Schilling ApS

Baldersbækvej 24 - 26
2635 Ishøj
Denmark

CVR no. 61 78 64 14

Annual report for the period 1 July 2020 – 31 December 2021

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

8 July 2022

Birthe Elkjær
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 Schilling ApS for the financial period 1 July 2020 – 31 December 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 31 December 2021 and of the results of the Company's operations for the financial period 1 July 2020 – 31 December 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.

Ishøj, 8 July 2022
Executive Board:

Anja Hjorth Beltoft

Board of Directors:

Birthe Elkjær
Chairman

Independent auditor's report

To the shareholder of Schilling ApS

Independent auditor's report on the financial statements

Opinion

We have audited the financial statements of Schilling ApS for the financial period 1 July 2020 – 31 December 2021 comprising 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 Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial period 1 July 2020 – 31 December 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 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' 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.

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

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 company 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 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.

Independent auditor's report

Report on other legal and regulatory requirements

Non-compliance with legislation on lending to shareholders

In violation of section 206 of the Danish Companies Act, the Company has provided a loan to its shareholder, and Management may incur liability in this respect. The loan and interests has been repaid in 2022, reference is made to note 6 where management provides more information and confirms repayment.

Copenhagen, 8 July 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Management's review

Company details

Schilling ApS
Baldersbækvej 24 - 26
2635 Ishøj
Denmark

CVR no.:	61 78 64 14
Established:	1 May 1980
Registered office:	Ishøj
Financial period:	1 July 2020 – 31 December 2021

Board of Directors

Birthe Elkjær, Chairman

Executive Board

Anja Hjorth Beltoft

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's purpose is to provide IT software and other related business.

Development in activities and financial position

The Company's income statement for the period 1 July 2020 - 31 December 2021 shows a profit of DKK 2.331 thousand as against DKK 67 thousand for the period 1 July 2019 - 30 June 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 8.610 thousand as against DKK 6.278 thousand at 30 June 2020.

The Company has - on the day it was sold by Schilling Management A/S to TSS Denmark ApS (i.e. 1 July 2021) - made a payment of DKK 1.7 million to its former shareholder Schilling Management A/S. As per the commercial understanding of the seller and the purchaser this amount was excess cash that was not required for the business going forward and thus was distributed from the Company to the seller prior to completion of the transaction. This transaction was intended to take place in the form of an extraordinary dividend payment. Provisions of the Danish Company Act for making extraordinary dividend payments, however were mistakenly not observed which lead to the payment of DKK 1.7 million being viewed by the auditor as a loan from the Company to TSS Denmark A/S in connection with TSS Denmark ApS' acquisition of the Company. In order to rectify this, the loan and interests calculated in accordance with the guidance from the Danish Business Authority have been repaid to the Company in 2022.

New owner and merger

TSS Denmark ApS, acquired the company in July 2021. TSS Denmark ApS is a subsidiary in the Constellation Software Inc. Group, Canada.

The Company merged with SCH-lab ApS (sister company) and Administrationsselskabet af 1. oktober 2003 ApS (subsidiary). Accounting-vise the merger was done 1 July 2020 and the accounting period has been changed from 30 June to 31 December whereby the FY 2020/21 annual report comprise 18 months.

Knowledge resources

Schilling’s domain knowledge in the publishing industry is vital for designing and delivering our solutions. We continue train people to ensure our long-term commitment in delivery to our customers.

Future perspective

The Management expects in 2022 to reach a satisfying result at a higher level than 2020-2021 with focus on fixing the core of the business.

Events after the balance sheet date

After the balance sheet date the loan to shareholder as been repaid in 2022. No other events have occurred after the balance sheet date which could significantly affect the company's financial position.

Financial statements 1 July – 31 December

Income statement

DKK'000	Note	1/7 2020-31/12 2021	1/7 2019-30/06 2020
Gross profit		36.722	23.517
Staff costs	2	-33.515	-22.979
Depreciation, amortisation and impairment losses		-481	-461
Profit before financial income and expenses		2.726	77
Other financial income	3	154	160
Other financial expenses	4	-102	-98
Profit before tax		2.778	139
Tax on profit for the year		-447	-72
Profit for the period		2.331	67

Proposed profit appropriation

Proposed dividends for the period		5.000	0
Retained earnings		-2.669	67
		2.331	67

Financial statements 1 July – 31 December

Balance sheet

DKK'000	Note	31/12 2021	30/06 2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		719	1.277
Investments			
Deposits		0	1.249
Total fixed assets		719	2.526
Current assets			
Receivables			
Trade receivables		5.880	2.127
Receivables from group entities		1.485	1.295
Contract work in progress		1.865	3.006
Other receivables		0	145
Receivables from shareholders	6	1.750	0
Deferred tax asset		0	22
Prepayments		616	500
		11.596	7.095
Cash at bank and in hand		5.983	14.779
Total current assets		17.579	21.874
TOTAL ASSETS		18.298	24.400

Financial statements 1 July – 31 December

Balance sheet

DKK'000	Note	31/12 2021	30/06 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1.001	1.000
Reserve for shareholder loan		1.750	0
Retained earnings		859	5.278
Proposed dividends for the financial year		5.000	0
Total equity		8.610	6.278
Provisions			
Provisions for deferred tax		476	0
Total provisions		476	0
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		6.581	7.192
Trade payables		547	989
Corporation tax		0	52
Other payables		2.084	8.640
Deposits		0	1.249
		9.212	18.122
Total liabilities other than provisions		9.212	18.122
TOTAL EQUITY AND LIABILITIES		18.298	24.400
Contractual obligations, contingencies, etc.	7		
Related party disclosures	8		

Financial statements 1 July – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for shareholder loan	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 July 2020	1.000	0	5.278	0	6.278
Capital increase from merger	1	0	0	0	1
Transfers, reserves	0	1.750	-1.750	0	0
Transferred over the profit appropriation	0	0	-2.669	5.000	2.331
Equity at 31 December 2021	1.001	1.750	859	5.000	8.610

Financial statements 1 July – 31 December

Notes

1 Accounting policies

The annual report of Schilling ApS for 2020/21 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.

The Company merged with SCH-lab ApS (sister company) and Administrationsselskabet af 1. oktober 2003 ApS (subsidiary). Accounting-vise the merger was done 1 July 2020 and the accounting period was changed to 31 December 2021 meaning that the FY 2020/21 annual report comprise 18 months. The comparison figures for FY 2019/20 have been adjusted the merger.

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

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit reflects an aggregation of revenue, cost of goods sold, other operating income and other external costs.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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

The Company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, current Danish corporation 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 used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

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.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

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.

Impairment of fixed assets

The carrying amount of fixed assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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 comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Equity

Dividends

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

Corporation tax and deferred tax

Current tax payable and receivable is 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, 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 cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. 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.

Provisions

Provisions comprise anticipated costs of #. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period of #-# years. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

Financial statements 1 July – 31 December

Notes

DKK'000	1/7 2020- 31/12 2021	1/7 2019- 30/06 2020
2 Staff costs		
Wages and salaries	33.194	22.687
Pensions	199	193
Other social security costs	122	99
	33.515	22.979
Average number of full-time employees	32	28
3 Other financial income		
Interest income from group entities	81	65
Exchange gains	73	95
	154	160
4 Other financial expenses		
Other financial costs	102	98
	102	98

5 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 July 2020	4.117
Additions for the year	55
Cost at 31 December 2021	4.172
Depreciation and impairment losses at 1 July 2020	-2.972
Depreciation for the year	-481
Depreciation and impairment losses at 31 December 2021	-3.453
Carrying amount at 31 December 2021	719

Financial statements 1 July – 31 December

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6 Receivables from shareholder

The Company has - on the day it was sold by Schilling Management A/S to TSS Denmark ApS (i.e. 1 July 2021) - made a payment of DKK 1.7 million to its former shareholder Schilling Management A/S. As per the commercial understanding of the seller and the purchaser this amount was excess cash that was not required for the business going forward and thus was distributed from the Company to the seller prior to completion of the transaction. This transaction was intended to take place in the form of an extraordinary dividend payment. Provisions of the Danish Company Act for making extraordinary dividend payments, however were mistakenly not observed which lead to the payment of DKK 1.7 million being viewed by the auditor as a loan from the Company to TSS Denmark A/S in connection with TSS Denmark ApS' acquisition of the Company. In order to rectify this, the loan and interests calculated in accordance with the guidance from the Danish Business Authority have been repaid to the Company in 2022.

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company was jointly taxed with its parent company, Schilling management A/S (management company) until 30 June 2021, and has limited and secondary liability together with the other jointly taxed entities for the payment of income taxes for income years 2013 onwards and withholding taxes on dividends, interest and royalties falling due for payment on or after 1 July 2012. Since 1 July 2021 the Company is jointly taxed with Modaxo Europe A/S (which serves as Management Company) with similar joint liabilities.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 9 months and an average monthly lease payments of DKK 56 thousand, totalling DKK 614 thousand.

8 Related party disclosures

Schilling ApS related parties comprise the following:

Control

TSS Denmark ApS is the legal owner (100%) of the Company.

Schilling ApS is part of the consolidated financial statements of Constellation Software Inc. (largest) and Topicus.com Coöperatief U.A. (smallest).

The consolidated financial statements of Constellation Software Inc. can be obtained on the webpage https://www.csisoftware.com/category/stat-filings

The Consolidated financial statements of Topicus.com Coöperatief U.A. (smallest) can be obtained on the webpage www.kvk.nl