

Tecsys A/S

Stationsparken 25
2600 Glostrup

CVR No. 18195496

Annual report 2022/23

1 May 2022 - 30 April 2023

Adopted at the Annual General Meeting on 9
August 2023

Mark J. Bentler

Mark Joseph Bentler
Chairman

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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 profit of DKK 1.294.912 against DKK -135.941 in last financial year. The equity at the balance sheet date amounted to DKK 3.072.063.

Management consider the results as satisfactory.

Statement by Management

The Board of Directors and The Executive Board have today considered and adopted the annual report for 1 May 2022 - 30 April 2023 for Tecsys A/S.

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

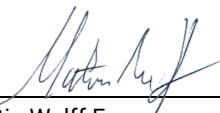
In our opinion, the financial statements give a true and fair view of the the company's financial position at 30 April 2023 and of the results of its operations for the financial year 1 May 2022 - 30 April 2023.

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, 13 July 2023

Executive board



Martin Wulff Fog
CEO

Board of Directors



Klaus Juhl
Chairman



Mark Joseph Bentler
Board member



Martin Wulff Fog
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 2022 - 30 April 2023, 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 2023 and of the results of the company's operations for the financial year 1 May 2022 - 30 April 2023 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, 13 July 2023

inforevision
Statsautoriseret revisionsaktieselskab
CVR No. 19263096



Kenny Madsen
State Authorised Public Accountant
mne33718



Lasse Sværke
State Authorised Public Accountant
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 has been adopted.

The accounting policies have been changed from last year.

Changes in accounting policies

Accounting policies are changes in relation to classification of salary compensations from public authorities.

Salary compensations from public authorities have in previous years been recognised as a reduction to staff costs. Changing the accounting policies, salary compensations from public authorities are recognised as Other operating income.

The change in accounting policies has no effect on profit/loss for the financial year, equity or total assets. Comparative figures have been changed as Other operating income and staff costs for the financial year 2021/22 is adjusted by DKK 71.346 and DKK -71.346, respectively.

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.

Accounting policies, continued

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.

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".

Accounting policies, continued

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 VAT, taxes etc. collected on behalf of third parties and discounts.

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 clients 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 generally 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.

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.

Accounting policies, continued

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.

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 accumulate depreciation. The basis of depreciation is cost less estimated residual value after 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

	<u>Note</u>	<u>2022/23</u> DKK	<u>2021/22</u> DKK
Revenue		80,933,971	73,141,873
Other operating income		5,838,597	1,720,872
Cost of sales		-45,761,880	-41,669,456
External expenses		-5,283,791	-4,448,592
Gross profit		35,726,897	28,744,697
Staff costs	1	-33,996,514	-28,479,217
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		1,730,383	265,480
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets	2	-65,644	-149,237
Earnings before interest and taxes (EBIT)		1,664,739	116,243
Finance income		11,243	0
Finance expenses		-16,991	-290,477
Profit/loss before tax		1,658,991	-174,234
Tax on profit/loss for the year	3	-364,079	38,293
Profit/loss for the year		1,294,912	-135,941

Proposed distribution of profit and loss

	<u>2022/23</u> DKK	<u>2021/22</u> DKK
Proposed distribution of profit and loss for the year :		
Transferred to retained earnings	1,294,912	-135,941
Profit/loss for the year	1,294,912	-135,941

Assets

	Note	30/04-2023	30/04-2022
		DKK	DKK
Fixtures, fittings, tools and equipment		40,670	106,313
Property, plant and equipment	4	40,670	106,313
Deposits		396,182	369,437
Investments	5	396,182	369,437
Fixed assets		436,852	475,750
Goods for resale		475,878	441,001
Inventories		475,878	441,001
Trade receivables		13,316,006	8,130,574
Contract work in progress	6	819,335	840,159
Other receivables		408,039	0
Corporation tax receivables	3	492,819	0
Deferred tax assets	3	0	60,709
Prepayments		424,489	394,364
Receivables		15,460,688	9,425,806
Cash at bank and in hand		2,708,347	5,525,824
Current assets		18,644,913	15,392,631
Total assets		19,081,765	15,868,381

Equity and liabilities

	Note	30/04-2023	30/04-2022
		DKK	DKK
Contributed capital		500,000	500,000
Retained earnings		2,572,063	1,277,151
Equity		<u>3,072,063</u>	<u>1,777,151</u>
Deferred tax, liabilities	3	163,189	0
Provisions		<u>163,189</u>	<u>0</u>
Contract work in progress, liabilities	6	194,548	0
Trade payables		6,834,135	5,928,439
Payables to group enterprises		2,873,897	2,807,546
Corporation tax payables	3	0	6,252
Other payables		3,102,986	2,142,810
Deferred income		2,840,947	3,206,183
Short-term liabilities other than provisions		<u>15,846,513</u>	<u>14,091,230</u>
Liabilities other than provisions		<u>15,846,513</u>	<u>14,091,230</u>
Total equity and liabilities		<u>19,081,765</u>	<u>15,868,381</u>
Contingent liabilities	7		
Unrecognised contractual commitments	8		

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
	DKK	DKK	DKK	DKK
Equity at 1 May 2021	500,000	1,413,092	4,500,000	6,413,092
Dividends paid		0	-4,500,000	-4,500,000
Distributed profit/loss for the year		-135,941	0	-135,941
Equity at 1 May 2022	500,000	1,277,151	0	1,777,151
Distributed profit/loss for the year		1,294,912	0	1,294,912
Equity at 30 April 2023	500,000	2,572,063	0	3,072,063

Notes

1. Staff costs

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Wages and salaries	30,225,902	25,433,327
Pensions	1,797,813	1,562,364
Other social security costs	545,000	433,350
Other staff cost	1,427,799	1,050,176
Total	<u>33,996,514</u>	<u>28,479,217</u>
Average number of full-time employees	<u>48</u>	<u>42</u>

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

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Depreciation of property, plant and equipment	<u>65,643</u>	<u>149,237</u>
Total	<u>65,643</u>	<u>149,237</u>

3. Tax expense

	<u>Corpora- tion tax</u>	<u>Deferred tax</u>	<u>Tax on profit/loss for the year</u>	<u>2021/22</u>
	DKK	DKK	DKK	DKK
Payables at 1 May 2022	6,252	-60,709		
Adjustment previous year	0	-508	-508	0
Paid in respect of previous years	-331,252			
Tax on profit/loss for the year	140,181	224,406	364,587	-38,293
Prepaid tax	-308,000			
Payables at 30 April 2023	<u>-492,819</u>	<u>163,189</u>		
Tax on profit/loss for the year recognised in the income statement			<u>364,079</u>	<u>-38,293</u>
<i>Recognition in balance sheet:</i>				
Short-term receivables (current asset)	-492,819	0		
Provisions		163,189		
Total	<u>-492,819</u>	<u>163,189</u>		

Notes, continued

4. Property, plant and equipment

	Fixtures, fittings, tools and equipment	Total	2021/22
	DKK	DKK	DKK
Cost at 1 May 2022	1,336,881	1,336,881	1,279,135
Additions for the year	0	0	57,746
Cost at 30 April 2023	1,336,881	1,336,881	1,336,881
Depreciation and impairment losses at 1 May 2022	-1,230,568	-1,230,568	-1,081,331
Depreciation for the year	-65,643	-65,643	-149,237
Depreciation and impairment losses at 30 April 2023	-1,296,211	-1,296,211	-1,230,568
Carrying amount at 30 April 2023	40,670	40,670	106,313

5. Investments

	Deposits	Total	2021/22
	DKK	DKK	DKK
Cost at 1 May 2022	369,437	369,437	361,619
Additions for the year	26,745	26,745	7,818
Cost at 30 April 2023	396,182	396,182	369,437
Carrying amount at 30 April 2023	396,182	396,182	369,437

6. Contract work in progress

	2022/23	2021/22
	DKK	DKK
Sales value of contract work in progress	1,267,287	840,159
Prepayments regarding contract work in progress	-642,500	0
Total	624,787	840,159

The gross values above are recognised as follows in the balance sheet:

Contract work in progress	819,335	840,159
Contract work in progress, liabilities	-194,548	0
Total	624,787	840,159

Notes, continued

7. Contingent liabilities

Tecsys A/S are jointly tax 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

2022/23

DKK

The company has entered into rental commitment regarding rent of premises. The notice period is 6 months. The total commitment represents

479,388

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

1,725,719

Total rental and lease obligations

2,205,107