

Operator Systems A/S

Vandtårnsvej 62 A, 1. b., 2860 Søborg

Company reg. no. 27 95 72 77

Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the 13 September 2021.

Tommy V. Larsen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 July 2020 - 30 June 2021	
Accounting policies	7
Income statement	13
Statement of financial position	14
Statement of changes in equity	16
Notes	17

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the board of directors and the executive board have presented the annual report of Operator Systems A/S for the financial year 1 July 2020 - 30 June 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Søborg, 13 September 2021

Executive board

Tommy V. Larsen

Henrik Jacobsen

Board of directors

Roland Persson

Henrik Jacobsen

Tommy Niels Vincentz Larsen

Independent auditor's report

To the shareholders of Operator Systems A/S

Opinion

We have audited the financial statements of Operator Systems A/S for the financial year 1 July 2020 to 30 June 2021, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity and notes. 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 30 June 2021 and of the results of the company's operations for the financial year 1 July 2020 to 30 June 2021 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 financial statements". 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 financial statements

Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. 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 financial statements, 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 financial statements, unless 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 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 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 financial statements.

Independent auditor's report

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:

- Identify and assess the risks of material misstatement in the financial statements, 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 management and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements 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 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 in the notes, and whether the financial statements 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 commentary

Management is responsible for the management commentary.

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

Independent auditor's report

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

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is in accordance with the financial statements 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 commentary.

Copenhagen, 13 September 2021

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

Roland Persson
Henrik Jacobsen
Tommy Niels Vincentz Larsen

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 the two last years' financial reports 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 several new product developments and releases. The core Operator product will be released in a complete new and updated version, including several updated functionalities like SPC, Traceability as well as a new Maintenance module. Furthermore, we will release some new Apps for iOS and Android. This, furthermore, supports our increased and strong focus on OEE. We only lack to migrate a few modules, which will be upgraded during the next fiscal year. We already have the new upgraded version up and running on several customer sites, including all new OEE customers have been starting on the new version.

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 is under implementation and 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, and Lakrids by Bülow which include more than 14 new implementation projects.

This means that 2020-2021 was a positive year with positive result. The gross profit for the year is DKK 6.882.978 against 7.848.797 last year. The result from ordinary activities after tax are DKK 446.879 against DKK 1.098.390 last year.

Given the impact from these strategic initiatives, resulting in a huge number of hours invested in product development, the Management considers the result as acceptable. The forecast for 2021/2022 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.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

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.

Direct costs include costs for foreign assistance.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

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.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investment in group enterprise

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

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 assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement 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.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

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

Accounting policies

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	4 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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.

Accounting policies

Deposits

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

Receivables

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

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

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.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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>2020/21</u>	<u>2019/20</u>
Gross profit	6.882.978	7.848.797
1 Staff costs	-4.907.424	-5.001.898
EBITDA	1.975.554	2.846.899
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.444.483	-1.359.430
Operating profit	531.071	1.487.469
Other financial costs	-102.663	-54.167
Results before tax	428.408	1.433.302
Tax on ordinary results	18.471	-334.912
Net profit or loss for the year	446.879	1.098.390
Proposed appropriation of net profit:		
Transferred to retained earnings	451.785	886.922
Transferred to other statutory reserves	-4.906	211.468
Total allocations and transfers	446.879	1.098.390

Statement of financial position at 30 June

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
Completed development projects, including patents and similar rights arising from development projects	2.956.728	3.161.996
Development projects in progress and prepayments for intangible assets	1.169.419	1.205.685
Total intangible assets	<u>4.126.147</u>	<u>4.367.681</u>
Other fixtures and fittings, tools and equipment	32.731	51.117
Total property, plant, and equipment	<u>32.731</u>	<u>51.117</u>
Equity investment in group enterprise	58.795	58.795
Deposits	148.564	148.564
Total investments	<u>207.359</u>	<u>207.359</u>
Total non-current assets	<u>4.366.237</u>	<u>4.626.157</u>
Current assets		
Trade debtors	836.930	1.134.010
Accrued income and deferred expenses	146.847	141.817
Total receivables	<u>983.777</u>	<u>1.275.827</u>
Available funds	5.008.378	7.691.091
Total current assets	<u>5.992.155</u>	<u>8.966.918</u>
Total assets	<u>10.358.392</u>	<u>13.593.075</u>

Statement of financial position at 30 June

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
Contributed capital	526.316	500.000
Other statutory reserves	3.155.214	3.160.120
Results brought forward	1.426.855	3.801.386
Total equity	<u>5.108.385</u>	<u>7.461.506</u>
Provisions		
Provisions for deferred tax	337.347	320.080
Total provisions	<u>337.347</u>	<u>320.080</u>
Liabilities other than provisions		
Trade creditors	31.589	103.474
Other debts	2.290.249	2.572.190
Accrued expenses and deferred income	2.590.822	3.135.825
Total short term liabilities other than provisions	4.912.660	5.811.489
Total liabilities other than provisions	<u>4.912.660</u>	<u>5.811.489</u>
Total equity and liabilities	<u>10.358.392</u>	<u>13.593.075</u>

3 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Other statutory reserves	Retained earnings	Total
Equity 1 July 2019	500.000	2.948.652	2.914.464	6.363.116
Provisions of the results for the year	0	211.468	886.922	1.098.390
Equity 1 July 2020	500.000	3.160.120	3.801.386	7.461.506
Cash capital increase	500.000	0	-500.000	0
Provisions of the results for the year	0	-4.906	451.785	446.879
Cash capital reduction	-473.684	0	-2.326.316	-2.800.000
	526.316	3.155.214	1.426.855	5.108.385

Notes

All amounts in DKK.

	<u>2020/21</u>	<u>2019/20</u>
1. Staff costs		
Salaries and wages	4.662.365	4.751.203
Pension costs	214.200	225.400
Other costs for social security	<u>30.859</u>	<u>25.295</u>
	<u>4.907.424</u>	<u>5.001.898</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 financial costs		
Other financial costs	<u>102.663</u>	<u>54.167</u>
	<u>102.663</u>	<u>54.167</u>
3. Contingencies		
Contingent liabilities		
		DKK in thousands
Contingent liabilities in total		<u>316</u>

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Jan Roland Persson

Bestyrelsesformand

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Tommy Niels Vincentz Larsen

Adm. direktør

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2021-09-13 12:10:36 UTC

NEM ID

Tommy Niels Vincentz Larsen

Bestyrelsesmedlem

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IP: 2.108.xxx.xxx

2021-09-13 12:10:36 UTC

NEM ID

Henrik Jacobsen

Suppleant

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Bestyrelsesmedlem

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NEM ID

Martin Seidelin Haaning

Statsautoriseret revisor

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