Tecsys A/S

Stationsparken 25
2600 Glostrup

CVR No. 18195496

Annual report 2023/24

1 May 2023 - 30 April 2024

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Adopted at the Annual General Meeting on
October 2, 2024

Mark Joseph Bentler
Chairman

Contents

Company details

Company
Tecsys A/S
Stationsparken 25
2600 Glostrup

CVR No.: 18195496

Executive board
Martin Wulff Fog

Board of Directors
Klaus Juhl
Mark Joseph Bentler
Martin Wulff Fog

Auditors
inforevision
statsautoriseret revisionsaktieselskab
Buddingevej 312
2860 Søborg
CVR No. 19263096

Kenny Madsen, state authorised public accountant
Lasse Sværke, state authorised public accountant

Management's Review

Primary activities

The company's primary activities are:

Equipment for automatic data capture
The company supplies hardware, service and consulting for automatic data capture used in warehousing, retail stores and mobile solutions.

Warehouse management
The company develops software solutions and offers consulting for warehouse management. Solutions are based on own in-house developed standard software i.e. WMS, voice picking, bar-code labeling and data collection with bar codes and RFID.

Transport management systems
The company supplies mobile solutions for transportation and distribution. Among others the solutions include TMS, route optimization, fleet management, proof of delivery and navigation.

Development in activities and finances

The results of the company's activities in the financial year amounted to a loss of DKK -1.384.336 against a profit of DKK 1.294.912 in last financial year. The equity at the balance sheet date amounted to DKK 1.687.727.

Statement by Management

The Board of Directors and The Executive Board have today considered and adopted the annual report for 1 May 2023 - 30 April 2024 for Tecsys A/S.

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 the company's financial position at 30 April 2024 and of the results of its operations for the financial year 1 May 2023 - 30 April 2024.

We believe that the Management's review contains a fair review of the affairs and conditions referred to therein.

We recommend that the annual report be adopted at the Annual General Meeting.

Glostrup, 20 August 2024

Executive board

Signed by:
Martin Wulff
1E30E690A273447...
Martin Wulff Fog
CEO

Board of Directors

Signed by: Klaus Juhl CB8024018392430...	DocuSigned by: Mark Bentler 16384E90CAE8422...	Signed by: Martin Wulff 1E30E690A273447...
Klaus Juhl	Mark Joseph Bentler	Martin Wulff Fog
Chairman	*Board member*	*Board member*

Independent auditor's report

To the shareholder in Tecsys A/S

Opinion

We have audited the financial statements of Tecsys A/S for the financial year 1 May 2023 - 30 April 2024, 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 as at 30 April 2024 and of the results of the company's operations for the financial year 1 May 2023 - 30 April 2024 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 this auditor’s report. We are independent of the company in accordance with the International Ethics Standards Board of 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 and IESBA Code. 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 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, for disclosing, as applicable, matters related to going concern, and for 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 taken on the basis of these financial statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report, continued

- 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 content of the financial statements, including the disclosures in the notes, 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.

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

Based on the work we have performed, in our view, 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 in Management's Review.

Søborg, 20 August 2024

inforevision
Statsautoriseret revisionsaktieselskab
CVR No. 19263096

Kenny Madsen	Lasse Sværke
State Authorised Public Accountant	*State Authorised Public Accountant*
mne33718	*mne34318*

Accounting policies

Information on reporting class

The annual report has been prepared in accordance with Danish financial statement legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing Reporting class B.

Some provisions from reporting class C hava been adopted.

The accounting policies have not been changed from last year.

Generally regarding recognition and measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency is Danish Kroner. All other currencies are considered foreign currencies.

Foreign currency translation

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Accounting policies, continued

Income statement

The income statement has been classified by nature.

Gross profit

Gross profit/loss includes "Revenue", "Cost of sales", "Other operating income" and "External expenses".

Revenue

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration Tecsys expects to receive in exchange for the products or services. Revenue is recognized net of discounts, VAT, taxes etc. collected on behalf of third parties.

When acting as an agent in a transaction, revenue is recognized as fee earned for facilitating the transfer of goods or services.

Multiple-element arrangements includes e.g. sale of software and hardware, related professional services regarding customization of the products and post contract services related to subsequent support, updates and services. When entering into Multiple-element arrangements the Company identifies and determine whether each product or service is distinct and accounted for as a separate deliverable or whether the products and services performs one deliverable and is accounted for together. In determine whether each product or service is distinct, the key judgement is whether the customers has the ability to use and obtain substantially all the benefits from the delivered product or service. For multi-element arrangements, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest.

Revenue is recognized either at a point in time or over time. Most of the Company's products and services qualify as separate deliverables and revenue is recognised when the general criteria are met and in accordance following with policies:

Software and hardware products:

Sale of standard software and hardware products are recognised when the products are delivered. License agreements entered into by the Company is assess as the right to use the software. License revenue is therefore generally recognized at that point in time. Delivery occurs at the point where the control of the sold product and risk of loss have passed to the customer which generally are at the point of finalizing the product installation.

Professional services and consulting:

Revenue generated from professional services regarding customization of software and consulting services comprise the invoiced revenue for the year reduced by prepayments and with addition for contract work in progress measured at market value. Measurement of the market value of contract work in progress is based on a percentage of completion which hence to delivering of professional services and consulting hours is determined based on the number of hours incurred to date in relation to the total expected hours of services.

Losses on contract work in progress are recognised when known.

Support and update agreements, service agreements and hosting agreements:

Support and update as well as service agreements for software licences obligates the Company to provide periodic hotline technical support, internal hardware service and unspecified software updates. Revenues from these agreements as well as and hosting services agreements are recognized ratably over the term of the agreement.

Accounting policies, continued

Cost of sales

Cost of sales comprise expenses incurred to earn revenue for the year including changes in goods for resale and consumables used as well as packaging in the year.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the company's primary activities, including payments received from public authorities.

External expenses

External expenses comprises Selling costs, Cost of premises and Administrative expenses.

Staff costs

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. to the company's employees.

Other operating expenses

Other operating expenses comprises expenses of a secondary nature as viewed in relation to the company's primary activities, including losses on sale of fixed assets.

Financial income

Financial income is recognised with amounts concerning the financial year. Financial income comprise interest, realised and unrealised exchange gains.

Financial expenses

Financial expenses is recognised with amounts concerning the the financial year. Financial expenses comprise interest, realised and unrealised exchange losses as well as interest surcharge under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

Tax on profit or loss for the year is recognised in the income statement by the portion attributable to the profit or loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Accounting policies, continued

Balance sheet

The balance sheet has been presented in account form.

Assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. The basis of depreciation is cost less estimated residual value at the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The costprice for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

Category	Period	Residual value
Fixtures, fittings, tools and equipment	5 years	0%

Minor purchases with useful lives below one year have been recognised as an expense in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

The carrying amounts of property, plant and equipment are reviewed annually for indication of impairment for losses, apart from what is expressed by usual depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount. As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the expected cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Other receivables classified as fixed assets

Deposits recognised as fixed assets are measured at amortised cost, which usually corresponds to nominal amount.

Inventories

Inventories are measured at cost according to the FIFO method. In the event of cost exceeding net realisable value, writedown is made to this lower value.

Cost of goods for resale comprises purchase price plus delivery costs.

The net realisable value of inventories is calculated at the estimated selling price less completion costs and expected costs to execute sale. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales price.

Accounting policies, continued

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress

Contract work in progress has been recognised according to the percentage-of-completion method, according to which contract work in progress is measured at the market value of the work performed. The market value is measured on the basis of the stage of completion at the balance sheet date and the total expected income from each contract work in progress. Stage of completion is calculated as the proportion of the costs incurred in relation to the expected total costs of the individual contract work in progress.

When the market value of the individual contract work in progress cannot be measured reliably, the market value is recognised at cost or net realisable value, if this value is lower.

Each contract work in progress is recognised in the balance sheet as receivables or liabilities other than provisions depending on the net value of the selling price less prepayments.

Costs in connection with sales work and contracting are recognised in the income statement as incurred. Any finance costs of financing of contract work in progress are included in financial expenses.

When it is probable that the total cost will exceed the total income from a contract work in progress an expected loss is immediately recognised as a provision.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity and liabilities

Deferred tax and corporation tax

Deferred tax is measured using the balance sheet liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities. Deferred tax is also measured with respect of the planned use of the asset and the settlement of the liability.

The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used. Deferred tax assets are measured at net realisable value.

The company is jointly taxed with other Danish group enterprises with TECSYS Denmark Holding ApS as Management company. The tax effect of the joint taxation is allocated among the group enterprises in ratio to their taxable income according to the rules on full allocation with a refund for tax losses of the Danish Corporation Tax Act.

Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities other than provisions.

Financial debts

Short-term debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprise income received relating to subsequent financial years.

Income statement

	Note	2023/24	2022/23
		DKK	DKK
Revenue		76,971,310	80,933,971
Other operating income		6,639,998	5,838,597
Cost of sales		-43,324,563	-45,761,880
External expenses		-5,756,025	-5,283,791
Gross profit		**34,530,720**	**35,726,897**
Staff costs	1	-36,244,509	-33,996,514
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**-1,713,789**	**1,730,383**
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets	2	-56,206	-65,644
Other operating expenses		-1,435	0
Earnings before interest and taxes (EBIT)		**-1,771,430**	**1,664,739**
Finance income		50,728	11,243
Finance expenses		-54,454	-16,991
Profit/loss before tax		**-1,775,156**	**1,658,991**
Tax on profit/loss for the year	3	390,820	-364,079
Profit/loss for the year		**-1,384,336**	**1,294,912**

Proposed distribution of profit and loss

	2023/24	2022/23
	DKK	DKK
Proposed distribution of profit and loss for the year :		
Transferred to retained earnings	-1,384,336	1,294,912
Profit/loss for the year	**-1,384,336**	**1,294,912**

Assets

	Note	30/04-2024	30/04-2023
		DKK	DKK
Fixtures, fittings, tools and equipment		192,029	40,670
Property, plant and equipment	4	**192,029**	**40,670**
Deposits		408,765	396,182
Investments	5	**408,765**	**396,182**
Fixed assets		**600,794**	**436,852**
Goods for resale		407,121	475,878
Inventories		**407,121**	**475,878**
Trade receivables		9,728,419	13,316,006
Contract work in progress	6	160,184	819,335
Other receivables		0	408,039
Corporation tax receivables	3	167,819	492,819
Deferred tax assets	3	227,631	0
Prepayments		637,147	424,489
Receivables		**10,921,200**	**15,460,688**
Cash at bank and in hand		**5,893,124**	**2,708,347**
Current assets		**17,221,445**	**18,644,913**
Total assets		**17,822,239**	**19,081,765**

Equity and liabilities

	Note	30/04-2024	30/04-2023
		DKK	DKK
Contributed capital		500,000	500,000
Retained earnings		1,187,727	2,572,063
Equity		**1,687,727**	**3,072,063**
Deferred tax, liabilities	3	0	163,189
Provisions		**0**	**163,189**
Contract work in progress, liabilities	6	196,291	194,548
Trade payables		6,582,781	6,834,135
Payables to group enterprises		3,339,843	2,873,897
Other payables		3,644,921	3,102,986
Deferred income		2,370,676	2,840,947
Short-term liabilities other than provisions		**16,134,512**	**15,846,513**
Liabilities other than provisions		**16,134,512**	**15,846,513**
Total equity and liabilities		**17,822,239**	**19,081,765**
Contingent liabilities	7		
Unrecognised contractual commitments	8		
Group relations	9		

Statement of changes in equity

	Contributed capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 May 2022	500,000	1,277,151	1,777,151
Distributed profit/loss for the year		1,294,912	1,294,912
Equity at 1 May 2023	**500,000**	**2,572,063**	**3,072,063**
Distributed profit/loss for the year		-1,384,336	-1,384,336
Equity at 30 April 2024	**500,000**	**1,187,727**	**1,687,727**

Notes

1. Staff costs

	2023/24	2022/23
	DKK	DKK
Wages and salaries	32,627,753	30,225,902
Pensions	1,983,718	1,797,813
Other social security costs	0	545,000
Other staff cost	1,633,038	1,427,799
Total	**36,244,509**	**33,996,514**
Average number of full-time employees	50	48

2. Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets

	2023/24	2022/23
	DKK	DKK
Depreciation of property, plant and equipment	56,206	65,643
Total	**56,206**	**65,643**

3. Tax expense

	Corporation tax	Deferred tax	Tax on profit/loss for the year	2022/23
	DKK	DKK	DKK	DKK
Payables at 1 May 2023	-492,819	163,189		
Adjustment previous year	0	0	0	-508
Paid in respect of previous years	325,000			
Tax on profit/loss for the year	0	-390,820	-390,820	364,079
Payables at 30 April 2024	**-167,819**	**-227,631**		
Tax on profit/loss for the year recognised in the income statement			**-390,820**	**363,571**
Recognition in balance sheet:				
Short-term receivables (current asset)	-167,819	-227,631		
Total	**-167,819**	**-227,631**		

Notes, continued

4. Property, plant and equipment

	Fixtures, fittings, tools and equipment	Total	2022/23
	DKK	DKK	DKK
Cost at 1 May 2023	1,336,881	1,336,881	1,336,881
Additions for the year	212,499	212,499	0
Disposals for the year	-729,334	-729,334	0
Cost at 30 April 2024	**820,046**	**820,046**	**1,336,881**
Depreciation and impairment losses at 1 May 2023	-1,296,211	-1,296,211	-1,230,568
Depreciation for the year	-56,206	-56,206	-65,643
Reversal regarding disposals for the year	724,400	724,400	0
Depreciation and impairment losses at 30 April 2024	**-628,017**	**-628,017**	**-1,296,211**
Carrying amount at 30 April 2024	**192,029**	**192,029**	**40,670**

5. Investments

	Deposits	Total	2022/23
	DKK	DKK	DKK
Cost at 1 May 2023	396,182	396,182	369,437
Additions for the year	12,583	12,583	26,745
Cost at 30 April 2024	**408,765**	**408,765**	**396,182**
Carrying amount at 30 April 2024	**408,765**	**408,765**	**396,182**

Notes, continued

6. Contract work in progress

	2023/24	2022/23
	DKK	DKK
Sales value of contract work in progress	1,232,838	1,267,287
Prepayments regarding contract work in progress	-1,268,945	-642,500
Total	**-36,107**	**624,787**
The gross values above are recognised as follows in the balance sheet:		
Contract work in progress	160,184	819,335
Contract work in progress, liabilities	-196,291	-194,548
Total	**-36,107**	**624,787**

7. Contingent liabilities

Tecsys A/S are jointly taxed with other group companies and are severally liable for tax on the jointly taxed incomes etc. of the group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of tax on interest, dividend tax and tax on royalty payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the the company's liability.

8. Unrecognised contractual commitments

	2023/24
	DKK
The company has entered into rental commitment regarding rent of premises. The notice period is 6 months. The total commitment represents	571,566
The company has entered into operational lease commitment regarding IT equipment, cars and other operating equipment . The lease commitments expire within 4-36 months. The total lease commitment represents	1,214,246
Total rental and lease obligations	**1,785,812**

9. Group relations

The company is included in the consolidated report for the parent companies:

The smallest group:	Tecsys Inc., 1 Place Alexis Nihon Suite 800 Montreal, Quebec H3Z 3B8 Canada

The consolidated report of the foreign parent company may be obtained at the parent company webiste www.tecsys.com/about-us/investors.