Veovo A/S

Hækken 2
DK-9310 Vodskov

CVR no. 30 50 07 41

Annual report 2020/21

The annual report was presented and approved at the Company's annual general meeting

on 28 February 20 22

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Veovo A/S for the financial year 1 October 2020 – 30 September 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 – 30 September 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vodskov, 28 February 2022
Executive Board:

Peter Christian Knudsen
CEO

Board of Directors:

Alastair James Spence Chariman	James Francis Williamson	Peter Christian Knudsen

Independent auditor's report

To the shareholders of VEOVO A/S / VEOVO Holdings Denmark ApS

Opinion

We have audited the financial statements of VEOVO A/S / VEOVO Holdings Denmark ApS for the financial year 1 October 2020 – 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 – 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aalborg, 28 February 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Hans B. Vistisen

Hans B. Vistisen
State Authorised
Public Accountant
mne23254

Management's review

Company details

Veovo A/S
Hækken 2
DK-9310 Vodskov

CVR no.	30 50 07 41
Established:	1 January 2007
Registered office:	Aalborg
Financial year:	1 October – 30 September

Board of Directors

Peter Christian Knudsen

Executive Board

Alastair James Spence
James Francis Williamson
Peter Christian Knudsen

Auditor

EY – Godkendt Revisionspartnerselskab
Vestre Havnepromenade 1A
9000 Aalborg

Bank

Nordea

Annual general meeting

The annual general meeting will be held on 28 February 2022

Management's review

Operating review

Principal activities

Veovo A/S (former Blip Systems A/S), an innovative supplier of passenger tracking solutions principally for airports.

Financial development and position

The income statement of the Company for 2020/21 shows a loss before tax of DKK -4,262,453 and at 30 September 2021 the balance sheet of the Company shows equity of DKK -1,796,029.

Due to recent performance and the uncertainties regarding the short-term future performance of the Company in a Covid-19 environment, Management has found it fair to write down deferred tax assets.

The company has lost its share capital, under which it is subject to the rules on capital losses in the Danish company law. Management expects the share capital to be restored by capital injection in 2022 or own earnings going forward.

Gentrack Group will continue to leverage the Blip Systems intellectual property, which remains an important part of the overall Veovo product offering. At present, there is a pipeline of potential opportunities as airports globally look to technology to address crowd management and social distancing requirements essential to the COVID-19 recovery.

Through intercompany funding, the shareholder, Gentrack Group Limited, has committed providing required liquidity, which, according to Management, will suffice to carry through operations in 2021/22. It is Management's opinion that the shareholder has the required funding to finance this commitment. Accordingly, the annual report is presented on a going concern basis.

Events after the balance sheet date

No events have occurred after the end of the financial year of material importance for the Company’s financial position.

Financial statements 1 October– 30 September

Income statement

DKK	Note	2020/21	2019/20
Gross profit		12,399,847	9,146,060
Staff costs	2	-16,447,431	-19,701,829
Depreciation on property, plant and equipment		-52,520	-87,149
Operating profit		-4,100,102	-10,642,918
Other financial income		481,003	506,075
Other financial expenses		-643,354	-922,739
Profit before tax		-4,262,453	-11,059,582
Tax on profit for the year	3	-1,262,078	-1,136,682
Profit for the year		-5,524,531	-12,196,264

Proposed profit appropriation

Retained earnings	-5,524,531	-12,196,264
	-5,524,531	-12,196,264

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2021	30/9 2020
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Fixtures and fittings, tools and equipment		58,411	76,532
		58,411	76,532
Total fixed assets		58,411	76,532
Current assets			
Inventories			
Finished goods and goods for resale		1,591,198	1,942,421
Receivables			
Trade receivables		7,918,760	4,467,074
Receivables from group entities		0	3,317,643
Deferred tax asset	3	0	1,262,078
Other receivables		528,225	392,846
Prepayments		300,507	535,938
		8,747,492	9,975,579
Cash at bank and in hand		779,907	326,208
Total current assets		11,118,597	12,244,208
TOTAL ASSETS		11,177,008	12,320,740

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2021	30/9 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		2,476,530	2,476,530
Retained earnings		-4,272,599	975,586
Total equity		-1,796,029	3,452,116
Current liabilities			
Trade payables		110,413	200,449
Payables to group entities		3,923,473	27,583
Other payables		4,513,923	4,024,806
Deferred income		4,425,228	4,615,786
		12,973,037	8,868,624
Total liabilities		12,973,037	8,868,624
TOTAL EQUITY AND LIABILITIES		11,177,008	12,320,740

Financial statements 1 October – 30 September

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 October 2020	2,476,530	975,586	3,452,116
Transferred over the profit appropriation		-5,524,532	-5,524,532
Share-based payments		276,387	276,387
Equity at 30 September 2021	2,476,530	-4,272,559	-1,726,029

The company has lost its share capital, under which it is subject to the rules on capital losses in the Danish company law. Management expects the share capital to be restored by capital injection in 2022 or own earnings going forward.

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Veovo A/S for 2020/2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act, with opt-in from higher reporting classes.

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

Foreign currency translation

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

Receivables, 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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue, cost of sales and other external costs are aggregated in the financial statement caption Gross profit

Revenue

Income from the sale of goods, comprising sales in 2020/21, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Income from agreements from maintenance is recognised on a straight-line basis over the period of the agreement.

Engineering and consultancy services are recognised as the work is performed.

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

Share-based payments

Employees of VEOVO A/S receive remuneration in the form of share-based payments, whereby employees render services as consideration for warrants granted by Gentrack Group Limited. As VEOVO A/S does not have responsibility for settling the transaction, the arrangement is accounted for as an equity-settled share-based payment transaction.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes option-pricing valuation model. The cost is recognized in employee benefits expense and a corresponding increase in equity (capital contribution received from Gentrack Group Limited) over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expenses recognized as the beginning and the end of that period. Based upon the grant date fair value of the warrants, a management recharge is accrued over the vesting period of the share-based payment. As the recharge amount is directly based on the value of the underlying share-based payment, the recharge to Gentrack Group Limited is charged directly to equity, provided it represents a return of the capital contribution received up to the amount of the contribution and distribution thereafter.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 - 5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not recognised in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 October– 30 September

Notes

1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Financial statements 1 October – 30 September

Notes

	DKK	2020/21	2019/20
2	**Staff costs**		
	Wages and salaries	14,128,596	16,974,209
	Pensions	2,048,933	2,303,696
	Other social security costs	200,860	211,302
	Other staff expenses	69,042	212,622
		16,447,431	19,701,829
	Average number of full-time employees	23	28

3	**Tax on profit for the year**		
	Deferred tax adjustment for the year	1,262,074	1,136,682
		1,262,074	1,136,682

Due to recent performance and the uncertainties regarding the short-term performance of the Company there is no deferred tax asset recognized as of 30 September 2021.

Unrecognised deferred tax asset is DKK 5,7 million as of 30 September 2021 (2020: DKK 3,5 million). Management considers that the valuation of the Company's deferred tax asset as of 30 September 2021 is reasonable.

4 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 October 2020	2,323,265
Additions	34,399
Cost at 30 September 2021	2,357,664
Depreciation and impairment losses at 1 October 2020	-2,246,733
Depreciation for the year	-52,519
Depreciation and impairment losses at 30 September 2021	-2,299,252
Carrying amount at 30 September 2021	58,412

Financial statements 1 October – 30 September

Notes

5 Contractual obligations, contingencies, etc.

Contractual obligations

The Company has rental commitments for a total of DKK 213 thousand on the current leased property.

The Company fixtures and fittings, tools and equipment, inventories, trade receivables are covered by negative pledge agreement registered with the Danish Registration of Property. The security is for company guarantee debt to financial institution, which as of 30 September 2021 amounts to DKK 0.

6 Related parties

Control

Veovo Holdings Denmark ApS is part of the consolidated financial statements of Gentrack Group Limited, 17 Hargreaves Street, St.Marys Bay, Auckland 1011, New Zealand, which is the smallest group in which the Company is included as a subsidiary.