europe and Africa	48,930
Asia-Pacific	9,944
Total	**165,908**

The Group derives its revenues from the sale of Software as a Service (SaaS), the sale of software licenses (Licenses), providing maintenance and support (Maintenance revenue) and professional services and other revenue (Services and other revenues). No single customer contributed 10% or more to the Group's revenue in 2021.

(in € x 1,000)	Revenue 2021
Timing of revenue recognition	
Products and services transferred at a point in time	59,549
Products and services transferred over time	106,359
Total	**165,908**

8 Cost of sales

(in € x 1,000)	2021
SAAS and Subscriptions	9,448
Licenses	1,477
Maintenance	2,189
Services and other	13,816
Total	**26,930**

9 Employee costs

(in € x 1,000)	2021
Wages and salaries	66,939
Social security costs	15,211
Pension costs	4,944
Other Employee share-based payment charge (Note 10)	800
Other employee costs	8,851
Total	**96,745**

Total R&D employee costs amount to € 16.3 million.

For the period ended 31 December 2021, the Group employed 2,332 employees (calculated on a full-time equivalent basis), of these employees were 2,182 employed abroad.

10 Share-based payments

Management Equity Incentive Plan (MEIP)

In 2021, selected and eligible employees have invested in equity instruments of the direct parent company Bock Capital EU Luxembourg Nature II S.A.R.L. under a new Management Equity Incentive Plan (hereafter: "MEIP").

The MEIP is accounted for as an equity-settled share-based payment plan since Unit4 and its subsidiaries do not have an obligation to settle awards in cash or to repurchase any equity instruments. As of 31 December 2021, the investments made by employees are related to the B and C shares, which represent 17.5% of the total share capital of Bock Capital EU Luxembourg Nature II S.A.R.L. of which part of the shares are restrictive shares where the restrictions are relieved in case specific vesting conditions are met. The remaining share capital of Bock Capital EU Luxembourg Nature II S.A.R.L. is held by other investors in different share classes. Each of the share classes has different rights and values.

The number of outstanding equity instruments of Bock Capital EU Luxembourg Nature II S.A.R.L. held by participants in the MEIP are as follows:

	2021
Outstanding at 10 June	-
Granted during the year	6,152,400
Total	**6,152,400**

In general, the participants will be entitled to the fair market value of the underlying shares only if they stay with a Group company until the completion of an Exit (i.e. an Exit by the investor of its investment in the Group, whether in the form of a Sale or a Listing, or a liquidation following the sale and transfer of the majority of the assets of the Group) or becoming a good leaver. The grant fair value of awards made under the MEIP is expensed in the income statement for 2021 based on the period occurred between the grant date and the estimated vesting date.

The fair value at the grant date of the equity instruments is determined by an independent valuator. For accounting purposes, the fair value of an award is equal to the fair market value of the underlying equity instruments less the acquisition price paid by a participant. The value of the equity instruments as determined on the grant date partly depends on the proceeds realized by the shareholders upon an Exit. As a result, the grant date fair value of the awards made under the MEIP has been measured using a Binomial option pricing model.

The weighted average grant date fair value and the input used in the measurement of the grant date fair values of the equity-settled awards are as follows:

	2021
Fair value at grant date (weighted average)	1.12
Expected volatility (weighted average)	21%
Expected life (weighted average)	4.0
Expected dividends	0%
Risk-free interest rate (based on government bonds)	-0.73%

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The share-based payment expense recognized in 2021 for the equity-settled MEIP amounted to € 0.8 million.

The balance sheet positions at year-end 2021 related to the MEIP are the following:

(in € x 1,000)	Notes	2021
Prepaid MEIP grants (current)	22	2,596
Prepaid MEIP grants (non-current)	20	3,550
Loans to employees (current)	20	713
Loans to employees (non-current)	20	995
Financial liability (current)	27	1,347
Financial liability (non-current)	27	7,282

11 Other operating expenses

(in € x 1,000)	2021
Selling costs	5,620
Accommodation costs	964
Advisory costs	20,331
Subscription/Maintenance	7,198
Outsourcing costs	3,302
Telephone/Internet	522
Computer/Office supplies	292
Provision movement	2,333
Other expenses	4,250
Total	**44,812**

The advisory costs include various legal and other advisory costs in relation to the acquisition of Unit4 in amount of € 17.7 million.

12 Depreciation and amortization

(in € x 1,000)	2021
Amortization of internally developed software	10
Amortization of acquired software	21,693
Amortization of customer contracts	33,986
Amortization of other intangible assets	2,492
Amortization of contract costs	202
Depreciation of property, plant and equipment	1,782
Depreciation of Right-of-use assets	3,743
Total	**63,908**

For impairment test of goodwill and cash generating units refer to Note 0.

13 Finance costs

(in € x 1,000)	2021
Interest on loans under Senior Facility Agreement	14,025
Interest on PIK Facility (accrued)	10,925
Other interest and finance expense	481
Result on valuation of derivative floors	21,705
Result on foreign currency forward contracts	491
Interest concerning amortization of capitalized finance costs	1,075
Interest on lease liabilities	366
Other finance expense	81
Exchange rate loss	722
Total	**49,871**

14 Finance income

(in € x 1,000)	2021
Result on valuation of interest rate cap instrument	1,521
Interest income	137
Finance Income on Net Investment from sublease	42
Total	**1,700**

15 Income taxes

(in € x 1,000)	2021
Current taxes	(3,493)
Deferred taxes	10,854
Total	**7,361**

Reconciliation of effective tax rate

A reconciliation between income tax (expense) / benefit calculated at the Dutch statutory tax rate of 25% in 2021 and the actual tax (expense) / benefit with an effective tax rate of (6.4%) is as follows:

(in € x 1,000)	2021
Profit / (loss) before tax from continuing operations	(115,554)
Income tax benefit calculated at domestic corporation tax rate (25%)	28,889
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,030
Effect of income that is exempt from taxation	1,179
Effect of expenses that are not deductible in determining taxable profit *	(6,581)
Change in tax losses (not) recognized	(11,321)
Effect of change in measurement of deferred tax assets	(213)
Effect of changes in tax rates	(4,842)
Effect of adjustments in respect of prior years	579
Other	(1,359)
Income tax (expense) / benefit recognized in profit or loss	7,361

* The effect of tax losses and interest carry forward for which no deferred tax asset was recognized € 232.0 million primarily is related to the Dutch fiscal unity for which not all tax losses and interest carry forward have been recognized. The remeasurement of the tax assets has been performed as part of the PPA and the effect has been included in goodwill at acquisition date.

The non-deductibility in determining taxable income mainly relates to interest. The Group is in the process of reaching a new agreement with the tax authorities in relation to the tax-deductible portion of this interest.

Corporate income tax - current

(in € x 1,000)	2021
Corporate income tax asset	4,941
Income tax payable	(28,914)
Total	**(23,973)**

Corporate income tax – deferred

The deferred tax assets and liabilities are presented as net amounts as far as the amounts can be offset.

The following tables are the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

As at 31 December 2021:

(in € x 1,000)	Deferred tax assets	Deferred tax liabilities
Intangible assets	428	(202,420)
Property, plant and equipment	102	(64)
Provisions	1,186	–
Receivables	–	(2,160)
Financial instruments	5,600	–
Tax losses carried forward	41,108	–
Other items	5,424	(307)
Deferred tax assets / (liabilities)	53,848	(204,951)
Offset deferred tax liabilities	(47,121)	47,121
Net deferred tax asset / (liabilities)	**6,727**	**(157,830)**

The deferred tax assets recognized include carried-forward tax losses and carried forward interest, which are expected to be offset in the future against taxable income and by differences between fiscal and commercial valuations and result determinations. The Group has a number of subsidiaries that have available net operating losses. As of 31 December 2021, the Group has an amount of € 158,7 million in recognized losses and interest carry forward available for offset. The Group recognized deferred tax assets related to carried-forward losses or tax receivables as long as the respective fiscal unity or legal entity has sufficient taxable temporary differences or when there are reliable estimates that taxable profits will be available for use by the fiscal unity or legal entity. The deferred tax asset to a large extent is of a long-term nature.

The deferred tax liabilities recognized are caused by temporary differences and result determinations. The deferred tax liability primarily relates to the revaluation of the intangibles originating from the acquisition of the Unit4-group in 2021. The deferred tax liabilities are largely long-term in nature. The deferred tax assets and liabilities are presented as net amounts as far as the amounts can be offset.

Bock Capital Topco B.V. is a Dutch company with subsidiaries spread over the world and subject to income tax in The Netherlands and in the countries where the Group conduct operations. As part of the normal course of business the Group has uncertain tax positions, including potential transfer pricing exposures and exposures resulting from interpretation of applicable tax laws applied in our tax returns. Based on IAS 12, uncertain tax positions, which in nature are non-current, have been provided for under current income tax liabilities for an amount of € 23,3 million.

Corporate income tax – unrecognized tax losses

The accumulated unrecognized tax losses expire as follows:

(in € x 1,000)	31/12/21
Within 1 year	11
Between 1 and 5 years	36
After 5 years	231,966
	232,013

As at 31 December 2021, the Group has an amount of € 232.0 million in non-recognized carried-forward losses and interest carry forward available for offset. Separately, for an amount of € 0.8 million deferred tax assets for temporary differences are not recognized. These losses are not recognized on the statement of financial position because of higher uncertainty as to whether sufficient taxable profits can be realized within the foreseeable future.

16 Intangible assets

Cost	Goodwill	Internally developed software	Acquired software	Customer contracts	Contract Assets	Trademark	Total
Balance at 10 June 2021	–	–	–	–	–	–	–
Acquisitions through business combinations	1,142,884	–	201,000	546,200	–	99,900	**1,989,984**
Additions from internal developments	–	16,319	–	–	–	–	**16,319**
Additions	–	–	50	–	3,476	–	**3,526**
Eliminated on disposal of a subsidiary	–	(42)	(141)	–	–	–	**(183)**
Effect of foreign currency exchange differences and other movements	–	14	9	–	–	–	**23**
Balance at 31 December 2021	**1,142,884**	**16,291**	**200,918**	**546,200**	**3,476**	**99,900**	**2,009,669**
Accumulated Amortization							
Balance at 10 June 2021	–	–	–	–	–	–	–
Amortization expense	–	(10)	(21,693)	(33,986)	(202)	(2,492)	**(58,383)**
Eliminated on disposal of a subsidiary	–	–	20	–	–	–	**20**
Effect of foreign currency exchange differences and other movements	–	–	(29)	–	–	–	**(29)**
Balance at 31 December 2021	**–**	**(10)**	**(21,702)**	**(33,986)**	**(202)**	**(2,492)**	**(58,392)**
Net carrying value at 31 December 2021	**1,142,884**	**16,281**	**179,216**	**512,214**	**3,274**	**97,408**	**1,951,277**

Contract Costs

(in € x 1,000)	31/12/21
Additional capitalized costs to obtain a contract	3,476
Total	**3,467**

Costs to obtain contracts relate to incremental commission fees paid as a result of obtaining sales contracts. These contract costs are amortized on a straight–line basis over the period of the related contracts. This reflects the period over which the product and/or service is transferred to the customer. In 2021, an amortization expense amounting to € 0,2 million was recognized as part of the total amortization expense in the consolidated statement of profit or loss. There was no impairment loss in relation to the costs capitalized.

Applying the practical expedient in paragraph 94 of IFRS 15, Unit4 recognizes the incremental costs of obtaining contract as an expense when incurred if the amortization period of the assets that the Group otherwise would have recognized is one year or less.

17 Impairment test for goodwill

Goodwill acquired through business combinations has been allocated to the one cash-generating unit (CGU). The following is an overview of the CGU with either a significant carrying amount of goodwill in comparison to the Group's total carrying amount of goodwill and recognized impairment loss.

A summary of the goodwill allocation is presented below:

	Carrying amount goodwill at 31 December 2021	Impairment 2021
Unit4 Global product portfolio	1,142,884	–
	1,142,884	–

The recoverable amount of the CGU has been determined based on a value in use calculation using post-tax cash flow projections from financial budgets approved by the Board of Directors. These cash flows have been discounted based on pre-tax discount rates derived from the weighted average cost of capital (WACC) for CGU. The pre-tax discount rates used are included in the table below.

	Discount rate 2021
Unit4 Global product portfolio	10.2 %

The period over which management has projected cash flows based on financial budgets/forecasts is 4 years plus a normalization year. In case there are substantial intangible assets amortized over a longer period than 4 years, longer projections are used to achieve a more accurate calculation.

Any terminal value is calculated on the basis of an indefinite cash flow that is determined by means of the projected cash flow in the final year of the projection. The terminal growth rate applied is 1.9%.

The main value drivers of gross profit are revenue growth rates for SAAS, licenses, services and maintenance and the growth rate of expenses.

Management has determined the values assigned to each of the above key assumption as follows:

Assumption	Approach used to determine values
Sales volume (% annual growth rate)	Average annual growth rate over the four-year forecast period; based on past performance and management expectations of market development.
Sales price (% annual growth rate)	Average annual growth rate over the four-year forecast period; based on current industry trends and including long term inflation forecast for CGU.
Employee and other expenses growth rate (%)	Based on past performance and management expectations for the future.
Budgeted gross margin (%)	Based on past performance and management expectations for the future.
Annual capital expenditure (€ '000)	Expected cash costs in the CGU. This is based on the historical experience of management and the planned replacement expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as the result of this expenditure.
Long-term growth rate (%)	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate (%)	Reflect specific risks relating to the relevant segments and the countries in which they operate.

	Growth rates
Growth Rate SaaS	27% - 31%
Growth rate license	(13%) – (6%)
Growth rate maintenance	(8%) – (4%)
Growth rate professional services	0% - 3%

The discount rates represent the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital WACC. Specific risk is incorporated by applying a beta factor. The beta factor is evaluated annually based on publicly available market data. Management is confident that these assumptions are realistic and achievable and are supported by underlying business initiatives.

In the reported period no impairment charge was recognized.

18 Property, plant and equipment

	Land and Buildings	Technological equipment	Other tangible assets	**Total**
Cost or valuation				
Balance at 10 June 2021	–	–	–	–
Acquisitions through business combinations	6,102	3,308	4,899	**14,309**
Additions	-	922	348	**1,270**
Eliminated on disposal of a subsidiary	(12)	(2)	(4)	**(18)**
Transfers	309	160	(469)	**-**
Effect of foreign currency exchange differences and other movements	115	(125)	(85)	**(95)**
Balance at 31 December 2021	**6,514**	**4,263**	**4,689**	**15,466**

Accumulated depreciation and impairment	Land and Buildings	Technological equipment	Other tangible assets	**Total**
Balance at 10 June 2021	–	–	–	–
Depreciation expense	(190)	(1,066)	(526)	**(1,782)**
Eliminated on disposal of a subsidiary	2	2	5	**9**
Effect of foreign currency exchange differences and other movements	(4)	41	4	**41**
Balance at 31 December 2021	**(192)**	**(1,023)**	**(517)**	**(1,732)**
Net carrying value at 31 December 2021	**6,322**	**3,240**	**4,172**	**13,734**

As at 31 December 2021, Land and Buildings were not pledged. There were no borrowing costs capitalized during the period ended 31 December 2021.

19 Right-of-use Assets and Lease Liabilities

The Group has lease contracts for various items of buildings, lease cars and other assets used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options.
The Group also has certain leases with lease terms of 12 months or less and leases of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases therefore not disclosed.
Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

(in € x 1,000)	Buildings	Lease cars	Total
Balance at 10 June 2021	–	–	–
Acquisitions through business combinations	14,856	3,093	**17,949**
Additions	5	396	**401**
Derecognition of assets	(143)	-	**(143)**
Eliminated on disposal of a subsidiary	(24)	-	**(24)**
Change in contracts	(2,357)	50	**(2,307)**
Depreciation expense	(2,961)	(782)	**(3,743)**
Effect of foreign currency exchange differences	247	(46)	**201**
Balance at 31 December 2021	**9,623**	**2,711**	**12,334**

The following table provides information on the Lease liabilities movements during the fiscal period.

(in € x 1,000)	2021
As at 10 June 2021	**-**
Acquisitions through business combinations	22,951
Additions	401
Disposals	(142)
Change in contracts	(2,314)
Eliminated on disposal of a subsidiary	(25)
Accretion of interest	367
Payments	(4,800)
Effect of foreign currency exchange differences	264
Balance at 31 December 2021	**16,702**
Current	6,609
Non-current	10,093

Profit or loss

Group as a lessee

The following are the amounts recognized in profit or loss:

(in € x 1,000)	2021
Depreciation expense of right-of-use assets	3,743
Interest expense on lease liabilities	366
Interest income on subleases	42
Total expense recognized in profit or loss	**4,067**

The Group had total cash outflows for leases of € 4.5 million in 2021.

Group as a lessor

The Group has entered into financial leases (sublease) of certain buildings. These leases have terms of 7 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognized by the Group during the period is € 0.4 million.

Future minimum rentals receivable under non-cancellable finance leases as at 31 December are as follows:

(in € x 1,000)	2021
Within one year	663
After one year but not more than five years	1,200
More than five years	375
	2,238

20 Other financial assets

(in € x 1,000)	31/12/21
Current – Other financial assets – FX forwards	145
Derivative – Interest rate cap instrument	2,191
Net Investment on subleases	1,837
Loans to employees	1,708
Non-Current – Prepaid MEIP grants	3,550
Non-current – Loans and receivables	3,022
Total	**12,453**
Current	1,309
Non-current	11,144
Total	**12,453**

The non-current loans and receivables primarily relate to loans provided as part of sales transactions in the former Unit4 Group. The loans to employees were provided in relation to the sharebased payment scheme. For further details on the sharebased payment schemes, please refer to Note 10.

21 Contract assets

The following table provides information about contract assets from contracts with customers.

(in € x 1,000)	31/12/21
Contract assets	28,006
Total	**28,006**

Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognized over the period in which the installation services are performed to represent the entity's right to consideration for the services transferred to date.

There were no impairment losses recognized on any contract asset in the reporting period.

22 Trade and other receivables

(in € x 1,000)	31/12/21
Trade receivables	63,215
Provision for expected credit losses	(6,019)
	57,196
Prepayments and accrued income	7,817
Prepaid MEIP grants	2,596
Receivable from related party	5,456
Receivables employees	391
Other assets	292
VAT receivable, other taxes and social securities	2,351
	18,903
Total	**76,099**

Age of receivables that are past due but not impaired:

(in € x 1,000)	31/12/21
Not due	21,234
>1 – 60 days	23,343
61 – 180 days	9,277
>181 days	3,342
Total	**57,196**

Movement in the allowance for doubtful debts:

(in € x 1,000)	31/12/21
Balance at beginning of the period	-
Acquisitions through business combinations	5,804
Derecognition assets held for sale	-
Derecognition assets disposed operations	-
Addition	696
Amounts written off during the period as uncollectible	(257)
Amounts recovered during the period	(170)
Foreign exchange translation gains and losses	(54)
Balance at end of the period	**6,019**

Trade receivables are non-interest bearing and are generally on 30–90-day payment terms. The Group has considered the following criteria for the allowance for doubtful debts analysis:

- Ageing: All receivables over 365 days, due to historical experience, are not considered to be recoverable, except where specific considerations apply to support the collectability.
- Customer Rating: In addition, the remaining overdue balances are assessed based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position;

Through the IFRS 9 standard, for non-due balances (< 30 days payment term), that do not contain significant financing components, a lifetime expected credit loss (ECL) percentage is also included.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The receivable from the related party is related to the contribution of the subscription price into the MEIP on behalf of Bock Capital EU Luxembourg Nature II S.A.R.L., which will be withheld by this entity from future distributions to the participants.

23 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position.

(in € x 1,000)	31/12/21
Cash and bank balances	86,665
Balance at end of the period	**86,665**

Cash and cash equivalents include restricted cash amounting to € 1.4 million.

24 Issued capital and share premium

The shares of Bock Capital Topco have a nominal value of € 0.01. There is no "authorized share capital".

At the reporting date 100 ordinary shares were issued and paid up in full. The changes in the share capital are presented in the following table:

Fully paid ordinary shares:

	Number of shares	Share capital (in € x 1)	Share premium (in € x 1,000)
Balance at 10 June 2021	–	–	–
Issuance of shares	100	1	988,408
Balance at 31 December 2021	100	**1**	**988,408**

The share premium of € 988,408 is not restricted for dividend purposes.

25 Foreign currency translation reserve

The currency translation differences reserve encompasses all exchange differences, relating to foreign currency differences arising from the translation of the net investment in entities (including goodwill) with another functional currency than the Euro, and from the translation of liabilities (loans and other financial instruments) used to hedge the Group's net investment in a foreign subsidiary. The currency translation differences reserve is qualified as a legal reserve in compliance with Dutch law requirements and cannot be distributed freely to shareholders of Bock Capital Topco B.V. For other legal reserves please refer to the Company financial statements.

26 Borrowings

(in € x 1,000)	31/12/21
Non-current	
Senior Facility Agreement – Facility B	675,000
PIK Facility	235,925
Unamortized deferred financing costs	(18,483)
Total non-current	**892,442**
Total borrowings	**892,442**

Changes in borrowings

(in € x 1,000)	**10/06/21**	Cash flows	Accrued interest	Other	**31/12/21**
Senior Facility Agreement – Facility B	-	675,000	–	–	675,000
PIK Facility	-	225,000	10,925	–	235,925
Unamortized deferred financing costs	-	–	–	(18,483)	(18,483)
Total borrowings	-	**900,000**	**10,925**	**(18,483)**	**892,442**

In June 2021, the Company entered into a Senior Facilities Agreement. As part of this agreement, it obtained a € 675 million loan under the Senior Facilities Agreement, Facility B. Facility B has a duration of 7 years, repayable in June 2028 with a monthly interest payable at a rate of 1-month Euribor plus a spread of 400 basis points.

The Company obtained a revolving facility ("RCF") under the Senior Facility Agreement of € 100.0 million. The facility will mature in December 2027.

The revolving credit facility of € 100.0 million remained undrawn as at period-end 2021.

The company has been granted by ING bank the EUR 8m overdraft facility and a € 4.0 million guarantee facility of which as at 31 December 2021 € 2.9 million was used.

The Senior Facilities Agreement includes an interest floor (€ 16.9 million). The PIK Facility includes an interest floor (€5.2 million). These derivatives are reported as financial liabilities (Note 27).

In June 2021, the Company entered into a PIK Facility agreement. Under this Facility, it obtained a € 225 million loan. The PIK Facility has a duration of 8 years and will mature in June 2029. The interest on the outstanding loan shall accrue at a rate of 1-month Euribor plus a spread of 950 basis points, subject to an E&S ratchet. The E&S ratchet offers the possibility to lower the margin in case certain environmental and social objectives relating to the business and operations of the Group are met. Interest on this loan is added to (and forms part of) the outstanding principal amount on the last day of each interest period.

In case of a change of Control, a Sale or a Listing which results in a change of Control, amongst others the Facilities will be cancelled and all amounts under the SFA and PIK Facility will become due and payable immediately in full cash.

Covenants

The Senior Facility Agreement and PIK Facility contain customary restrictive covenants, including but not limited to limitations or restrictions on our ability to incur debt, grant liens, make restricted payments and sell assets. A covenant is also in place if more than 40% of the revolving credit facility is drawn. The covenants only need to be tested upon the occurrence of such an event rather than on an ongoing basis. The restrictive covenants are subject to customary exceptions and are governed by a leverage ratio. This leverage ratio is calculated as a ratio of outstanding net debt of the Group, to the Pro Forma adjusted EBITDA. The Pro Forma EBITDA is the Group's EBITDA and adjusted for Exceptional and Restructuring items as if the restructuring would have taken place with effect on the last 12 months (run rate EBITDA).

The Company remained in full compliance with its Senior Facility Agreement and PIK Facility covenants and no events occurred which triggered the requirement for an incurrence test.

The obligations under the Senior Facility Agreement are guaranteed by certain of the Company's subsidiaries.

27 Other financial liabilities

	31/12/21
(in € x 1,000)	
Derivative – Interest floor B Facility	16,947
Derivative – PIK Facility	4,758
Financial liability – MEIP (Note 10)	8,629
Foreign currency forward contracts	637
Total	**30,971**
Current	23,689
Non-current	7,282
Total	**30,971**

The B Facility and PIK Facility, both drawn in 2021, included an interest floor, which at the time of entering into the agreement was in the money, and therefore, was valued (€ 16.9 million and € 4.7 million respectively). The increase of the Euribor, have resulted in a decrease in the value of both derivatives. The related result is presented in finance costs (Note 13).

28 Provisions

(in € x 1,000)	Restructuring provision	Other provisions	**Total**
Balance at 10 June 2021	–	–	–
Acquisitions through business combinations	1,334	3,103	4,437
Additions arising during the period	2,757	2,198	4,955
Reductions arising from settlements	(1,431)	13	(1,418)
Reductions resulting from re-measurement or settlement without cost	(12)	(300)	(312)
Eliminated on disposal of a subsidiary	-	-	-
Transfer between categories	-	-	-
Effect of foreign currency exchange differences	46	(90)	(44)
Balance at 31 December 2021	**2,694**	**4,924**	**7,618**
Current	1,897	2,209	4,105
Non-current	797	2,715	3,513
	2,694	**4,924**	**7,618**

Restructuring provision

The restructuring provision relates to the reorganization process of relocating certain activities from high cost to low cost countries, centralizing and outsourcing certain back office activities such as bookkeeping, HR and IT, and certain senior management changes. This has led to the dismissal of groups of employees. The provision is for the salary payments during gardening leave and the severance payment at the end of the gardening leave.

Other provisions

Other provisions include provisions for deferred benefits (jubilee provision). This jubilee provision relates to the payments connected with the years of service (12.5 and 25 years and right before retirement), which is applied by a number of subsidiaries within the Group. Moreover, it includes provisions for onerous contracts and open legal claims.

29 Contract liabilities

The following table provides information about contract liabilities from contracts with customers.

(in € x 1,000)	31/12/21
Maintenance	53,417
SaaS	38,818
Services and other	86
Total	92,321

Revenue relating to maintenance is recognized over time although the customer pays up-front in full for these services. A contract liability is recognized for revenue relating to the maintenance services at the time of the initial sales transaction and is released over the service period.

Revenue relating to SaaS is recognized over time although the customer pays up-front in full for these services. A contract liability is recognized for revenue relating to the services at the time of the initial sales transaction and is released over the service period.

Contract liabilities relating to services and other are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognized to date under the cost–to–cost method.

30 Trade and other payables

The trade payables and other payables consist of:

(in € x 1,000)	31/12/21
Trade payables	15,129
Supplier invoices to be received	4,068
Total	**19,197**

31 Other liabilities

(in € x 1,000)	31/12/21
VAT payables	19,427
Wage taxes	5,733
Other taxes and social securities	6,901
Holiday pay, salaries and bonuses to be paid	22,452
Pensions – non-current	941
Pensions – current	502
Accrued interest	2,524
Other accruals	9,742
Total	**68,222**
Current	66,911
Non-current	1,311
Total	**68,222**

Other liabilities – non-current

(in € x 1,000)	31/12/21
Defined benefit plans in the France	856
Defined benefit plans in the Germany	85
Other non-current liabilities	370
Total	**1,311**

32 Contingencies

Guarantee statement

Bock Capital Topco B.V. has issued statements in accordance with the provisions of Article 403 of Book 2 Title 9 of the Dutch Civil Code with regard to all the Dutch companies mentioned under Note 3.2. These companies are therefore exempted from the regulations that apply to the preparation and publication of financial statements.

Furthermore, most of the Dutch companies are included in the Dutch fiscal unity for corporation and VAT are wholly and severally liable for taxation payable to the tax authorities.

Legal procedures

Following the normal course of business, the Group is involved in several legal proceedings. In the opinion of the Board of Directors this will not be of any material significance to the Group's financial position.

33 Key management compensation

The remuneration of the Board of Directors and other active and inactive members of key management personnel during the period was as follows:

(in € x 1,000)	2021
Short-term benefits (salaries and bonuses)	5,019
Post-employment benefits	287
Termination benefits	603
Share based payment	649
Total	**6,558**

The remuneration of the Executive and Non-executive members of the Board of Directors was, respectively € 1.7 million and € 0.05 million.

34 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

The following transactions were carried out with related parties:

- Key management compensation (refer to Note 33);
- Loans were granted to key management personnel in relation to share-based payments in amount of € 1.9 million (refer to Note 10).
- Funds amounting to EUR 5.5 million were provided to Bock Capital EU Luxembourg Nature II S.A.R.L. in relation to the subscription price of the MEIP, resulting in a receivable due from this entity (refer to Note 22).

There are no other material transactions with related parties, other than disclosed above, and all transactions are conducted at arm's length.

35 Events after the reporting period

On the 3rd of January 2022, the Group completed the acquisition of Compright Inc., a company based in San Francisco, USA. Founded in 2017, the company delivers an intuitive, comprehensive and powerful compensation solution designed with mid-market customers in mind, particularly those with more complex multi-national requirements. The solution will be integrated in the broader product offering of the Group, extending the combined possibilities of ERP, HCM and FP&A. The total transaction price is $ 8 million. No further disclosures can be made in relation to the fair values acquired and the valuation of the goodwill, as the purchase price allocation related to the acquisition has not been completed at the time of the issuance of the financial statements.

Company Financial Statements

Company Balance Sheet as at 31 December

(before proposed profit appropriation)

(in € x 1,000)		2021
Assets		
Non-current assets		
Investments in group companies	3	880,652
Current assets		–
Total assets		**880,652**
Equity and liabilities		
Equity	4	
Issued capital		–
Share premium		988,408
Share-based payments reserve		4
Legal reserves		16,671
Retained Earnings		(16,267)
Result for the period		(108,193)
		880,623
Current liabilities		
Other liabilities and accruals	5	29
Total equity and liabilities		**880,652**

Company Statement of Profit or Loss for the period ended 31 December

(in € x 1,000)	2021
Company result for the period	(29)
Group companies result for the period	(108,164)
Result for the period	(108,193)

As permitted pursuant to Article 402, Title 9, Book 2 of the Dutch Civil Code Bock Capital Topco B.V.'s company income statement is presented in a condensed form.

Notes to the Company Financial Statements

1 Basis of preparation

The company financial statements of Bock Capital Topco B.V. (hereafter "the Company") have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements. For an appropriate interpretation, the Company financial statements should be read together with the consolidated financial statements. All amounts are presented in Euros (€ x 1,000), unless stated otherwise. The balance sheet and income statement references have been included. These refer to the notes.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standard ('IFRS') as endorsed by the European Union.

2 Financial fixed assets

Investments in group companies
Group companies are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the Company or its intermediate holding entities. They are de-recognized from the date that control ceases.

The Company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the Company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date and are subsumed in the net asset value of the investment in subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in group companies are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. If the net asset value is negative such amount is presented in the company financial statements as provision, when the company has the obligation to provide additional fundings or has issued guarantees.

3 Investments in group companies

(in € x 1,000)	2021
Balance at 10 June	–
Capital contribution	988,408
Investments share-based compensation	4
Result from group companies	(108,164)
Foreign currency translation differences	404
Total	**880,652**

List of group companies
Bock Capital Topco B.V. has (in)direct interests in subsidiaries listed in Note 3.2 (Notes to the consolidated financial statements).

4 Equity

In 2021, the movements in shareholders' equity are as follows:

(in € x 1,000)	Share capital premium	Share-based payments reserve	Legal Reserves: CTA	Legal Reserves: Software development costs	Retained earnings	Profit/ (loss) for the period	**Total**
At 10 June 2021	–	–	–	–	–	–	–
Capitalized development costs in Group companies	–	–	–	16,267	(16,267)	–	–
Foreign currency translation differences	–	–	404	–	–	–	404
Net result for the period	–	–	–	–	–	(108,193)	(108,193)
Total income and expenses for the period	–	–	404	16,267	(16,267)	(108,193)	(107,789)
Capital contribution	988,408	–	–	–	–	–	988,408
Share-based payments	–	4	–	–	–	–	4
At 31 December 2021	988,408	4	404	16,267	(16,267)	(108,193)	880,623

Called up share capital
The authorized, paid-up and called share capital of Bock Capital Topco B.V. of € 1.00 is divided into 100 ordinary shares with a par value of € 0.01.

The share premium of € 988,408 has been paid upon the issuance of 1 share during 2021 and through a separate capital contribution in 2021. The share premium of € 988,408 is not restricted for dividend purposes.

Share-based premium reserve
The share-based premium reserve relates to shares issued in connection with the Management Equity Incentive Plan (MEIP).

Legal reserve
Legal reserves consist of the reserve for translation differences and the reserve for the capitalized costs relating to internally developed software. The reserve for translation differences concern all exchange rate differences arising from the translation of the net investment in foreign entities.

5 Other liabilities and accruals

(in € x 1,000)	31/12/21
Intercompany accounts	29
Total	29

The fair value of the current liabilities approximates the book value due to their short-term character. All current liabilities fall due in less than one year.

6 Contingencies and commitments

Tax group liability

The Company forms a fiscal unity with some of its Dutch subsidiaries for corporate income tax purposes. In accordance with standard conditions, the Company, along with the subsidiaries that are part of the fiscal unity, is wholly and severally liable for taxation payable by the fiscal unity.

Guarantee statement

Bock Capital Topco B.V. has issued statements in accordance with the provisions of Article 403 of Book 2 Title 9 of the Dutch Civil Code with regard to some of the Dutch companies mentioned under Note 3.2. These companies are therefore exempted from the regulations that apply to the preparation and publication of financial statements.

Furthermore, the Dutch companies which are included in the Dutch fiscal unity for corporation and VAT are wholly and severally liable for taxation payable to the tax authorities.

7 Average number of employees

During the reported period, the Company employed nil employees.

8 Directors' remuneration

Reference is made to Note 33 in the consolidated financial statements.

9 Audit fees

In accordance with the provision of Article 382a, Book 2 of the Dutch Civil Code, the Group's auditors charged € 1,657 million to Bock Capital Topco B.V. and its subsidiaries regarding the total audit fees for the 2021 audit of Bock Capital Topco B.V. A total audit fees of € 0.518 million was charged by EY Accountants LLP to Bock Capital Topco B.V. and its subsidiaries.

(in € x 1,000)	2021
Audit of financial statements	0.527
Other audit procedures	0.791
Tax services	0.798
Total	**2,116**

The fees listed above relate to the procedures applied to the Company by accounting firms and external auditors as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

10 Proposed profit appropriation

The Board of Directors proposes to the Annual General Meeting of Shareholders that the loss of € 108.2 million for the period should be fully charged against the other reserves. This proposal has not yet been incorporated into the financial statements.

11 Events after the reporting period

On the 3rd of January 2022, the Group completed the acquisition of Compright Inc., a company based in San Francisco, USA. Founded in 2017, the company delivers an intuitive, comprehensive and powerful compensation solution designed with mid-market customers in mind, particularly those with more complex multi-national requirements. The solution will be integrated in the broader product offering of the Group, extending the combined possibilities of ERP, HCM and FP&A. The total transaction price is $ 8 million. No further disclosures can be made in relation to the fair values acquired and the valuation of the goodwill, as the purchase price allocation related to the acquisition has not been completed at the time of the issuance of the financial statements.

Other information

12 Other information

Provision in the Articles of Association relating to profit appropriation
In accordance with Article 17.1 of the Company's Articles of Association, the profit for the year shall be at the disposal of the Annual General Meeting of Shareholders.

13 Independent Auditor's report

We refer to page 78 for the Independent Auditor's report.

14 Authorization of the financial statements

April 12th, 2022

Bock Capital Topco B.V.
The Board of Directors

J.M. Seigler (appointed June 10, 2021)

S.A. Dandl (appointed December 13, 2021)

N. Wadhera (appointed December 13, 2021)

B.A. Ogut (appointed December 13, 2021)

C.A.A. Bayne (appointed December 13, 2021)

C.M. Rees (appointed December 13, 2021)

M.E. Ettling (appointed December 13, 2021)

Independent auditor's report

Building a better working world

Publication of auditor's report

1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions:

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The auditor's report can also be included if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Dutch Civil Code, section 393 which stipulates inter alia: "The auditor sets out the outcome of his examination in a report". "The auditor reports on his examination to the board of supervisory directors and the board of executive directors".

2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e., the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
   Or
b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential. If the financial statements and the auditor's report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.

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Building a better working world

The board of directors of
Bock Capital Topco B.V.
Attn. Mr. M. Ettling (CEO) and Mr. M. Bagley (CFO)
Stationspark 1000
3364 DA SLIEDRECHT

Utrecht, 12 April 2022 REQ6677467/DvZ/mm

Dear Mr. Ettling and Mr. Bagley,

Please find enclosed an authenticated copy of the annual report of Bock Capital Topco B.V. for the financial year ended 31 December 2021 and our auditor's report thereon dated 12 April 2022.

We consent, under the conditions as set out in the enclosed information sheet Publication of auditor's report, to include and publish our auditor's report as enclosed, in the section Other information of copies of the annual report for the financial year ended 31 December 2021, provided that they are identical to the enclosed authenticated copy of the annual report, subject to adoption of the audited financial statements, without modification, by the general meeting. The annual report to be filed with the Trade Register of the Chamber of Commerce, including the audited financial statements should be filed within one month of 12 April 2022. Publication of our auditor's report is only allowed together with the corresponding complete set of the annual report.

Our auditor's report states the name of our firm and the name of the responsible audit partner but without a signature. We kindly request you to include our auditor's report without a signature in the version of the annual financial reporting that will be filed and published. We have enclosed one copy of our auditor's report including a signature. This copy is meant for your own filing purposes. It is not allowed to file or publish the authenticated copy of annual financial reporting (authenticated by us for identification purposes).

The annual report to be filed with the Trade Register of the Chamber of Commerce needs to be filed no later than eight days after adoption of the financial statements by the general meeting and prior to 31 December 2022.

Please note that it is legally required to (timely) file the annual report including the audited financial statements with the Trade Register of the Chamber of Commerce and that non-compliance is an offence punishable by law. In certain situations not complying with the publication requirements could even lead to personal liability for the Board of Directors.

If prior to the general meeting circumstances arise that require a modification to the financial statements, please note that such modifications should be made prior to the general meeting. In this situation, of course, we withdraw our consent granted above.

Ernst & Young Accountants LLP is a limited liability partnership incorporated under the laws of England and Wales and registered with Companies House under number OC335594. The term partner in relation to Ernst & Young Accountants LLP is used to refer to (the representative of) a member of Ernst & Young Accountants LLP. Ernst & Young Accountants LLP has its registered office at 6 More London Place, London, SE1 2DA, United Kingdom, its principal place of business at Boompjes 258, 3011 XZ Rotterdam, the Netherlands and is registered with the Chamber of Commerce Rotterdam number 24432944. Our services are subject to general terms and conditions, which contain a limitation of liability clause.

All members of the Board of Directors sign a copy of the financial statements. If a signature is missing, the reason is included in the annual report to be filed. In order to prevent the abuse of signatures we discourage the filing of a signed copy of the annual report. The annual report to be filed with the Trade Register of the Chamber of Commerce should include the general meeting's adoption date of the financial statements.

If you wish to publish the annual report including the audited financial statements on the internet, it is your responsibility to ensure proper separation of the annual report from other information. For example, by presenting the annual report as a separate read-only file, or by issuing a warning if readers switch from the web page containing the annual report ("You are now leaving the secured page containing the annual report, including the audited financial statements").

Yours sincerely,
Ernst & Young Accountants LLP

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Jean-Louis Geutjes
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J-L. Geutjes

Enclosures: Auditor's report without a signature to be included in the annual report
Signed auditor's report for your files
Annual report authenticated for identification purposes
Information sheet Publication of auditor's report

Building a better working world

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Independent auditor's report

To: the shareholders and board of directors of Bock Capital Topco B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Bock Capital Topco B.V., based in Sliedrecht. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bock Capital Topco B.V. as at 31 December 2021, and of its result and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bock Capital Topco B.V. as at 31 December 2021, and of its result for the period then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2021.
- The following statements for the period ended 31 December 2021:
  - The consolidated statement of profit or loss and other comprehensive income
  - The consolidated statement of changes in equity
  - The consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2021
- The company statement of profit or loss for the period ended 31 December 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Bock Capital Topco B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon. The other information consists of:

- The report from board of directors
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report from board of directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the board of directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Utrecht, 12 April 2022

Ernst & Young Accountants LLP

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Jean-Louis Geutjes
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J-L. Geutjes