

Operator Systems A/S

Vandtårnsvej 62 A, 1. b., 2860 Søborg

Company reg. no. 27 95 72 77

Annual report

1 July 2022 - 30 June 2023

The annual report was submitted and approved by the general meeting on the 28 September 2023.

Henrik Jacobsen
Chairman of the meeting

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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 statement

Today, the Board of Directors and the Managing Director have approved the annual report of Operator Systems A/S for the financial year 1 July 2022 - 30 June 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 July 2022 – 30 June 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Søborg, 28 September 2023

Managing Director

Henrik Jacobsen

Board of directors

Henrik Mikael Billgren

Roland Persson

Tommy Niels Vincentz Larsen

Henrik Jacobsen

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 2022 - 30 June 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. 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 financial position of the Company at 30 June 2023, and of the results of the Company's operations for the financial year 1 July 2022 - 30 June 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 28 September 2023

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

Henrik Mikael Billgren
Roland Persson
Tommy Niels Vincentz Larsen
Henrik Jacobsen

Managing Director

Henrik Jacobsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Subsidiary

Operator Systems AB, Sverige

Management's review

Description of key 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 latest years' financial reports the company is implementing a new product and marketing strategy with strong focus on OEE. This causes heavy 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.

The new product strategy has resulted in several new product developments and releases. The core Operator product has been released in a complete new and updated version, including several updated functionalities like SPC, QA, Traceability as well as a new Maintenance module. Furthermore, we have and will release new Apps for iOS and Android.

Last year the board decided to increase the focus strategy further to also include markets and customer segments. Poland and Denmark are defined as strategic focus markets, while Food and Furniture are defined as strategic focus segments. This is simply to utilize our strong product offering in these markets and segments. The segment focus has resulted in a strategic long-term agreement with Lantmännen Unibake to implement Operator as OEE solution on 25+ production sites around the world. The focus strategy will still allow us to utilize our full MES functionality and to do projects in other markets and segments where we already have a strong presence.

The gross profit for the year is t.DKK 5.387 against t.DKK 5.339 last year. The result from ordinary activities after tax are t.DKK 158 against t.DKK -674 last year. Given the impact from heavy investments in product development and sales & marketing activities, the Management considers the result as acceptable.

During 2022-2023 the cost structure has changed a lot. This will take full effect in 2023-2024 and a positive result of 1+ MDKK is expected - that will be invested in people.

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 with 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 social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible 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 investment in group enterprise

Dividend from 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 comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

Accounting policies

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.

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. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

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

Investments in group enterprise

Investments in group enterprise is recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to 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 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.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on 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.

Accounting policies

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.

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>2022/23</u>	<u>2021/22</u>
Gross profit	5.386.942	5.339.397
1 Staff costs	-3.678.112	-4.598.033
EBITDA	1.708.830	741.364
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.451.848	-1.421.134
Pre-tax net profit or loss	256.982	-679.770
Other financial expenses	-50.729	-69.991
Profit or loss from ordinary activities after tax	206.253	-749.761
Tax on ordinary results	-48.454	75.899
Net profit or loss for the year	157.799	-673.862
Proposed distribution of net profit:		
Transferred to retained earnings	203.741	0
Transferred to other statutory reserves	-45.942	-148.863
Allocated from retained earnings	0	-524.999
Total allocations and transfers	157.799	-673.862

Balance sheet at 30 June

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
Completed development projects, including patents and similar rights arising from development projects	2.428.230	2.725.554
Development projects in progress and prepayments for intangible assets	1.367.166	1.128.742
Total intangible assets	<u>3.795.396</u>	<u>3.854.296</u>
Other fixtures, fittings, tools and equipment	5.363	31.144
Total property, plant, and equipment	<u>5.363</u>	<u>31.144</u>
Investment in group enterprise	58.795	58.795
Deposits	28.509	148.564
Total investments	<u>87.304</u>	<u>207.359</u>
Total non-current assets	<u>3.888.063</u>	<u>4.092.799</u>
Current assets		
Trade debtors	937.805	506.207
Receivables from subsidiaries	45.941	0
Other receivables	100.000	0
Prepayments	149.339	160.787
Total receivables	<u>1.233.085</u>	<u>666.994</u>
Cash and cash equivalents	3.399.179	3.813.562
Total current assets	<u>4.632.264</u>	<u>4.480.556</u>
Total assets	<u>8.520.327</u>	<u>8.573.355</u>

Balance sheet at 30 June

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	526.316	526.316
Other statutory reserves	2.960.409	3.006.351
Results brought forward	1.105.597	901.856
Total equity	<u>4.592.322</u>	<u>4.434.523</u>
Provisions		
Provisions for deferred tax	309.902	261.448
Total provisions	<u>309.902</u>	<u>261.448</u>
Liabilities other than provisions		
Trade creditors	39.850	61.421
Other debts	758.586	1.108.095
Deferred income	2.819.667	2.707.868
Total short term liabilities other than provisions	3.618.103	3.877.384
Total liabilities other than provisions	<u>3.618.103</u>	<u>3.877.384</u>
Total equity and liabilities	<u>8.520.327</u>	<u>8.573.355</u>

3 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Other statutory reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 July 2021	526.316	3.155.214	1.426.855	5.108.385
Provisions of the results for the year	<u>0</u>	<u>-148.863</u>	<u>-524.999</u>	<u>-673.862</u>
Equity 1 July 2022	526.316	3.006.351	901.856	4.434.523
Provisions of the results for the year	<u>0</u>	<u>-45.942</u>	<u>203.741</u>	<u>157.799</u>
	<u>526.316</u>	<u>2.960.409</u>	<u>1.105.597</u>	<u>4.592.322</u>

Notes

All amounts in DKK.

	<u>2022/23</u>	<u>2021/22</u>
1. Staff costs		
Salaries and wages	3.480.986	4.334.277
Pension costs	173.350	235.620
Other costs for social security	<u>23.776</u>	<u>28.136</u>
	<u>3.678.112</u>	<u>4.598.033</u>
Average number of employees	<u>2</u>	<u>4</u>
<p>The company also has 6 full-time employees on contracts. The expenses for this are included in the gross profit. The company has a total of 8 employees.</p>		
2. Other financial expenses		
Other financial costs	<u>50.729</u>	<u>69.991</u>
	<u>50.729</u>	<u>69.991</u>
3. Contingencies		
Contingent liabilities		
		DKK in thousands
Contingent liabilities in total		<u>3</u>

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HENRIK BILLGREN

Bestyrelsesformand

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2023-09-28 13:09:09 UTC



Jan Roland Persson

Bestyrelsesmedlem

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2023-09-28 13:09:30 UTC



Henrik Jacobsen

Adm. direktør

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2023-09-29 10:25:22 UTC



Henrik Jacobsen

Bestyrelsesmedlem

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Tommy Niels Vincentz Larsen

TOMMY LARSEN INVEST ApS CVR: 26407591

Bestyrelsesmedlem

Serienummer: bd8b4a74-12b4-44f9-8e02-f1f4c5b66b96

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Henrik Jacobsen

Dirigent

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