

Operator Systems A/S

Vandtårnsvej 62 A, 1. b., 2860 Søborg

Company reg. no. 27 95 72 77

Annual report

1 July 2019 - 30 June 2020

The annual report was submitted and approved by the general meeting on the 14 October 2020.

Tommy V. Larsen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Operator Systems A/S for the financial year 1 July 2019 to 30 June 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 June 2020 and of the company's results of its activities in the financial year 1 July 2019 to 30 June 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Søborg, 21 August 2020

Executive board

Tommy V. Larsen

Henrik Jacobsen

Board of directors

Morten Nielsen

Roland Persson

Lars Brammer

Independent auditor's report

To the shareholders of Operator Systems A/S

Opinion

We have audited the annual accounts of Operator Systems A/S for the financial year 1 July 2019 to 30 June 2020, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2020 and of the results of the company's operations for the financial year 1 July 2019 to 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 21 August 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Martin S. Haaning

State Authorised Public Accountant
mne32793

Company information

The company

Operator Systems A/S
Vandtårnsvej 62 A, 1. b.
2860 Søborg

Company reg. no. 27 95 72 77
Financial year: 1 July - 30 June

Board of directors

Morten Nielsen
Roland Persson
Lars Brammer

Executive board

Tommy V. Larsen
Henrik Jacobsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Subsidiary

Operator Systems AB, Sverige

Management commentary

The principal activities of the company

The company's main activity consists of the development, sales, implementation and support of the own developed standard MES and OEE solution Operator.

Development in activities and financial matters

As announced in last year's financial report the company is implementing a new product and market strategy, which causes investments in new technology, redesign, update of the standard software, as well as investments in sales and marketing. This is driven by the increased number of new technologies and possibilities arising in the market, like Industry 4.0, IIoT and Cloud technology.

This has resulted in a new focus and a number of new product developments and releases. The core Operator product will be released in a complete new and updated version, including a number of updated functionalities like SPC and Traceability as well as some new Apps for iOS and Android. This furthermore support our increased and strong focus on OEE. The first modules have been released during the financial year and is up running at 3 new customers with success.

The strong focus on upgrading our standard product has resulted in a growing positive interest from both customers and prospects. Also, a new Go to market approach has been released and is has been received positive in the markets where we operate. The sum of new activities and strategic changes including a new more competitive pricing model has already resulted in a number of new strategic customers like e.g. Toms, Espersen & Good Food Group, which include more than 10 new implementation projects and new sites in total.

Short term, the Corona-Pandemic has not impacted the business, due to the fact that almost all the customers have accepted to run projects managed remotely using web meetings etc. We expect there to be an impact from Corona, in the second half of 2020.

This means that 2019-2020 was a positive year with positive result. The gross profit for the year is DKK 7,848,797 against 5,996,467 last year. The result from ordinary activities after tax are DKK 1,098,390 against DKK 55,975 last year.

Given the impact from these strategic initiatives, resulting in a huge number of hours invested in product development, the Management consider the result as acceptable. The forecast for 2020/2021 is built on the fact that we must await the impact from the Corona Pandemic, but we expect a flatter growth rate but still a positive result.

Accounting policies

The annual report for Operator Systems A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition of discontinued operation

Discontinued operation represents a considerable part of the enterprise, if activities and cash flows operationally and in respect of accounting can be separated from the other parts of the enterprise, and if the entity has either been sold or separated as intended for sale, and the sale is expected to be implemented within one year in accordance with a formal plan. Discontinued operation furthermore comprises enterprises which, in connection with their acquisition, have been classified as intended for sale.

The results after tax on discontinued operation and value adjustments after tax on related assets and liabilities as well as gain/loss from sales are recognised as a separate item in the profit and loss account with adaptation of the comparative figures. In the notes, net turnover, costs, value adjustments, and tax on the discontinued operation are recognised. Assets and related liabilities concerning discontinued operation are recognised in separate items in the balance sheet without adaptation of the comparative figures, and the principal items are specified in the notes.

Assets relating to discontinued operation comprise assets and disposal groups for which disposal is expected in connection with discontinued operation. Disposal groups are assets for which disposal takes place by sale or a similar transaction. Liabilities in connection with assets concerning discontinued operation are liabilities related directly to these assets, and they will be transferred when transactions take place. Assets are classified as assets concerning discontinued operation when their book value primarily will be recovered through disposal within 12 months in accordance with a formal plan instead of through continued utilisation.

Assets or disposal groups concerning discontinued operation are measured at the lowest value at the time of the classification as a discontinued operation or at fair value less cost of sale. Assets are not depreciated or amortised as of the time when they are classified as discontinued operation.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies

Income statement

Gross profit

The gross profit comprises the net turnover, direct costs and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Licenses are recognized at the time the license is issued. Licences issued shall, in accordance with the agreements in contracts have a right to use license for an agreed period without further obligation.

Maintenance revenue is recognized linearly over the contracted maintenance period.

Direct costs include costs for foreign assistance.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investment in group enterprise is recognised in the financial year where the dividend is declared.

Extraordinary income and costs

Extraordinary income and costs comprises income and costs deriving from events or transactions which clearly deviates from the ordinary operations and which are not expected to be of a recurring nature.

Accounting policies

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under amortisation.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>4 years</i>	<i>0%</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accounting policies

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Income statement 1 July - 30 June

All amounts in DKK.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross profit	7.848.797	5.996.467
1 Staff costs	-5.001.898	-4.441.639
EBITDA	2.846.899	1.554.828
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.359.430	-1.415.264
Operating profit	1.487.469	139.564
Income from equity investment in group enterprise	0	-7.264
Other financial costs	-54.167	-38.958
Results before tax	1.433.302	93.342
Tax on ordinary results	-334.912	-37.367
Net profit or loss for the year	1.098.390	55.975
Proposed appropriation of net profit:		
Transferred to retained earnings	886.922	0
Transferred to other statutory reserves	211.468	826.247
Allocated from retained earnings	0	-770.272
Total allocations and transfers	1.098.390	55.975

Statement of financial position at 30 June

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
Completed development projects, including patents and similar rights arising from development projects	3.161.996	2.823.031
Development projects in progress and prepayments for intangible fixed assets	1.205.685	1.661.552
Total intangible assets	<u>4.367.681</u>	<u>4.484.583</u>
Other plants, operating assets, and fixtures and furniture	51.117	71.568
Total property, plant, and equipment	<u>51.117</u>	<u>71.568</u>
Equity investment in group enterprise	58.795	58.795
Deposits	148.564	146.288
Total investments	<u>207.359</u>	<u>205.083</u>
Total non-current assets	<u>4.626.157</u>	<u>4.761.234</u>
Current assets		
Trade debtors	1.134.010	916.729
Deferred tax assets	0	26.861
Accrued income and deferred expenses	141.817	299.892
Total receivables	<u>1.275.827</u>	<u>1.243.482</u>
Available funds	7.691.091	4.807.299
Total current assets	<u>8.966.918</u>	<u>6.050.781</u>
Total assets	<u>13.593.075</u>	<u>10.812.015</u>

Statement of financial position at 30 June

All amounts in DKK.

Equity and liabilities		<u>2020</u>	<u>2019</u>
<u>Note</u>			
Equity			
	Contributed capital	500.000	500.000
2	Other statutory reserves	3.160.120	2.948.652
3	Results brought forward	3.801.386	2.914.464
	Total equity	<u>7.461.506</u>	<u>6.363.116</u>
Provisions			
	Provisions for deferred tax	320.080	0
	Total provisions	<u>320.080</u>	<u>0</u>
Liabilities other than provisions			
	Trade creditors	103.474	199.468
	Other debts	2.572.190	1.373.138
	Accrued expenses and deferred income	3.135.825	2.876.293
	Total short term liabilities other than provisions	<u>5.811.489</u>	<u>4.448.899</u>
	Total liabilities other than provisions	<u>5.811.489</u>	<u>4.448.899</u>
	Total equity and liabilities	<u>13.593.075</u>	<u>10.812.015</u>

4 Contingencies

Notes

All amounts in DKK.

	<u>2019/20</u>	<u>2018/19</u>
1. Staff costs		
Salaries and wages	4.751.203	4.182.034
Pension costs	225.400	226.800
Other costs for social security	<u>25.295</u>	<u>32.805</u>
	<u>5.001.898</u>	<u>4.441.639</u>
Average number of employees	<u>4</u>	<u>4</u>
<p>The company also has 5 full-time employees on contracts. The expenses for this are included in the gross profit. The company has a total of 9 employees.</p>		
2. Other statutory reserves		
Other statutory reserves 1 July 2019	2.948.652	0
Provisions of the results for the year	<u>211.468</u>	<u>2.948.652</u>
	<u>3.160.120</u>	<u>2.948.652</u>
3. Results brought forward		
Results brought forward 1 July 2019	2.914.464	4.620.897
Profit or loss for the year brought forward	<u>886.922</u>	<u>-1.706.433</u>
	<u>3.801.386</u>	<u>2.914.464</u>
4. Contingencies		
Contingent liabilities		
		DKK in thousands
Contingent liabilities in total		<u>432</u>

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"By my signature I confirm all dates and content in this document."

Tommy Niels Vincentz Larsen

Adm. direktør

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IP: 80.162.xxx.xxx

2020-10-15 16:41:36Z

NEM ID 

Morten Nielsen

Bestyrelsesformand

Serial number: PID:9208-2002-2-490079211084

IP: 188.179.xxx.xxx

2020-10-15 17:19:06Z

NEM ID 

Henrik Jacobsen

Direktør

Serial number: PID:9208-2002-2-304300115933

IP: 87.59.xxx.xxx

2020-10-15 17:59:44Z

NEM ID 

Lars Henning Brammer

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-196686077553

IP: 93.165.xxx.xxx

2020-10-15 18:39:04Z

NEM ID 

Jan Roland Persson

Bestyrelsesmedlem

Serial number: 19600412xxxx

IP: 85.226.xxx.xxx

2020-10-17 19:35:46Z

 

Martin Seidelin Haaning

Statsautoriseret revisor

On behalf of: GRANT THORNTON,STATSAUTORISERET
REVISIONSPARTNERSELSKAB

Serial number: PID:9208-2002-2-951066361257

IP: 80.62.xxx.xxx

2020-10-18 06:40:35Z

NEM ID 

Tommy Niels Vincentz Larsen

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