

ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

Modaxo Europe A/S

Sommervej 31 D, 4. sal, Hasle
8210 Aarhus V

CVR-nr. 28 65 58 43

Annual Report for 2020

The Annual Report was presented and
approved at the Annual General Meeting
of the Company on 21/05 2021

Søren Peder Westermann
Chairman

Når overblik
samler brikkerne
– og skaber værdi

REVISION RÅDGIVNING JURA
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Company details

The company

Modaxo Europe A/S
Sommervej 31 D, 4. sal, Hasle
8210 Aarhus V

CVR no.: 28 65 58 43
Reporting period: 1 January - 31 December 2020
Domicile: Aarhus

Board of Directors

Brian Beattie, Chairman
Frank Gustafsson
Søren Peder Westermann
Lasse Yoon Møller, Staff Representative
Kasper Stengaard Sørensen, Staff Representative

Executive Board

Christian Holk Christiansen, Chief Executive Officer

Auditors

Roesgaard
Godkendt Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Consolidated financial statements

The company is part of the group reporting for Constellation Software Inc., Toronto, Canada, which is the smallest group in which the company is included as a subsidiary.

Constellation Software Inc.
1200-20 Adelaide Street East
Toronto, ON M5C 2T6
Canada

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Modaxo Europe A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report be approved by the company at the general meeting.

Aarhus, 21 May 2021

Executive Board

Christian Holk Christiansen
CEO

Board of Directors

Brian Beattie
chairman

Frank Gustafsson

Søren Peder Westermann

Lasse Yoon Møller
employee representative

Kasper Stengaard Sørensen
employee representative

Independent auditor's report

To the shareholder of Modaxo Europe A/S

Opinion

We have audited the financial statements of Modaxo Europe A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Horsens, 21 May 2021

Roesgaard

Godkendt Revisionspartnerselskab
CVR no. 37 54 31 28

Michael Mortensen
State Authorised Public Accountant
MNE no. mne34108

Management's review

Business activities

Modaxo Europe A/S develops software for public transport, tourist transport and all types of commissioned passenger transport. The company also develops software for organisations with special requirements within resource planning.

The company's activities comprise general systems development (basic development), development of customised solutions, consultancy regarding implementation and training as well as general activities regarding the sale and marketing of the group's products.

Business review

The company's income statement for the year ended 31 December 2020 shows a profit of DKK'000 70,651, and the balance sheet at 31 December 2020 shows equity of DKK'000 177,770.

The result for the year is considered satisfactory.

Accounting policies

The annual report of Modaxo Europe A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

The annual report for 2020 is presented in DKK'000.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Recognition and measurement of business combinations

Business combinations are recognised according to the book value method. Comparative figures are not restated.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less raw materials and consumables and other external expenses

Accounting policies

Revenue

The company uses IFRS 15 as basis for the revenue recognition.

Revenue from the sale of software and services is recognised in the income statement by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of the work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses and the stage of completion of the contract at the balance sheet date can be reliably measured and when it is probable that the economic benefits, including payments, will flow to the company. Revenue is measured excluding VAT and taxes.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, currency exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Income from investments in subsidiaries

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Accounting policies

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis with a residual value of 0 over the amortisation period, which is 10 years.

Software og licenser

Software and licences are measured at cost less accumulated amortisation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life

Amortisation is provided on a straight-line basis over the expected useful lives of the assets which are five years with a residual value of 0.

Tangible fixed assets

Buildings, leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	2-8 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

The company uses IFRS 16 as basis for classification and recognition of leases.

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Cost is reduced by dividends received, which exceed accumulated earnings after the date of acquisition.

Other securities and investments, fixed assets

Deposits are measured at cost.

Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposit.

Accounting policies

Provisions

Provisions comprise expected expenses relating to earnout agreement. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

Income tax and deferred tax

As management company, Modaxo Europe A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

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

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

Income statement 1 January - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK'000	<u>2019</u> DKK'000
Gross profit		44,634	36,183
Staff costs	1	<u>(33,414)</u>	<u>(33,859)</u>
Profit/loss before amortisation/depreciation and impairment losses		11,220	2,324
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>(1,830)</u>	<u>(1,786)</u>
Profit/loss before net financials		9,390	538
Income from investments in subsidiaries	2	70,072	2,677
Financial income	3	6,092	288
Financial costs	4	<u>(13,236)</u>	<u>(5,281)</u>
Profit/loss before tax		72,318	(1,778)
Tax on profit/loss for the year	5	<u>(1,667)</u>	<u>407</u>
Profit/loss for the year		<u>70,651</u>	<u>(1,371)</u>
Recommended appropriation of profit/loss			
Retained earnings		<u>70,651</u>	<u>(1,371)</u>
		<u>70,651</u>	<u>(1,371)</u>

Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK'000	<u>2019</u> DKK'000
Assets			
Completed development projects		0	14
Goodwill		0	273
Intangible fixed assets	6	<u>0</u>	<u>287</u>
Land and buildings		4,192	5,129
Other fixtures and fittings, tools and equipment		414	717
Leasehold improvements		5	154
Tangible fixed assets	7	<u>4,611</u>	<u>6,000</u>
Investments in subsidiaries		410,022	236,958
Deposits		386	506
Fixed asset investments		<u>410,408</u>	<u>237,464</u>
Total fixed assets		<u>415,019</u>	<u>243,751</u>
Trade receivables		7,783	16,425
Contract work in progress	8	2,365	2,952
Receivables from subsidiaries		135,091	41,843
Other receivables		363	6
Deferred tax asset		233	375
Prepayments		1,727	1,700
Receivables		<u>147,562</u>	<u>63,301</u>
Cash at bank and in hand		<u>12,871</u>	<u>33,908</u>
Total current assets		<u>160,433</u>	<u>97,209</u>
Total assets		<u>575,452</u>	<u>340,960</u>

Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK'000	<u>2019</u> DKK'000
Equity and liabilities			
Share capital		11,000	11,000
Retained earnings		<u>166,770</u>	<u>96,119</u>
Total equity		<u>177,770</u>	<u>107,119</u>
Other provisions		<u>15,102</u>	<u>7,230</u>
Total provisions		<u>15,102</u>	<u>7,230</u>
Lease obligations		3,618	4,426
Other payables		<u>39,913</u>	<u>11,796</u>
Total non-current liabilities	9	<u>43,531</u>	<u>16,222</u>
Short-term part of long-term debt	9	21,943	5,326
Trade payables		2,030	926
Prepayments received recognised in debt	8	2,632	3,969
Payables to subsidiaries		262,164	169,174
Corporation tax		16,582	133
Other payables		15,520	12,839
Deferred income		<u>18,178</u>	<u>18,022</u>
Total current liabilities		<u>339,049</u>	<u>210,389</u>
Total debt		<u>382,580</u>	<u>226,611</u>
Total equity and liabilities		<u>575,452</u>	<u>340,960</u>
Contingent liabilities	10		
Related parties and ownership structure	11		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	11,000	96,119	107,119
Net profit/loss for the year	0	70,651	70,651
Equity at 31 December 2020	11,000	166,770	177,770

Notes to the annual report

	2020	2019
	DKK'000	DKK'000
1 Staff costs		
Wages and salaries	31,113	31,551
Pensions	2,278	2,221
Other social security costs	23	87
	33,414	33,859
Average number of employees	40	41
2 Income from investments in subsidiaries		
Purchase price adjustment	(2,217)	3,113
Impairment for the year and other adjustments	0	(436)
Dividends	86,474	0
Value adjustment investments	(14,185)	0
	70,072	2,677
3 Financial income		
Interest received from group entities	1,713	205
Other financial income	4,379	83
	6,092	288

Notes to the annual report

	2020	2019
	DKK'000	DKK'000
4 Financial costs		
Interest paid to group entities	9,617	2,880
Other financial costs	3,619	2,401
	13,236	5,281
5 Tax on profit/loss for the year		
Current tax for the year	1,525	657
Deferred tax for the year	142	(1,200)
Adjustment of tax concerning previous years	0	136
	1,667	(407)
6 Intangible fixed assets		
	Completed development projects	Goodwill
Cost at 1 January 2020	527	2,730
Cost at 31 December 2020	527	2,730
Impairment losses and amortisation at 1 January 2020	513	2,457
Amortisation for the year	14	273
Impairment losses and amortisation at 31 December 2020	527	2,730
Carrying amount at 31 December 2020	0	0

Notes to the annual report

7 Tangible fixed assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2020	6,090	4,558	342
Additions for the year	6	148	0
Cost at 31 December 2020	<u>6,096</u>	<u>4,706</u>	<u>342</u>
Impairment losses and depreciation at 1 January 2020	961	3,841	188
Depreciation for the year	943	451	149
Impairment losses and depreciation at 31 December 2020	<u>1,904</u>	<u>4,292</u>	<u>337</u>
Carrying amount at 31 December 2020	<u>4,192</u>	<u>414</u>	<u>5</u>
Value of leased assets	<u>4,192</u>	<u>249</u>	<u>0</u>

Notes to the annual report

	<u>2020</u>	<u>2019</u>
	DKK'000	DKK'000
8 Contract work in progress		
Work in progress, selling price	32,073	28,937
Work in progress, payments received on account	<u>(32,340)</u>	<u>(29,954)</u>
	<u>(267)</u>	<u>(1,017)</u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	2,365	2,952
Prepayments received under liabilities	<u>(2,632)</u>	<u>(3,969)</u>
	<u>(267)</u>	<u>(1,017)</u>

9 Long-term debt

	<u>Debt</u>	<u>Debt</u>	<u>Instalment</u>	<u>Debt</u>
	<u>at 1 January</u>	<u>at 31</u>	<u>next year</u>	<u>outstanding</u>
	<u>2020</u>	<u>December</u>		<u>after 5 years</u>
		<u>2020</u>		
Lease obligations	5,701	4,551	933	641
Other payables	<u>15,847</u>	<u>60,923</u>	<u>21,010</u>	<u>0</u>
	<u>21,548</u>	<u>65,474</u>	<u>21,943</u>	<u>641</u>

10 Contingent liabilities

As management company, the company is jointly taxed with its Danish group entities parties and is jointly and severally liable with the other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

11 Related parties and ownership structure

Consolidated financial statements

The company is part of the group reporting for Constellation Software Inc., Toronto, Canada, which is the smallest group in which the company is included as a subsidiary.