

ZOPERATE A/S
NIELS JERNES VEJ 10, 9220 AALBORG Ø
ANNUAL REPORT
1. JULI 2018 - 30. JUNI 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 21 November 2019**

Carl-Erik Jørgensen

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Directors and Board of Executives.....	4
Independent Auditor's Report.....	5-6
Management's Review	
Management's Review.....	7-8
Financial Statements 1 July 2018 - 30 June 2019	
Income Statement.....	9
Balance Sheet.....	10
Notes.....	11-12
Accounting Policies.....	13-14

COMPANY DETAILS

Company	2operate A/S Niels Jernes Vej 10 9220 Aalborg Ø
	Telephone: 96356150 Telefax: 96354599 Website: 2operate.com E-mail: info@2operate.com
	CVR no.: 32 06 75 22 Established: 16 February 2009 Registered Office: Aalborg Financial Year: 1 July 2018 - 30 June 2019
Board of Directors	Kaj Juul-Pedersen, Chairman Carl-Erik Jørgensen, Vice-chairman Torben Svanberg
Board of Executives	Søren Klausen Søndergaard CEO
Auditor	ERNST & YOUNG Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A 9000 Aalborg
Bank	Nykredit

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The Board of Directors and the Management Team have today discussed and approved the annual report 2operate A/S for the fiscal year 1 July 2018 - 30 June 2019.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position on 30 June 2019 as well as of the result of the Company's operations for the fiscal year 1 July 2018 - 30 June 2019.

Further, in our opinion, the Report from the Management Team and Board of Directors gives a fair review of the matters addressed therein.

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

Aalborg, den 21. november 2019

Board of Executives

Søren Klausen Søndergaard
CEO

Board of Directors

Kaj Juul-Pedersen
Chairman

Carl-Erik Jørgensen
Vice-chairman

Torben Svanberg

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 2operate A/S

Opinion

We have audited the Financial Statements of 2operate A/S for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet and notes, including accounting policies. 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 financial position of the Company at 30 June 2019 and of the results of the Company operations for the financial year 1 July 2018 - 30 June 2019 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's Responsibility 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 Financial Statements

Our objectives are to obtain reasonable assurance as to 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 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 the 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.*

INDEPENDENT AUDITOR'S REPORT

- *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.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the 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 of the Management's review.

Aalborg, 21 November 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-nr. 30700228

Hans B. Vistisen
State Authorised Public Accountant
MNE-nr. 23254

MANAGEMENT'S REVIEW

Principal activities

Zoperate develops and commercializes software solutions for Operation Support Systems, OSS, within Telecommunication. Related additional expertise services is delivered especially for operating and optimizing Radio Access Network.

Development in activities and financial position

Focus for the year has been on sale of our core Zsolve Performance and Troubleshooting platform and in adding customers for our new supplementary products, Site Configurator and Service Classifier.

During the year Site Configurator has added new revenue as part of its further development and the solution is the single IT solution being used by an operator in Sweden and Denmark for all new build of sites and for swap and capacity upgrades.

The solution has replaced a number of legacy IT system and merged operation of configuration of Radio Access Network (RAN) from Ericsson, Huawei and Nokia into a single fully fledged tool.

More operators are currently evaluating offers for SiteConfigurator both for site-rollout operations but also for Network Configuration consistency check.

ServiceClassifier is currently being used in five mobile operations with the benefit of giving broad organizational insight into RAN service delivery to mobile customers.

The tool makes the complexity of Mobile Networks with many frequency layers and multiple technologies of 2G, 3G and 4G comprehensible beyond traditional coverage maps.

The solution makes it easy to identify reasons of bad customer experience in a GIS perspective by giving information related to the Traffic Steering algorithms in the network.

An interesting case has been in delivering the solution to TELE-POST in Greenland, world's biggest island, where the demands from geography inland and on-sea put quite special requirements for a well-functioning solution.

In general the sale has been enhanced through additional partners mainly in North America and Africa.

The first North American inland operator started to use Zsolve for Performance Management and Troubleshooting of their Mobile Network in very rural part of Canada. The cooperation is having good prospect for our full solution portfolio due to coming rollout and special geography in the arctic area.

Developments project that has been running for the last two years have almost finished.

The MegaMan project has enhanced our Zsolve solution in being able to handle data from cube satellites in cooperation with GomSpace. The solution is running in two proof of concept setup's monitoring live satellites in space.

Current Zsolve for SatCom is also running in a solution for Thales Alenia Space's Bangabandu satellite. Development enhancement project for Zsolve platform based on additional financing through Nordjysk Lånefond has given good prospects for sales the coming years.

For the coming two years development project is planned with focus on site energy saving enhancing sustainability of Mobile Networks, called ECO-RAN. Proven Zsolve solution has the knowledge base for fulfilling a closed loop solution where operators will gain OPEX savings by optimizing power consumption on RAN base stations. The solution can handle the perspective of all technologies and major vendors from 2G to 5G, where 5G is giving big challenges on power in a sustainable world where CO2 is the critical parameter.

A transition in the management team in Zoperate took place during spring of 2019. Søren Søndergaard is new CEO following Christian Ingerslev Sørensen after 3½ year as CEO.

Søren has been in Zoperate for 2½ year and having almost 30 years of experience in Telecom OSS, mainly as Solution Architect in Ericsson and Telenor.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)

At the end of the fiscal year the company completed a capital raise of one million Danish kroner from existing shareholders as part of the decision of starting the ECO-RAN project.

After the end of year a successful sale is made adding TT Netværket as customer of 2operate for our core 2solve platform as well as ServiceClassifier solution. TT Netværket owns the shared network of Telia and Telenor in Denmark and is being operated by Nokia Managed Service.

2solve will be able to deliver an independent perspective of the shared network both in an operational perspective and in the strategic planning process.

Also following end of year 2operate major shareholder Borean, who is managing the government investments, has agreed to sell all their shares to other current shareholders of 2operate.

Financial Development

In fiscal year 2018/19 2operate got a result of DKK 343 thousand. In comparison last year result was DKK -563 thousand.

Based on a solid backlog of orders and a positive development in sales when entering fiscal year 2019/20, it is the opinion of the Management Team and Board of Directors that the Company is in a solid state having sufficient financial resources to execute activities and operations within budgets. All remaining long-term debts are low-interest loans from Nordjysk Lånefond.

Significant events after the end of the financial year

No events have occurred after the balance sheet date that may materially affect the Company's financial position.

INCOME STATEMENT 1 JULY - 30 JUNE

	Note	2018/19 DKK	2017/18 DKK
NET REVENUE		3.221.500	3.144.160
Other operating income.....		1.035.000	0
Other external expenses.....		-1.094.112	-1.108.184
GROSS PROFIT/LOSS		3.162.388	2.035.976
Staff costs.....	1	-887.825	-1.733.995
Depreciation, amortisation and impairment.....		-1.773.222	-958.019
OPERATING PROFIT		501.341	-656.038
Other financial expenses.....		-70.417	-57.449
PROFIT BEFORE TAX		430.924	-713.487
Tax on profit/loss for the year.....	2	-87.706	150.035
PROFIT FOR THE YEAR		343.218	-563.452
 PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		343.218	-563.452
TOTAL		343.218	-563.452

BALANCE SHEET AT 30 JUNE

ASSETS	Note	2019 DKK	2018 DKK
Development projects completed.....		1.994.098	2.969.540
Development projects in progress and prepayments.....		4.652.998	2.270.559
Intangible fixed assets.....	3	6.647.096	5.240.099
Other plants, machinery, tools and equipment.....		18.675	34.639
Tangible fixed assets.....	4	18.675	34.639
FIXED ASSETS.....		6.665.771	5.274.738
Trade receivables.....		468.847	1.280.947
Other receivables.....		150.066	85.616
Receivables corporation tax.....		480.329	842.441
Prepayments and accrued income.....		47.655	78.766
Receivables.....		1.146.897	2.287.770
Cash and cash equivalents.....		1.909.755	147.852
CURRENT ASSETS.....		3.056.652	2.435.622
ASSETS.....		9.722.423	7.710.360
 EQUITY AND LIABILITIES			
Share capital.....		1.625.000	625.000
Transfer to reserve for development costs.....		4.672.853	3.130.837
Retained profit.....		-410.671	788.128
EQUITY.....	5	5.887.182	4.543.965
Provision for deferred tax.....		189.000	57.000
PROVISION FOR LIABILITIES.....		189.000	57.000
Debt Instruments.....		1.222.600	497.800
Long-term liabilities.....	6	1.222.600	497.800
Short-term portion of long-term liabilities.....	6	113.200	113.200
Bank debt.....		0	3.025
Trade payables.....		95.913	283.889
Other liabilities.....		358.285	436.497
Accruals and deferred income.....		1.856.243	1.774.984
Current liabilities.....		2.423.641	2.611.595
LIABILITIES.....		3.646.241	3.109.395
EQUITY AND LIABILITIES.....		9.722.423	7.710.360
 Charges and securities	 7		

NOTES

	2018/19 DKK	2017/18 DKK	Note
Staff costs			1
Average number of employees 7 (2017/18: 5)			
Wages and salaries.....	772.461	1.636.813	
Social security costs.....	39.147	30.164	
Other staff costs.....	76.217	67.018	
	887.825	1.733.995	

In fiscal year 2018/19, salaries and staff costs of DKK 3.084 thousand have been capitalised as development projects (2017/18: DKK 1.810 Thousand).

Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-44.294	-436.035	
Adjustment of deferred tax.....	132.000	286.000	
	87.706	-150.035	

Intangible fixed assets **3**

	Development projects completed	Development projects in progress and prepayments
Cost at 1 July 2018.....	8.025.209	2.270.559
Additions.....	0	3.158.395
Cost at 30 June 2019.....	8.025.209	5.428.954
Amortisation at 1 July 2018.....	5.055.670	0
Write-down.....	0	775.956
Depreciation for the year.....	975.441	0
Depreciation at 30 June 2019.....	6.031.111	775.956
Carrying amount at 30 June 2019.....	1.994.098	4.652.998

Development projects completed

Contains development of 2solve trouble-shooting suite and 2solve satcom for Bangabandhu. The carrying amount is 8.025 TDKK by 30th of June 2019.

The activities are depreciated over 5 years.

Management has not identified an indication of impairment in relation to the carried amount.

Development projects in progress and prepayments

Contains development of SiteConfiguration, ServiceClassifier, Advanced OSS and MegaMan project. The carrying amount is 4.653 TDKK by 30th of June 2019. During the financial year there have been made a write-down on 50% of one of the development projects in progress. Similarly, 50% of the grant received has been recognized as income for the development project in progress.

Management has not identified an indication of impairment other than the mentioned above in relation to the carried amount.

NOTES

		Note
Tangible fixed assets		4
	Other plants, machinery, tools and equipment	
Cost at 1 July 2018.....	181.270	
Additions.....	5.862	
Disposals.....	-134.247	
Cost at 30 June 2019.....	52.885	
Depreciation and write-down at 1 July 2018.....	146.632	
Reversal of depreciation of assets disposed of.....	-134.247	
Depreciation for the year.....	21.825	
Depreciation and write-down at 30 June 2019.....	34.210	
Carrying amount at 30 June 2019.....	18.675	

Equity **5**

	Share capital	Transfer to reserve for development costs	Retained profit	Total
Equity at 1 July 2018.....	625.000	3.130.837	788.127	4.543.964
Capital increase.....	1.000.000			1.000.000
Proposed distribution of profit.....			343.218	343.218
Transfer to reserve for development costs...		1.542.016	-1.542.016	
Equity at 30 June 2019.....	1.625.000	4.672.853	-410.671	5.887.182

Long-term liabilities **6**

	1/7 2018 total liabilities	30/6 2019 total liabilities	Repayment next year	Debt outstanding after 5 years
Debt instruments.....	611.000	1.335.800	113.200	0
	611.000	1.335.800	113.200	0

Charges and securities **7**

2operate ApS has provided as collateral for the fulfilment of the debt instruments of DKK 1.279 thousand by 30 June 2019 their right to development projects, other rights, and receivables from sales.

As collateral for balances with bank, 2Operate has issued a floating charge of DKK 1.000 thousand.

ACCOUNTING POLICIES

The annual report of 2operate A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act with opt-in from higher reporting classes.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

The Net Revenue from sale of merchandise and finished goods is recognized in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognized exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities.

Other external expenses

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, and similar expenses.

Staff costs

Staff costs include salaries including vacation pay, pensions, and other social costs of employees. Staff costs are subtracted received support from public authorities.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realized and unrealized gains and losses arising from debt and transactions in foreign currencies. Financial income and expenses are recognized in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in the income statement by the portion that can be attributed to the profit for the year, and is recognized directly in the equity by the portion that can be attributed to entries directly to the equity..

BALANCE SHEET

Intangible fixed assets

Acquired rights are measured at the lower of cost less accumulated amortization or recoverable amount. Acquired rights are amortized over 5 years.

Development costs comprise costs, including salaries, which can directly be related to the Company's development activities and which fulfill the criteria for recognition.

Capitalized development costs are measured at the lower of cost less accumulated amortization or recoverable amount.

Capitalized development costs are amortized on a straight-line basis over the estimated useful life after completion of the development work, which is set to 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-downs.

ACCOUNTING POLICIES

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plants, fixtures and equipment.....	2 years	0 %

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit or loss on disposal of tangible fixed assets is stated at the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognized in the income statement.

Receivables

Accounts Receivable are measured at nominal value less estimated losses based on an individual assessment.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognized in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Liabilities are recognized at net realizable value.

Accruals, liabilities

Accruals recognized as liabilities include payments received regarding income in subsequent years.