

ZOPERATE A/S
NIELS JERNES VEJ 10, 9220 AALBORG Ø
ANNUAL REPORT
1. JULI 2019 - 30. JUNI 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 13 November 2020**

Torben Svanberg

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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 2019 - 30 June 2020
Board of Directors	Kaj Juul-Pedersen, Chairman Søren Klausen Søndergaard Torben Svanberg
Board of Executives	Søren Klausen Søndergaard CEO
Auditor	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A 9000 Aalborg
Bank	Nykredit

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The Board of Directors and the Board of Executives have today discussed and approved the annual report of 2operate A/S for the fiscal year 1 July 2019 - 30 June 2020.

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 2020 as well as of the result of the Company's operations for the fiscal year 1 July 2019 - 30 June 2020.

Further, in our opinion, the Report from the Board of Executives 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 13. november 2020

Board of Executives

Søren Klausen Søndergaard
CEO

Board of Directors

Kaj Juul-Pedersen
Chairman

Søren Klausen Søndergaard

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 2019 - 30 June 2020, 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 2020 and of the results of the Company operations for the financial year 1 July 2019 - 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 (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.

INDEPENDENT AUDITOR'S REPORT

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, 13 November 2020

EY Godkendt Revisionspartnerselskab
CVR-nr. 30700228

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

MANAGEMENT'S REVIEW

Principal activities

2operate 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

2operate A/S 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.

Current product solutions being used by our customers is our core 2solve multi-vendor Performance and Troubleshooting platform and our supplementary products, Site Configurator and Service Classifier.

A major enhancement to the product developed over the year has been seamless integration with Microsoft Power BI to enable a highly flexible solution for advanced and customized analysis and reporting.

Current development project ECO-RAN is in good progress in cooperation with TT Netværket and Computer Science at Aalborg University. ECO-RAN is our solution for energy saving in the Radio Access Network enhancing sustainability in telecommunication.

The MegaMan project in cooperation with GOMspace and Aarhus University on solutions for satellite operation has been finalized with prospects of supporting big satellite constellations.

Financial Development

In fiscal year 2019/20 2operate got a result of DKK 618 thousand. In comparison last year result was DKK 343 thousand.

Significant events after the end of the financial year

COVID-19 has negatively influenced our normal sale and marketing activities and will also influence 2020-2021. Thus, current focus is in securing operation at existing customers and improve sale and marketing through online activities. Despite of the Covid-19 pandemic, we still expect a positive income in 2020/21.

INCOME STATEMENT 1 JULY - 30 JUNE

	Note	2019/20 DKK	2018/19 DKK
NET REVENUE		4.956.792	3.221.500
Other operating income.....		1.449.000	1.035.000
Other external expenses.....		-1.218.287	-1.094.112
GROSS PROFIT/LOSS		5.187.505	3.162.388
Staff costs.....	1	-1.078.645	-887.825
Depreciation, amortisation and impairment.....		-3.268.675	-1.773.222
OPERATING PROFIT		840.185	501.341
Other financial expenses.....		-65.961	-70.417
PROFIT BEFORE TAX		774.224	430.924
Tax on profit/loss for the year.....	2	-156.000	-87.706
PROFIT FOR THE YEAR		618.224	343.218
 PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		618.224	343.218
TOTAL		618.224	343.218

BALANCE SHEET AT 30 JUNE

ASSETS	Note	2020 DKK	2019 DKK
Development projects completed.....		5.108.836	1.994.098
Development projects in progress and prepayments.....		886.000	4.652.998
Intangible fixed assets	3	5.994.836	6.647.096
Other plants, machinery, tools and equipment.....		3.992	18.675
Tangible fixed assets	4	3.992	18.675
FIXED ASSETS		5.998.828	6.665.771
Trade receivables.....		1.940.491	468.847
Other receivables.....		598.706	150.066
Receivables corporation tax.....		44.294	480.329
Prepayments and accrued income.....		44.602	47.655
Receivables		2.628.093	1.146.897
Cash and cash equivalents		1.896.893	1.909.753
CURRENT ASSETS		4.524.986	3.056.650
ASSETS		10.523.814	9.722.421
 EQUITY AND LIABILITIES			
Share capital.....		1.625.000	1.625.000
Transfer to reserve for development costs.....		4.490.838	4.672.853
Retained profit.....		389.568	-410.671
EQUITY	5	6.505.406	5.887.182
Provision for deferred tax.....		345.000	189.000
PROVISION FOR LIABILITIES		345.000	189.000
Debt Instruments.....		1.716.150	1.222.600
Long-term liabilities	6	1.716.150	1.222.600
Short-term portion of long-term liabilities.....	6	359.450	113.200
Bank debt.....		6.299	0
Trade payables.....		40.817	95.913
Other liabilities.....		506.631	358.283
Accruals and deferred income.....		1.044.061	1.856.243
Current liabilities		1.957.258	2.423.639
LIABILITIES		3.673.408	3.646.239
EQUITY AND LIABILITIES		10.523.814	9.722.421
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NOTES

	2019/20 DKK	2018/19 DKK	Note
Staff costs			1
Average number of employees 6 (2018/19: 7)			
Wages and salaries.....	934.004	772.461	
Social security costs.....	43.944	39.147	
Other staff costs.....	100.697	76.217	
	1.078.645	887.825	
In fiscal year 2019/20, salaries and staff costs of DKK 2.598 thousand have been capitalised as development projects (2018/19: DKK 3.084 Thousand).			
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	0	-44.294	
Adjustment of deferred tax.....	156.000	132.000	
	156.000	87.706	
Intangible fixed assets			3
	Development projects completed	Development projects in progress and prepayments	
Cost at 1 July 2019.....	8.025.209	5.428.954	
Transfer.....	5.428.954	-5.428.954	
Additions.....	1.712.000	886.000	
Cost at 30 June 2020.....	15.166.163	886.000	
Amortisation at 1 July 2019.....	6.031.111	775.956	
Transfer.....	775.956	-775.956	
Write-down.....	1.747.854	0	
Depreciation for the year.....	1.502.406	0	
Depreciation at 30 June 2020.....	10.057.327	0	
Carrying amount at 30 June 2020.....	5.108.836	886.000	

NOTES

Note

Development projects completed

Contains development of 2solve trouble-shooting suite, 2solve satcom, Bangabandhu, Advanced OSS, SiteConfiguration, ServiceClassifier and MegaMan project. The carrying amount is 15.166 TDKK by 30th of June 2020.

The activities are depreciated over 5 years.

During the financial year there have been made a write-down on 100% of two of the development projects. Similarly, 100% of the grant received has been recognized as income for the development project.

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

Development projects in progress and prepayments

Contains development of the project EcoRan. The carrying amount is 886 TDKK by 30th of June 2020.

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

Tangible fixed assets

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	Other plants, machinery, tools and equipment
Cost at 1 July 2019.....	52.885
Additions.....	3.732
Cost at 30 June 2020.....	56.617
Depreciation and write-down at 1 July 2019.....	34.210
Depreciation for the year.....	18.415
Depreciation and write-down at 30 June 2020.....	52.625
Carrying amount at 30 June 2020.....	3.992

Equity

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	Share capital	Transfer to reserve for development costs	Retained profit	Total
Equity at 1 July 2019.....	1.625.000	4.672.853	-410.671	5.887.182
Proposed distribution of profit.....			618.224	618.224
Transfer to reserve for development costs...		-182.015	182.015	
Equity at 30 June 2020.....	1.625.000	4.490.838	389.568	6.505.406

NOTES

					Note
Long-term liabilities					6
	1/7 2019	30/6 2020	Repayment	Debt outstanding	
	total liabilities	total liabilities	next year	after 5 years	
Debt instruments.....	1.335.800	2.075.600	359.450	100.950	
	1.335.800	2.075.600	359.450	100.950	

Charges and securities

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2operate ApS has provided as collateral for the fulfilment of the debt instruments of DKK 2.076 thousand by 30 June 2020 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 2019/20 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.