



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 455 213
Organisasjonsform: Aksjeselskap
Foretaksnavn: BRADY ENERGY NORWAY AS
Forretningsadresse: Storgata 2A
1767 HALDEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Andrew Woolley
Dato for fastsettelse av årsregnskapet: 22.12.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.12.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter Sales Revenue	6	82 431 186	79 471 287
Sales revenue from group companies	6	27 432 478	18 235 042
Sum inntekter		109 863 664	97 706 329
Kostnader			
Cost of sales		851 473	612 118
Lønnskostnad	18	34 870 403	32 078 169
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	2 408 928	6 684 640
Other operation Expenses	19,20	7 308 965	7 010 503
Other operation expenses group companies	19	59 217 526	47 072 368
Sum kostnader		104 657 295	93 457 798
Driftsresultat		5 206 369	4 248 531
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	24	2 382 416	2 338 179
Annen renteinntekt		17 417	76 550
Annen finansinntekt		389 875	509 162
Sum finansinntekter		2 789 708	2 923 891
Annen rentekostnad		371 625	986 686
Annen finanskostnad			-640 067
Sum finanskostnader		371 625	346 619
Netto finans		2 418 083	2 577 272
Ordinært resultat før skattekostnad		7 624 452	6 825 803
Skattekostnad på ordinært resultat	16	2 733 763	-1 231 663
Ordinært resultat etter skattekostnad		4 890 689	8 057 466
Årsresultat		4 890 689	8 057 466
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		4 890 690	8 057 466



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		4 890 690	8 057 466



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	9	1 915 062	1 915 062
Utsatt skattefordel	16	639 986	525 477
Sum immaterielle eiendeler		2 555 048	2 440 539
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	7	931 099	1 146 169
Right of use assests	8	3 974 620	6 014 924
Sum varige driftsmidler		4 905 719	7 161 093
Finansielle anleggsmidler			
Investering i datterselskap	3	6	6
Sum finansielle anleggsmidler		6	6
Sum anleggsmidler		7 460 773	9 601 638
Omløpsmidler			
Varer			
Fordringer			
Account Receivables	11	9 143 854	3 901 690
Contract assets	11	165 611	42 613
Other current receivables	11	401 974	724 741
Konsernfordringer	24	53 920 391	55 043 078
Sum fordringer		63 631 830	59 712 122
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	18 937 496	20 632 076
Sum bankinnskudd, kontanter og lignende		18 937 496	20 632 076
Sum omløpsmidler		82 569 326	80 344 198
SUM EIENDELER		90 030 099	89 945 836



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Shared Capital	13	1 556 192	1 556 192
Overkurs	13	28 075 911	28 075 911
Annen innskutt egenkapital	21	0	1 289 012
Sum innskutt egenkapital		29 632 103	30 921 115
Opptjent egenkapital			
Annen egenkapital		19 872 428	13 692 726
Sum opptjent egenkapital		19 872 428	13 692 726
Sum egenkapital		49 504 531	44 613 841
Gjeld			
Langsiktig gjeld			
Leasing liabilities	8	2 636 317	4 710 280
Sum avsetninger for forpliktelser		2 636 317	4 710 280
Annen langsiktig gjeld			
Sum langsiktig gjeld		2 636 317	4 710 280
Kortsiktig gjeld			
Leverandørgjeld		236 426	752 845
Tax payable	16	1 267 774	3 961 120
Provision for tax audits	16	0	4 565 227
Skyldige offentlige avgifter		5 319 585	5 506 511
Kortsiktig konserngjeld	24	0	179 916
Contract liabilities		23 593 213	18 973 581
Lease liabilities	8	1 679 607	1 594 827
Other current liabilities	14	5 792 646	5 087 686
Sum kortsiktig gjeld		37 889 251	40 621 713
Sum gjeld		40 525 568	45 331 993
SUM EGENKAPITAL OG GJELD		90 030 099	89 945 834



Balanse

Beløp i: NOK	Note	2020	2019
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Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2022 110057

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Brønnøysundregistrene, 31.01.2022



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BRADY ENERGY NORWAY AS

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Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

Note
13

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Class A shares	962307.00	1.00	962307.00
Preference shares	343814.00	1.00	343814.00
Class B shares	250071.00	1.00	250071.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Brady Technology Ltd	962307.00	61.83%	Class A shares
Brady Technology Ltd	343814.00	22.10%	Preference shares
Brady Technology Ltd	250071.00	16.06%	Class B shares

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>
	1556192.00	100.00%

Note
18

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	28084886.00	25997754.00

<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	3536728.00	3282547.00

<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	3132536.00	3132884.00

<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	116252.00	-335016.00

<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	34870402.00	32078169.00



Note
22

Ytelser til ledende personer

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
	0.00	0.00	0.00

Note
23

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	480226.00	384557.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	59500.00	87000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	539726.00	471557.00

Note
18

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
38.00

Note
17

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:
Ja

Oppfyller pensjonsordning lovkravene: Ja

Note
22

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Note



3

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Brady Energy Canada	100.00%	100.00%	9249.00	2473.00
Brady Energy UK	100.00%	100.00%	-21056360.00	-1281708.00

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

<u>Navn</u>	<u>Forretningskontor</u>
Brady Acquisition Ltd	25 Savile Row, London, W1S 2ER, UK

Note

16

Skattekostnad

Resultatført skatt på ordinært resultat

<u>Betalbar skatt</u>	<u>Årets</u>	<u>Fjorårets</u>
	2848272.00	-1202081.00
<u>Endringer i utsatt skattefordel</u>	<u>Årets</u>	<u>Fjorårets</u>
	-114509.00	-29582.00
<u>Skattekostnad ordinært resultat</u>	<u>Årets</u>	<u>Fjorårets</u>
	2733763.00	-1213663.00

Skattepliktig inntekt

<u>Ordinært resultat før skatt</u>	<u>Årets</u>	<u>Fjorårets</u>
	7624453.00	6825803.00
<u>Permanente forskjeller</u>	<u>Årets</u>	<u>Fjorårets</u>
	61974.00	16249.00
<u>Endring i midlertidige forskjeller</u>	<u>Årets</u>	<u>Fjorårets</u>
	520496.00	134459.00
<u>Andre elementer</u>	<u>Årets</u>	<u>Fjorårets</u>
	5355063.00	11028576.00

Betalbar skatt i balansen

<u>Betalbar skatt på årets resultat</u>	<u>Årets</u>	<u>Fjorårets</u>
	1267774.00	8526347.00

<u>Omløpsmidler</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
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<u>Skattemessig fremf. undersk.</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
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Kortsiktig gjeld Startdato Sluttdato Endring

Note
20

Ekstraordinære inntekter og kostnader

<u>Ekstraordinære kostnader</u>	<u>Beløp</u>
Restructuring	2408980.00
<u>Sum</u>	<u>Beløp</u> 2408980.00

Note
11

Kundefordringer

<u>Kundefordringer til pålydende 31.12.</u>	<u>Årets</u>	<u>Fjorårets</u>
	10143854.00	9981.00
<u>Opptjent ikke fakturert inntekt</u>	<u>Årets</u>	<u>Fjorårets</u>
	165611.00	42613.00
<u>Delkrederavsetning 31.12.</u>	<u>Årets</u>	<u>Fjorårets</u>
	-200000.00	-200000.00
<u>Kundefordringer 31.12.</u>	<u>Årets</u>	<u>Fjorårets</u>
	10109465.00	9824303.00

Note
12

Bankinnskudd

<u>Bundne skattetrekkmidler</u>	<u>Beløp</u>
	1345738.00

Note
7

Varige driftsmidler/anleggsmidler

Driftsløsøre, inventar o.l. er forkortet til: "Drift/inv"

Maskiner og anlegg er forkortet til: "Mask/anl"

Tomter, bygninger og annen fast eiendom er forkortet til: "T/B/AFE"

<u>Anskaff. kost 01.01.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	9855694.00			



<u>Tilgang i året</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	331208.00			
<u>Avgang i året</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	-6994660.0			
	0			
<u>Anskaff. kost 31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	3192242.00			
<u>Akk.av-/nedskr.01.01.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	-8709526.0			
	0			
<u>Akk.av-/nedskr.31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	-2261143.0			
	0			
<u>Bal.ført verdi 31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	931098.00			
<u>Årets av-/nedskrivn.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
	-546269.00			
<u>Økonomisk levetid</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	
	3-5 years			

Note

Egenkapital

Aksjekapital er forkortet til: "Aksjekap"

Annen innskutt egenkapital er forkortet til: "A.innsk.EK"

<u>Egenkap. 31.12. forrige år</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
	1556192.00	28075911.00	1289012.00
<u>Egenkapital 01.01.</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
	1556192.00	28075911.00	1289012.00
<u>Andre endringer</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
			-1289012.00
<u>Egenkapital 31.12.</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
	1556192.00	28075911.00	0.00

Egenkapital

Opptjent egenkapital er forkortet til: "Opptj.EK"

<u>Egenkap. 31.12. forrige år</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	13692726.00		44613841.00
<u>Egenkapital 01.01.</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	13692726.00		44613841.00



<u>Årsresultat</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	4890690.00		4890690.00
<u>Andre endringer</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	1289012.00		
<u>Egenkapital 31.12.</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	19872428.00		49504531.00

Other changes : Share based payment expired



Basis of preparation

The company accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as established by the EU. The preparation of financial statements in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise discretion. Areas that contain such discretionary assessments or a high degree of complexity, or areas where assumptions and estimates are essential to the accounts, are described in note 4.

These financial statements have been authorised for issue and approved by the Directors on 22 December 2021.

Basis of consolidation

The Company is exempt from preparing consolidated financial statements, as taken with its subsidiary undertakings, this company is consolidated into the Group accounts headed by Brady Acquisition Ltd, a company domiciled in England, which are publicly available from Companies House.

These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The Company made a profit before tax in the year ended 31 December 2020 of NOK 7.6 million and at 31 December 2020 had net current assets of NOK 45 million. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 October 2022. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch and also to the cost base.

Based on the Directors' assessment of the Company's financial position and of the enquires made of the ultimate controlling party, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Foreign currency translation

Functional currency and presentation currency

The accounts are presented in NOK, which is both the functional currency and the presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the Statement of Comprehensive Income within "financial items". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.



Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and sales tax) of goods and services in the normal course of business. The Company has multiple revenue streams and the policy for each is detailed below. The Company acts as the principal in all sales.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative stand alone selling prices.

Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software subscription contracts are under a 'right to access' model and the Company retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Company's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.

Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Company has an enforceable right to payment for work completed to date on a time and materials basis.

The Company performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements



does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Contract asset and liabilities

The Company recognises the following contract assets in the Statement of Financial Position:

Amounts recoverable on contracts, if the Company satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Company invoices the customer.

Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met:

- The costs directly relate to a contractual performance obligation;
- The costs relate to satisfaction of a performance obligation in the future; and
- The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Company expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the Statement of Financial Position. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

Financing elements

The Company does not expect to have any contracts where the period between revenue recognition and payment by the customer exceeds one year. Consequently, the Company applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

Contract modifications

From time to time, there is a change in scope of the original contract between the Company and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the stand alone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Company accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.



Employee benefits

Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within other current liabilities in the statement of financial position.

Retirement benefits

The company operates a defined contribution pension arrangement. The amount charged to the Statement of Comprehensive Income represents the contributions payable in the period. Differences between the contributions payable in the period and the contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

Non-recurring items

Material, non-recurring and incremental costs and income are identified and reported as non-recurring items separately from the underlying operating expenses and income in the notes to the financial statements. They comprise material amounts outside of the course of normal trading activities which are one off/non-recurring.

Tax

The tax charge or credit comprises current tax payable and deferred tax:

Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with the tax base. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the Statement of Comprehensive Income, except where it relates to items charged or



credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

Investments

Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the Statement of Comprehensive Income so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Fixtures, fittings & equipment: four years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Research and development costs

Expenditure on research activities is recognised as an expense in the Statement of Comprehensive Income in the period in which it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the Statement of Comprehensive Income. The amortisation period for development costs incurred in the Company is up to five years on a straight-line basis.



Impairment of non-financial assets

Assets that have an indefinite useful life – for example intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Leased assets

Identification of a lease

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Company recognises a right-of-use (RoU) asset and a lease liability on the Statement of Financial Position .

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Company;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. To determine the incremental borrowing rate, the Company uses recent third- party financing arrangements as a starting point, adjusted to reflect changes in the Company's position since the financing was received and for any lease-specific factors such as term, country, currency or security.



Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Company depreciates the RoU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Company also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

Practical expedients

The Company has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets (leases with initial lease liability of under NOK55k) using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.



Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Brady Energy Norway AS

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Brady Energy Norway AS, which comprise the balance sheet as at 31 December 2020, income statement, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the paragraph *Basis for qualified opinion*, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for qualified opinion

The company does not agree with the decision after a tax review and has sent an appeal to the Norwegian Tax Authorities, as described in note 16. The effects of the tax review will potentially be a gain on sales of intellectual property and corresponding increase on receivables and equity. We have not been able to obtain sufficient audit evidence to conclude on the matters related to the tax review.

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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



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going concern basis of accounting, 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 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. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.



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Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Other Matters

The financial statements for the Company for the year ended 31 December 2019, were audited by another auditor who expressed a qualified opinion on those statements on 4 December 2020.

We wish to emphasize that the financial statements were not presented by the statutory deadline.

Bergen, 22 December 2021

ERNST & YOUNG AS

The auditor's report is signed electronically

Truls Nesslin
State Authorised Public Accountant (Norway)

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

Truls Nesslin

Statsautorisert revisor

On behalf of: Ernst & Young AS

Serial number: 9578-5993-4-2263660

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Brady Acquisition Limited
Annual report
for the period ended 31 December 2020

Registered number: 12248237

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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Contents

	Page
Company information	3
Strategic report	4
Directors' report	7
Independent auditor's report	9
Consolidated income statement	12
Consolidated statement of comprehensive income	13
Consolidated statement of changes in equity	14
Consolidated statement of financial position	15
Consolidated statement of cash flows	17
Notes to the consolidated financial statements	18
Company statement of financial position	61
Company statement of changes in equity	62
Notes to the company financial statements	63



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Company information

Registered office	25 Savile Row, London, United Kingdom, W1S 2ER
Board of Directors	R Boscott (appointed 8 July 2020) M Peacock (appointed 7 October 2019) J Lundqvist (appointed 7 October 2019)
Bankers	Barclays Bank plc
Auditor	Ernst and Young LLP, Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Strategic report

The Directors present their strategic report for the period from 7 October 2019 to 31 December 2020.

Principal activities and business review

Our business

Brady is a provider of trading and risk management software for the Commodity and Energy markets. We provide complete solutions supporting the entire trading operation from capture of financial and physical trading, through to risk management, handling of physical operations, back office financials and treasury settlement, for energy, refined and unrefined metals, soft commodities and agriculturals. Brady has approximately 130 customers worldwide, including some of the largest global financial institutions and corporations.

Our markets

Brady serves customers across the world who operate across local and international markets. Our Energy customers in Europe, in particular, continue to experience market consolidation and deregulation. Increased cross border expansion and greater demand for renewable energy presents Brady with opportunities to meet the challenges that arise for our existing and new customers through the provision of market leading solutions. Fluctuating global commodity prices and the continued drive for efficiencies, means the need to manage risk remains a clear priority for many of our Commodity customers.

Our strategy

In 2020, Brady's strategic focus was on key areas of execution, including product strategy, technology innovation and customer experience. The Group made significant investment in strategic product enhancements, for which shareholder funding had been agreed, which ensured the core products maintained their market leading position. It also fully aligned the business around its product and go to market strategies using cost rationalisation initiatives to deliver optimal financial performance, a high quality of service and a positive employee experience. The Group also made significant investment in expanding our product offering within the Energy and Commodities markets.

We have made good progress against these strategic objectives during 2020 and will continue to ensure that our business remains focussed on delivering great customer experience and products that are aligned to their business needs.

Financial performance and position

Brady Acquisition Limited was incorporated on 7 October 2019. On 18 November 2019, the company acquired 100% of the share capital of Brady Technologies Limited (formerly Brady plc). The results within these consolidated financial statements reflect the period from acquisition to 31 December 2020. This is the first period of results presented for Brady Acquisition Limited and as such there are no comparatives. Brady plc was subsequently delisted from AIM. After de-listing, the acquired company was renamed Brady Technologies Limited.

Our revenues for the period ended 31 December 2020 were £20.0 million and adjusted EBITDA¹ before non-recurring items was a profit of £0.3 million. Operating loss for the period ended 31 December 2020 was £6.8 million. The performance for the period was in line with management expectations.

¹ Adjusted EBITDA is defined as operating loss stated before amortisation of acquired and other intangible assets, depreciation and non-recurring items



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Strategic report (continued)

Key performance indicators	Period to 2020
Revenue	£20.0 million
Adjusted EBITDA before non-recurring items	£0.3 million

Impact of Covid-19 pandemic

Brady had to adapt quickly in response to the constantly fluctuating landscape of the global pandemic. The business adapted swiftly to working from home and ensured that colleagues had suitable equipment and access to IT systems to undertake their daily work. Throughout this period of uncertainty, the business had to manage different local and national requirements, particularly as its operations are spread across a number of countries. We appreciate how mission critical our software can be to our customers and we are pleased to report that our customers remain fully supported, and did so throughout the pandemic. We are also pleased to report that there was no adverse financial impact on the business as a result of Covid-19.

Outlook

In 2021, Brady will focus on investment in strategic product enhancements, continuing to support our valued customers and look to grow the business.

Principal risks and uncertainties

The Group considers risk management a high priority and has in place processes designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risks facing the business are as follows:

Product delivery

The Group's products are critical to our customers' businesses. Any delay or failure in quality would be of the highest significance to our customers and could lead to missed revenue and cash targets as well as compromise our reputation.

Contract renewals and customer retention

The Group has a dedicated account management team who maintain regular communications with customers, maintain detailed account plans and also organise user group meetings at least once per annum.

Technology risk

The Group continues to invest significantly in both people and quality control processes within its research and development team to ensure high quality products which remain at the forefront of this technology for our clients.

Dependence on key executives and personnel

The Group has invested and will continue to invest in applicable resources to ensure the success of both recruitment and onboarding of employees and subsequent training.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Strategic report (continued)

Currency risk

Whilst the Group has a reporting currency of Sterling, it retains significant Norwegian Kroner, US Dollar and Swiss Francs denominated revenues and Norwegian Kroner cost bases from locations of its offices and workforce. Significant changes to Norwegian Kroner, US Dollar and Swiss Francs exchange rates against Sterling could impact the Group's results.

Liquidity risk

The Group maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate.

Tax

The tax treatment of the Group's cross-border operations is subject to the risk of challenge under tax rules and initiatives targeting multinationals' tax arrangements.

Economic conditions and current economic weakness

The markets in which the Group offers its products and services are directly affected by many local and international factors that are beyond the Group's control. The Group continuously reviews opportunities to diversify and broaden its product base to appeal to a wider clientele in a larger range of industries with an increased geographical diversity.

Cyber and data security

A cyber attack or a breach of data security on the Group's IT systems could significantly disrupt its operations, damage its reputation, result in loss of customers and potentially expose it to fines for regulatory breaches.

By order of the board

Director

15 July 2021



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Directors' report

The Directors present their annual report together with the financial statements for the period ended 31 December 2020.

Directors

The Directors who served the Group during the period and to the date of this report, except as stated otherwise, were as follows:

R Boscott (appointed 8 July 2020)
M Peacock (appointed 7 October 2019)
J Lundqvist (appointed 7 October 2019)

The Directors had no individual interests in the shares, or debentures, or loan stock of the Company or Group companies, or in options to acquire shares in the Company or Group companies.

The Group has purchased and maintained throughout the period Directors' and Officers' liability insurance in respect of itself and its Directors.

Principal activities

The principal activity of the Company is that of a holding company and the principal activity of the Group is as a provider of trading and risk management software for the Commodity and Energy markets.

Future developments

The Group continues to explore and develop new product functionality for its Energy and Commodities trading and risk management software portfolio.

Results and dividends

The results for the period are set out in the consolidated income statement on page 12. The Directors do not recommend the payment of a dividend.

Going concern

The Group made a loss before tax in the period ended 31 December 2020 of £7.1 million and at 31 December 2020 had net current liabilities of £5.2 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 July 2022. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Group will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch and also to the cost base.

Based on the Directors' assessment of the Group's and Parent Company's financial position and of the enquires made of the ultimate controlling party, the Directors have a reasonable expectation that the Group and Parent Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these financial statements.

Events since the balance sheet date

Details of important events affecting the Group and Company which have taken place since the end of the financial period are given in note 26 to the financial statements.

Accounting records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 regarding adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Directors' report (continued)

Research and development activities

The Group continually invests in its products to maintain and enhance its portfolio. During the period, the Group incurred £7.5 million of research and development costs of which £1.0 million was capitalised.

Financial risk management objectives and policies

Information can be found in note 21 of the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group consolidated and parent company financial statements for each financial period. Under that law the Directors have elected to prepare Group consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The parent company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed for the Group consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable FRSs have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

Director

15 July 2021



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADY ACQUISITION LIMITED

Opinion

We have audited the financial statements of Brady Acquisition Limited ('the parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and the related notes 1 to 28 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and the company's ability to continue as a going concern for a period ending 31 July 2022.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Other information

The other information comprises the information included in the annual report set out on pages 18 to 64, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the group's and the parent 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 unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the countries which the Group operates.
- We understood how Brady Acquisition Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We tested management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through our discussions with management to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested internal controls designed by the group to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
16 July 2021



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated income statement

For the period ended 31 December 2020

	Notes	Period ended 2020 £'000
Revenue from contracts with customers	5	20,033
Cost of revenues		(5,616)
Gross profit		14,417
Operating expenses	7.1	(21,232)
Operating loss		(6,815)
<i>Analysed as:</i>		
<i>Gross profit</i>		14,417
<i>Other operating expenses</i>		(14,146)
<i>Adjusted EBITDA</i>		271
<i>Non-recurring items</i>	7.2	(1,741)
<i>Amortisation of intangibles and depreciation costs</i>	7.1	(5,345)
<i>Operating loss</i>		(6,815)
Net finance expense	8	(265)
Loss before tax		(7,080)
Income tax expense	9.1	(1,949)
Loss for the period		(9,029)

The accompanying notes are an integral part of these financial statements.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated statement of comprehensive income

For the period ended 31 December 2020

	Notes	2020 €'000
Loss for the period		(9,029)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Exchange differences on retranslation of foreign operations	20	962
<i>Items that will not be reclassified subsequently to profit and loss</i>		
Remeasurement of post-employment benefit obligation	18.2.1	99
Other comprehensive income for the period		1,061
Total comprehensive loss for the period		(7,968)

The accompanying notes are an integral part of these financial statements.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated statement of changes in equity

For the period ended 31 December 2020

	Notes	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 7 October 2019		-	-	-	-
Loss for the period		-	-	(9,029)	(9,029)
Other comprehensive income		-	962	99	1,061
Total comprehensive loss for the period		-	962	(8,930)	(7,968)
Shares issued in the period	19	24,871	-	-	24,871
Balance at 31 December 2020		24,871	962	(8,930)	16,903

A reconciliation of the components of the foreign exchange reserve is given in note 20.

The accompanying notes are an integral part of these financial statements.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated statement of financial position

As at 31 December 2020

	Notes	2020 £'000
Assets		
Non-current assets		
Intangible assets	14	19,623
Goodwill	14	13,941
Property, plant and equipment	15	118
Right of use assets	16	3,265
Total non-current assets		36,947
Current assets		
Trade and other receivables	10	3,619
Corporation tax receivable		205
Cash and cash equivalents	11	3,001
Total current assets		6,825
Total assets		43,772
Liabilities		
Current liabilities		
Trade and other payables	12	(10,125)
Taxation		(913)
Lease liabilities	16	(969)
Total current liabilities		(12,007)
Non-current liabilities		
Lease liabilities	16	(2,676)
Provisions	13	(7,180)
Deferred income tax liabilities	17	(3,728)
Pension obligations	18	(1,278)
Total non-current liabilities		(14,862)
Total liabilities		(26,869)
Net assets		16,903
Equity attributable to owners of the Parent Company		
Share capital	19	24,871
Foreign exchange reserves		962
Retained earnings	20	(8,930)
Equity attributable to shareholders of the Parent Company		16,903



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated statement of financial position (continued)

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 2021

and signed on its behalf by:

Director

Brady Acquisition Limited

Registered Number: 12248237



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Consolidated statement of cash flows**For the period ended 31 December 2020**

	Notes	2020 £'000
Loss before tax continuing operations		(7,080)
Adjustments for:		
Depreciation	15, 16.1	1,334
Amortisation of acquired intangible assets	14	3,997
Amortisation of other intangible assets	14	14
Non-cash movement of defined benefit pension charge	18.2	(1,362)
Net finance expense	8	265
Operating cash flows before working capital movement		(2,832)
Change in receivables		(1,844)
Change in payables		1,247
Change in provisions	13	(1,176)
Change in contract assets		(97)
Change in contract liabilities		1,151
Cash used in operations before tax		(3,551)
Net income taxes paid		(223)
Net cash flows used in operating activities		(3,774)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	23	(15,457)
Purchases of property, plant and equipment	15, 16	(538)
Expenditure on intangible assets	14	(1,081)
Net cash used in investing activities		(17,076)
Cash flows from financing activities		
Issuance of share capital	19	24,871
Interest paid on borrowings		(175)
Principal elements of lease payments		(845)
Net cash inflow from financing activities		23,851
Net increase in cash and cash equivalents		3,001
Cash and cash equivalents at start of period		-
Cash and cash equivalents at end of period	11	3,001

The accompanying notes are an integral part of these financial statements.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Notes to the consolidated financial statements

1 General information

Accounting period

The Group's annual financial statements are drawn up to 31 December 2020. This is the first reporting period since Brady Acquisition Limited was registered as a company on 7 October 2019. These statements cover the period from 7 October 2019 to 31 December 2020. Since this is the first presentation of financial statements no comparative data is presented.

2 New accounting standards

New and amended standards adopted by the Group

None of the new Standards and amendments to existing Standards, and Interpretations have become effective during the reporting period are applicable to the group.

Standards and interpretations not yet applied by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after their effective dates. New Standards, amendments and interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Group's financial statements. These include:

- Conceptual Framework for Financial Reporting (including 'Amendments to References to the Conceptual Framework in IFRS Standards')
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Brady Acquisition Limited have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The preparation of these financial statements in conformity with IFRS as adopted by the UK requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

IAS 1 permits an entity to present additional information for specific items to enable users to assess the underlying financial performance. In practice, these items are commonly referred to as 'specific' or 'non-underlying' items although such terminology is not defined in IFRS and accordingly there is a level of judgement required in determining what items to separately identify. The Board has adopted a policy to separately disclose those items that it considers are outside the underlying operating results for the particular period under review and against which the Group's performance is assessed.

Items within non-underlying include the share based payment credit, amortisation of intangibles and depreciations costs and non-recurring items in the consolidated statement of income statement which, in the Directors' judgement, need to be disclosed separately (see note 7) by virtue of their nature, size and incidence in order for users of the financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. This policy is reviewed by the Board of Directors on an on-going basis.

Going concern basis

The Group made a loss before tax in the period ended 31 December 2020 of £7.1 million and at 31 December 2020 had net current liabilities of £5.2 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 July 2022. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Group will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch and also to the cost base.

Based on the Directors' assessment of the Group's and Parent Company's financial position and of the enquires made of the ultimate controlling party, the Directors have a reasonable expectation that the Group and Parent Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these financial statements.

Consolidation

The Group financial statements include the results, financial position and cash flows of the Company and all of its subsidiary undertakings. Subsidiary undertakings are those entities which the Company has power over, is exposed to variable returns from and can use its power to affect those returns.

Coterminous financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Businesses acquired or disposed of during the period are accounted for using acquisition method principles from, or up to, the date control passed. Intra-group transactions and balances are eliminated on consolidation. All subsidiaries use uniform accounting policies for like-for-like transactions and other events and similar circumstances.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Foreign currencies

(i) Functional and presentation currency

The functional currency of each Group entity is the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of each Group entity using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the income statement within "operating expenses". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(iii) Consolidation

For the purpose of presenting consolidated financial statements, the results and financial position of all the Group subsidiaries (none of which have the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rate at the period end date; and
- income and expenses for each income statement are translated at the average exchange rate ruling at the time of each period the transaction occurred and all resulting exchange differences are recognised in other comprehensive income.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and VAT) of goods and services in the normal course of business. The Group has multiple revenue streams and the policy for each is detailed below. The Group acts as the principal in all sales.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative standalone selling prices.

(i) Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software subscription contracts are under a 'right to access' model and the Group retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Group's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.

(ii) Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Group has an enforceable right to payment for work completed to date on a time and materials basis.

The Group performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

(iii) Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a fair depiction of the transfer of goods or services.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(iv) Contract assets and liabilities

The Group recognises the following contract assets in the consolidated statement of financial position:

- Amounts recoverable on contracts, if the Group satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Group invoices the customer.
- Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met:
 - The costs directly relate to a contractual performance obligation;
 - The costs relate to satisfaction of a performance obligation in the future; and
 - The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Group expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the consolidated statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer)

(v) Financing elements

The Group does not expect to have any revenue contracts where there is a material financing element due to the period between revenue recognition and payment by the customer exceeding one period. Consequently, the Group applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

(vi) Contract modifications

From time to time, there is a change in scope of the original contract between the Group and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the standalone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Group accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Employee benefits

(i) Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within trade and other payables in the consolidated statement of financial position.

(ii) Retirement benefits

The Group operates various defined contribution and defined benefit pension arrangements for its employees.

For defined contribution pension arrangements, the amount charged to the income statement represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position.

For defined benefit pension arrangements, the cost of providing the benefit is calculated annually by independent actuaries. The estimate of its post retirement benefit obligation is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each period-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plans have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Any movement in actuarial gains and losses arising from experience adjustments and changes in assumptions is included within other comprehensive income.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Leased assets

Identification of a lease

For any new contracts entered into the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Group recognises a right-of-use (RoU) asset and a lease liability in the consolidated statement of financial position.

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Group;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease, or if not available, the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses recent third party financing arrangements as a starting point, adjusted to reflect changes in the Group's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Group depreciates the RoU asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Group also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

Practical expedients

The Group has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Interest income and expense

Interest income and expense is included in the consolidated income statement on a time basis, using the effective interest method by reference to the principal outstanding.

Tax

The tax charge or credit comprises current tax payable and deferred tax:

(i) Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Group's taxable profits. It is based on an interpretation of existing tax laws and calculated based on the rate enacted at the balance sheet date. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes certain items of income and expense that are taxable or deductible in other periods or are never taxable or deductible.

(ii) Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

For further information about the Group's accounting for trade receivables, see note 10 and details about the Group's impairment policies and the calculation of the loss allowance are provided in note 21.5.

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the net fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is derecognised at the point of disposal of a subsidiary or group.

Other intangible assets

Intangible assets acquired through a business combination and purchased intangible assets such as goodwill, brand, technology, customer relationships, software are initially measured at fair value and amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements as disclosed in Note 4).



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Amortisation is shown within operating expenses in the consolidated income statement. The useful economic lives are:

- Acquired intangible assets:
 - Brand - 8 years
 - Technology - 5 years
 - Customer relationships - 7 years
- Software: 3 years, or period of the licence if shorter.

Research and development

Expenditure on research activities is recognised as an expense in the consolidated income statement in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the consolidated income statement. The amortisation period for development costs incurred in the Group is up to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the income statement so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Leasehold improvements: four years, or period of the lease if shorter
- Computer equipment: three years
- Fixtures, fittings & equipment: three to five years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses in the consolidated income statement.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Summary of significant accounting policies (continued)

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

Provisions

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

4 Critical accounting judgements and key sources of estimation and uncertainty

The following are judgements management makes when applying its significant accounting policies and that have the most significant effect on amounts that are recognised in the consolidated financial statements.

Judgements

Capitalisation of development costs

The Group invests in the development of future products in accordance with its accounting policy above. The assessment as to whether this expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgment, as is the forecasting of how the product will generate future economic benefit. Finally, the period of time over which the economic benefit associated with the expenditure occurred will arise is also a matter of judgment. These judgments are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products. The carrying amount of capitalised development costs at 31 December 2020 is £1,069,000. Further consideration of the carrying amount of development costs is included in note 14.

Revenue recognition

Significant management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. The Directors consider recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer, typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is recognised when the work has been delivered to the customer and they have the ability to 'go-live', but where issues of customer acceptance are identified, then revenue is deferred until issues are resolved. The carrying amounts at 31 December 2020 for contract assets is £218,000 and contract liabilities is £5,842,000 as disclosed in note 5.3.

Provisions

Significant management judgement is applied to the recognition and measurement of provisions as they are subject to the future outcome of litigation in progress. The Group recognises a provision at management's best estimate when it is probable that economic outflow will occur and reconsiders the estimate based on the latest information at each reporting date. To the extent that the outcome is different from the amounts recorded, the difference will impact the consolidated income statement in the period in which the matter is concluded. See note 13 for further details.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

4 Critical accounting judgements and key sources of estimation and uncertainty continued

Pension obligations

Significant management judgement was applied to the assessment of the defined benefit pension obligation at the date of acquisition (18 November 2019). Management estimated that there was no material difference between the valuation at the balance sheet date of 31 December 2019 compared to valuation at the date of acquisition.

Non-recurring items

Material, non-recurring and incremental costs are identified and reported as non-recurring items separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the Group. Details are shown in note 7.2.

Accounting estimates

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Impairment of goodwill and intangible assets

The Group tests goodwill for impairment annually and other intangible assets when an indicator of impairment exists. This requires an estimation of the value in use and the fair value less costs of disposal of the cash-generating units to which the goodwill and intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of net assets at acquisition

The following valuation techniques were used to estimate the fair values of intangible assets acquired:

Customer relationships – multi-period excess earnings method which considers the present value of net cash flows expected to be generated by customer relationships excluding any cash flows from contributory assets.

Technology – other earnings method which considers the present value of net cash flows expected to be generated by the technology, after assuming an expected attrition rate on revenue and royalty rate.

Brand – relief from royalty which considers the discounted estimated royalty payments that are expected to be avoided as a result of patents being owned.

Tax

The Group is subject to corporate taxation in various countries and judgement is required in determining the provision for income and deferred taxation. The Group recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Group carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the consolidated income statement in the period in which such determination is made.

Uncertain tax position

The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary. The conclusion of the matter is uncertain as the Group has lodged an appeal in March 2020 with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner. After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (*Uncertainty over Income Tax Treatments*), the Board has recognised a net liability of £0.6 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities. In relation to this matter, during 2020 a tax charge of £0.2 million has been included in the consolidated income statement. The net asset in the statement of financial position at 31 December 2020 is £0.1 million. See note 9.3.

29



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

5 Revenue from contracts with customers

5.1 Disaggregation of revenue from contracts with customers

The Directors consider that the business has three revenue streams with different characteristics, which are generated from the same assets and cost base. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Period ended 31 December 2020	Recurring maintenance, hosting and subscription £'000	Services including development £'000	Software licences £'000	Total £'000
Total revenues	15,607	3,981	445	20,033
Timing of revenue recognition				
At a point in time	-	1,128	445	1,573
Over time	15,607	2,853	-	18,460

5.2 Information about major customers

There were no individual customers in the period who contributed 10% or more of the Group's total revenue.

5.3 Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2020 £'000
Current contract assets relating to:	
Recurring maintenance, hosting and subscription	1
Services including development	169
Software licences	48
Loss allowance	-
Total contract assets	218
Current contract liabilities relating to:	
Recurring maintenance, hosting and subscription	(5,455)
Services including development	(176)
Software licences	(194)
Loss allowance	(17)
Total contract liabilities	(5,842)



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

5.3 Assets and liabilities related to contracts with customers (continued)

a) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil a long-term contract. This is presented within other current assets in the consolidated statement of financial position.

	2020 £'000
Asset recognised from costs incurred to fulfil a contract at 31 December	2

6 Employee information

6.1 Employee numbers

The average monthly number of people, including Directors, employed by the Group during the period was:

	2020 Number
Sales, services and client support	42
Development	79
Administration	28
Management	7
Total average number of people	156

6.2 Employee benefits

	Notes	2020 £'000
Wages and salaries		12,842
Social security costs		1,486
Post-employment benefits: defined contribution pension arrangements	18.1	762
Post-employment benefits: defined benefit pension arrangements	18.2	(211)
Share-based payment credit		(183)
Total aggregate employee benefits		14,696

6.3 Key management compensation

Key management includes Directors (Executive and Non-Executive) and members of the Executive Management Team. The compensation paid or payable to key management for employee services is shown below:

	2020 £'000
Wages and salaries	1,911
Post-employment benefits	70
Total key management compensation	1,981

6.4 Directors' remuneration

No Directors were remunerated by the group for the period of the accounts.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

7 Analysis of expenses by nature

7.1 Expenses by nature

The following items have been charged to the consolidated income statement in arriving at loss before tax from continuing operations:

	Notes	2020 £'000
Depreciation of property, plant and equipment	15	72
Depreciation of right of use assets	16	1,262
Amortisation of intangible assets	14	4,011
Research and development costs expensed		6,559
Net foreign currency losses		216
Non-recurring items	7.2	1,741

7.2 Non-recurring items

	Notes	2020 £'000
Restructuring costs		1,152
Professional and other fees		1,744
Transformation programme costs		871
Defined benefit pension credit	18.2	(1,373)
Unwind of spare space provision	13	(653)
Non-recurring items charged to operating loss		1,741

Restructuring costs

During the period, the Group incurred costs of £1,152,000 relating to reorganisation activities to streamline operations.

Professional and other fees

During the period, the Group incurred £1,744,000 for professional and other fees relating the acquisition of Brady Technologies Limited, delisting activities, recruitment, strategy and tax reviews, legal and loan arrangement fees.

Transformation programme costs

During the period, the Group incurred £871,000 in transformation programme costs encompassing the review of procurement contracts, talent management, incentive scheme set up, mergers and acquisition advice, and financing advice.

Defined benefit pension credit

During the period, the Group received a one-off pension credit of £1,373,000 following restructuring activities in Switzerland.

Unwind of spare space provision

As part of the fair value assessment of the net assets at the date of acquisition, a spare space provision was created for unused office space across the group. During the period, the Group released £653,000 of the provision to the income statement.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

7 Analysis of expenses by nature (continued)

7.3 Auditor's remuneration

During the period, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2020 £'000
Fees payable to the Group's auditors for the audit of the parent company financial statements	5
Fees payable to the Group's auditors for the audit of the consolidated and subsidiary financial statements	237
Total auditor's remuneration	242

8 Net finance expense

	Notes	2020 £'000
Interest income from cash and cash equivalents		5
Other finance income		59
Interest expense on loans		(2)
Other finance costs		(117)
Lease liability interest cost	16	(210)
Net finance expense		(265)

9 Income tax

9.1 Income tax recognised in the consolidated income statement

	Notes	2020 £'000
Current tax		
UK corporation tax at 19.00% on loss for the period		-
Adjustments in respect of prior periods		-
UK corporation tax credit		-
Overseas tax charge on loss for the period		321
Adjustments in respect of prior periods		408
Overseas tax charge		729
Total current tax expense		729
Deferred tax		
Decrease in deferred tax assets – current period	17	107
Increase in deferred tax liabilities – current period	17	1,113
Total deferred tax expense		1,220
Total income tax expense		1,949



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

9 Income tax (continued)

9.1 Income tax recognised in the consolidated income statement (continued)

The tax expense differs from the standard rate of corporation tax in the UK for the period of 19.00% for the following reasons:

	2020 £'000
Loss before tax – continuing operations	(7,080)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.00%	(1,345)
Continuing	
Tax effects of:	
Expenses not deductible for tax purposes	1,354
Tax losses for which no deferred tax asset was recognised	1,503
Differential on overseas tax rates	29
Adjustments in respect of prior periods	408
Total income tax expense	1,949

9.2 Factors that may affect future tax charges

The Group has tax losses of £34.6 million that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries whose future taxable profits are uncertain. The potential deferred tax asset not recognised is £6.5 million. No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries, because the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

The UK government announced in the 2021 budget (3 March 2021) that corporation tax rate would remain at 19% from 1 April 2021, rising to 25% after 1 April 2023. The increase in corporation tax rate was not substantively enacted at the balance sheet date. 19% is the rate used to measure deferred taxes at the period-end.

9.3 Uncertain tax position

The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary. The conclusion of the matter is uncertain as the Group has lodged an appeal in March 2020 with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner. After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (*Uncertainty over Income Tax Treatments*), the Board has recognised a net liability of £0.6 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities. In relation to this matter, during 2020 a tax charge of £0.2 million has been included in the consolidated income statement. The net asset in the statement of financial position at 31 December 2020 is £0.1 million.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

10 Trade and other receivables

	Notes	2020 £'000
Trade receivables, gross	21.5	2,887
Loss allowance	21.5	(429)
Trade receivables, net		2,458
Other receivables		943
Contract assets		218
Total trade and other receivables		3,619

All amounts disclosed are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value. Standard credit terms extended to the majority of trade receivables is 30 days.

Due to having effective credit control procedures, the Group is not significantly exposed to the risk of bad debt.

The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. Any impairment is assessed on a customer-by-customer basis following a detailed review of the particular circumstances and these balances are considered to be in default. The trade receivable balances that are not in default share similar credit risk characteristics and are considered to be of sound credit rating. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 21.5.

11 Cash and cash equivalents

	2020 £'000
Cash and cash equivalents at bank and in hand	3,001

The carrying amount of cash and cash equivalents approximates to fair value because of the short-term maturity of these instruments.

12 Trade and other payables

	Notes	2020 £'000
Trade payables	21.7	721
Contract liabilities		5,842
Accruals and other payables		3,562
Total trade and other payables		10,125

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying value of trade payables is considered a reasonable approximation of fair value due to their short-term nature.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

13 Provisions

	Spare space £'000	Taxation £'000	Contractual dispute £'000	Employment dispute £'000	Onerous contract £'000	Other £'000	Total £'000
Balance at 7 October 2019	-	-	-	-	-	-	-
Acquisitions through business combinations	3,998	1,669	831	417	558	883	8,356
Unused provision released	-	-	-	(11)	-	(17)	(28)
Amounts used during the period	(933)	-	(233)	-	-	-	(1,166)
Effects of movement in exchange rates	-	-	18	-	-	-	18
At 31 December 2020	3,065	1,669	616	406	558	866	7,180

Spare space

The Group has a number of leases for properties which are not fully occupied and has established a provision after assessing the level of spare capacity. The provision is expected to be utilised over the period of the respective lease terms of between two and ten years. In the period to 31 December 2020, £653,000 of the amount used during the period was charged to non-recurring items in the income statement.

Taxation

The Group has created a provision for various potential UK and overseas taxation exposures in relation to transfer pricing arrangements and historical payroll engagements. The provision is expected to be utilised over seven years or as assessments arise.

Contractual dispute

The Group is involved in certain contractual disputes. After taking appropriate legal advice, the Group has established provisions after taking into account the facts of each case at the balance sheet date. The provision is expected to be utilised over the next 12 months to two years.

Employment dispute

The Group is involved in certain employment disputes. After taking appropriate legal advice, the Group has established provisions after taking into account the facts of each case at the balance sheet date. The provision is expected to be utilised over the next 12 months.

Onerous contract

The Group has established a provision for unfulfilled contractual obligations. The provision is expected to be utilised over the next two years.

Other

The Group has established a provision for various other potential exposures including the potential liabilities arising from the assessment of permanent establishments in overseas territories, warranties from a disposal of a group subsidiary, compliance fines in overseas territories, the cost to assess the ownership of all intellectual property across the business, the cost to restructure the legal entities of the Group and property dilapidation costs. The provisions are expected to be utilised over the coming 12 months to four years.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

14 Intangible assets

	Goodwill	Acquired Customer relationships	Acquired Technology	Acquired Brand	Internally generated software and computer software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 7 October 2019	-	-	-	-	-	-
Acquisitions through business combinations	13,941	12,235	7,865	2,451	2	36,494
Additions in period	-	-	-	-	1,081	1,081
Balance at 31 December 2020	13,941	12,235	7,865	2,451	1,083	37,575
Amortisation and impairment						
Balance at 7 October 2019	-	-	-	-	-	-
Amortisation for the period	-	1,931	1,727	339	14	4,011
Balance at 31 December 2020	-	1,931	1,727	339	14	4,011
Net book value						
at 31 December 2020	13,941	10,304	6,138	2,112	1,069	33,564

The net book amount of intangible assets is allocated to a single cash-generating unit ("CGU").



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

14 Intangible assets (continued)

14.1 Impairment review

The recoverable amounts for the CGU were determined based on value-in-use calculations, at a level where there are largely independent cash inflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2021 and 2022 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount.

The Board has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate, cost growth rate and discount factor, on which the value-in-use (VIU) calculations are based.

The net book amount of intangible assets has been allocated to the single cash-generating unit ("CGU") of Brady Technologies Limited and its subsidiaries.

Principal assumptions

The Group has applied the following key assumptions in calculating the value-in-use.

- Pre-tax discount rate 15.4%
- Contractual revenue indexation 2% p.a.
- Annual revenue growth 3.2% p.a.
- Cost growth rate -1% p.a. average over the period
- Growth applied beyond the approved forecast period 5%

Impairment review results

Management has performed sensitivity analyses on the impairment calculations by running a number of different scenarios including reducing the indexation and growth rates to 0%, increasing the discount rate from 15.4% to 17%, reducing the growth rate beyond the approved forecast period from 5% to 2.5%, and reducing the EBITDA margin from 22.5% to 19% in the final year. No impairment would arise in these scenarios.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

15 Property, plant and equipment

	Computer equipment £'000	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
Balance at 7 October 2019	-	-	-	-
Acquisitions through business combinations	48	39	62	149
Additions	38	-	3	41
Exchange movement	1	-	(1)	-
Balance at 31 December 2020	87	39	64	190
Accumulated depreciation				
Balance at 7 October 2019	-	-	-	-
Charge for the period	34	6	32	72
Balance at 31 December 2020	34	6	32	72
Net book value at 31 December 2020	53	33	32	118

16 Right of use assets

16.1 Amounts recognised in the balance sheet

The balance sheet includes the following amounts relating to leases:

	Property £'000	Software £'000	Hardware £'000	Total £'000
Cost				
Balance at 7 October 2019	-	-	-	-
Acquisitions through business combinations	3,838	145	244	4,227
Additions in period – changes in lease term	456	-	-	456
Additions in period – new lease	-	41	-	41
Disposals in the period	(273)	-	-	(273)
Exchange movement	55	-	-	55
Balance at 31 December 2020	4,076	186	244	4,506
Amortisation and impairment				
Balance at 7 October 2019	-	-	-	-
Charge for the period	887	123	244	1,254
Disposals in the period	(21)	-	-	(21)
Exchange movement	8	-	-	8
Balance at 31 December 2020	874	123	244	(1,241)
Net book value at 31 December 2020	3,202	63	-	3,265



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

16 Right of use assets continued

Property leases are leases for office space in various locations. Hardware and software leases relate to various assets. The total cash outflow for leases in the period was £1,181,000.

The additions to the right of use property assets in the period relate to agreements where the rental amounts are set to increase for certain leases.

The disposals to the right of use property assets in the period relate to termination of certain lease agreements.

The maturity analysis of the lease liability is as follows:

	2020 £'000
Lease liabilities	
Current – payable within 12 months	969
Non-current – payable after 12 months	2,676
	3,645

The undiscounted future cash flows associated with the lease liability at 31 December 2020 were as follows:

	2020 £'000
Undiscounted future cash out flows:	
Within 12 months	1,123
Between 12 months and 5 years	2,343
More than 5 years	588
	4,054



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

16 Right of use assets continued

16.2 Amounts recognised in the consolidated income statement

The consolidated income statement includes the following amounts relating to leases:

	2020 £'000
Depreciation charge relating to right of use assets	
Property	887
Computer equipment	244
	1,131
Amortisation charge relating to right of use assets	
Software	123
Included in other operating costs	
Expense relating to short-term leases	13
Expense relating to low-value assets	12
Expense relating to variable lease payments not included in lease liabilities	52
	77
Included in net finance expense (see note 8)	
Interest expense	210



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

17 Deferred tax assets and liabilities

The movement in deferred tax in the consolidated statement of financial position during the period is as follows:

	2020
	£'000
At 1 January	
Effect of movements in exchange rates	-
Acquisition through business combination	2,108
Adjustments through PPA unwinds	400
Deferred tax credited to the consolidated income statement – current period	1,220
At 31 December	3,728

The components of deferred tax included in the consolidated statement of financial position are as follows:

	2020
	£'000
Development costs capitalised	203
Intangible assets recognised on acquisition of subsidiaries	3,525
At 31 December	3,728



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

18 Post-employment benefit obligations

The Group operates a number of post-employment benefit arrangements throughout the world, the forms and benefits of which vary with conditions and practices in the countries concerned. These arrangements are defined contribution retirement arrangements in nature, except for two arrangements for certain employees of the Group's Swiss subsidiaries, Brady Switzerland SA and Brady Energy AG, which are classified as defined benefit retirement arrangements under IFRS.

18.1 Defined contribution pension arrangements

The total expense recognised in profit or loss for the Group relating to employer contributions to defined contribution pension arrangements was £762,000. At 31 December 2020, there were outstanding unpaid contributions of £76,000 included in other payables. These amounts were paid after the end of the period.

18.2 Defined benefit pension arrangements

The arrangements must be fully funded under LPP/BVG law (Swiss law) on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both, however two of the three schemes are fully insured. As at 31 December 2020, the funding level for Swiss Life, Helvetia and Zurich funds were 100% (fully insured), 100% (fully insured) and 108% respectively. The liabilities arising below are a result of different funding assumptions under Swiss law compared to IFRS, and whilst there is an overall net liabilities position shown on the balance sheet at 31 December 2020, it does not represent a shortfall in the funding of the schemes and Brady as an employer is not required to provide additional contributions.

The Boards of the foundations are composed of an equal number of representatives from both the employer and employees. The Boards of the foundations are required by law to act in the interest of the fund and of all relevant stakeholders in the arrangement, i.e. active employees, inactive employees, retirees, employers. The Boards of the foundations are responsible for the investment policy with regard to the assets of the funds.

18.2.1 Analysis of amounts recognised in the financial statements

The service cost, administrative expenses and the net interest expense for the period are included in the employee benefits expense in the profit or loss within operating expenses. The remeasurement of the net defined liability is included in other comprehensive income. The Group's obligation in respect of defined benefit arrangements is recognised in the consolidated statement of financial position.

a) Analysis of amounts recognised in the consolidated income statement

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Current service cost	135	20	155
Past service cost	(900)	(856)	(1,756)
Administrative expenses	11	6	17
Net interest expense	3	2	5
Components of defined benefit costs recognised in profit or loss	(751)	(828)	(1,579)

During the period, £1,373,000 of the past service cost was recognised as a non-recurring credit item within the income statement.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

18 Post-employment benefit obligations (continued)

18.2 Defined benefit pension arrangements

18.2.1 Analysis of amounts recognised in the financial statements

b) Analysis of amounts recognised in the other comprehensive income

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Remeasurement of net defined benefit obligation:			
Return on plan assets (excluding amounts included in net interest)	112	(256)	(144)
Actuarial losses from changes in demographic assumptions	(303)	171	(132)
Actuarial losses from changes in financial assumptions	86	39	125
Actuarial losses arising from experience adjustments	(58)	110	52
	(163)	64	(99)
Effect of movements in exchange rates	110	59	169
Total recognised in other comprehensive income	(53)	123	70

c) Analysis of amounts recognised in the Group statement of financial position

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Present value of defined benefit obligation	(2,660)	(1,886)	(4,546)
Fair value of plan assets	1,674	1,594	3,268
Total net retirement benefit obligation in the consolidated statement of financial position	(986)	(292)	(1,278)



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

18 Post-employment benefit obligations (continued)

18.2.2 Movements in the present value of the defined benefit obligation

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Benefit obligation at 18 November 2019	(4,313)	(3,159)	(7,472)
Current service cost	(135)	(20)	(155)
Past service cost	-	-	-
Interest cost	(11)	(7)	(18)
Contributions from plan participants	(97)	(51)	(148)
Actuarial losses from changes in demographic assumptions	303	(171)	132
Actuarial losses from changes in financial assumptions	(86)	(39)	(125)
Actuarial losses arising from experience adjustments	58	(110)	(52)
Benefits paid	-	(10)	(10)
Premiums paid	-	-	-
Settlements	1,877	1,868	3,745
Effect of movements in exchange rates	(256)	(187)	(443)
Benefit obligation at 31 December 2020	(2,660)	(1,886)	(4,546)

18.2.3 Movements in the fair value of plan assets

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Fair value of plan assets at 18 November 2019	2,426	2,097	4,523
Interest income	8	5	13
Return on plan assets (excluding amounts included in net interest)	(112)	256	144
Contributions from the employers	97	65	162
Contributions from plan participants	97	51	148
Benefits paid	-	10	10
Premiums paid	-	-	-
Settlements	(977)	(1,012)	(1,989)
Administrative expenses	(11)	(6)	(17)
Effect of movements in exchange rates	146	128	274
Fair value of plan assets at 31 December 2020	1,674	1,594	3,268



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

18 Post-employment benefit obligations (continued)

18.2.4 Composition of plan assets

Period ended 31 December 2020	Brady Switzerland SA £'000	Brady Energy AG £'000	Total £'000
Insurance contracts	1,674	1,594	3,268
Fair value of plan assets at 31 December 2020	1,674	1,594	3,268

18.2.5 Actuarial valuation: principal assumptions

The most recent actuarial valuation of the plan assets and present value of the defined benefit obligation of both foundations were carried out at 31 December 2020 by Toptima AG. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations for both pension schemes were as follows:

	2020
<i>Weighted average principal assumptions to determine pension obligations</i>	
Discount rate	0.15%
Rate of salary increase	1.50%
Rate of pension increase	0.00%
Rate of price inflation	0.70%
<i>Weighted average principal assumptions to determine net pension cost</i>	
Discount rate	0.30%
Rate of salary increase	2.00%
Rate of pension increase	0.00%
Rate of price inflation	0.70%



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

18 Post-employment benefit obligations (continued)

18.2.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

£'000 effect on the defined benefit liability of a change of:	Increase	Decrease
0.25% in discount rate	(207)	221
1.0% in salary growth rate	135	(131)
10% in proportion opting for lump sum at retirement	(98)	98

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

19 Share capital

	Number of ordinary shares	Number of ordinary A shares
As at 7 October 2019	1	-
Issued during the period	24,868,952	1,580
In issue at 31 December 2020	24,868,953	1,580
		2020 £'000
<i>Allotted, called up and fully paid:</i>		
24,868,953 ordinary shares of £1.00 each		24,869
1,580 ordinary A shares of £1.00 each		2
Balance at 31 December 2020		24,871

The Company has two classes of ordinary shares which carry no right to fixed income. The share capital of Brady Acquisition Limited consists of fully paid ordinary shares and ordinary A shares with a nominal value of £1.00 per share. These shares carry the following voting rights:

- ordinary shares are entitled to one vote each and carry the right to participate in distributions in regards to dividends;
- ordinary A shares are not entitled to vote and have no rights to dividends.

On 7 November 2019 the Company issued 1,251,000, £1.00 ordinary shares at par.

On 18 November 2019 the Company issued 12,250,000, £1.00 ordinary shares at par.

On 9 December 2019 the Company issued 6,617,952, £1.00 ordinary shares at par.

On 18 March 2020 the Company issued 750,000, £1.00 ordinary shares at par.

On 29 April 2020 the Company issued 1,000,000, £1.00 ordinary shares at par.

On 25 June 2020 the Company issued 1,000,000, £1.00 ordinary shares at par.

On 04 August 2020 the Company issued 1,000,000, £1.00 ordinary shares at par.

On 23 October 2020 the Company issued 1,000,000, £1.00 ordinary shares at par.

On 11 November 2020 the Company issued 1,580, £1.00 ordinary A shares at par.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

20 Foreign exchange reserve

	Foreign exchange reserve
	£'000
Balance at 7 October 2019	-
Exchange differences on retranslation of foreign operations	962
Total comprehensive income for the period	962
Balance at 31 December 2020	962

Nature and purpose of foreign exchange reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency of Sterling are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. On disposal of a foreign operation, the cumulative amount is recycled to the consolidated income statement from other comprehensive income.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management

21.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

21.2 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The Group's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Group has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the period ended 31 December 2020 as the Group's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are as follows:

	2020	2020
	Assets	Liabilities
	£'000	£'000
US dollars	537	(30)
Euros	962	(7)
Swiss francs	11	(15)
Norwegian kroner	-	(2)
Canadian dollars	81	(2)
Singapore dollars	12	-
Swedish krona	17	-
Australian dollars	18	-



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management (continued)

21.3 Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Euros, Swiss francs, Norwegian kroner, Canadian dollars and Australian dollars. The Group seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Group's sensitivity to a 10% increase and decrease in the Sterling exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	2020 Income statement £'000	2020 Equity £'000
<i>Effect of a 10% weakening in relevant exchange rate</i>		
US dollars	56	56
Euros	106	106
Swiss francs	-	-
Norwegian kroner	-	-
Canadian dollars	8	8
Australian dollars	2	2
<i>Effect of a 10% strengthening in relevant exchange rate</i>		
US dollar	(46)	(46)
Euros	(87)	(87)
Swiss francs	-	-
Norwegian kroner	-	-
Canadian dollars	(7)	(7)
Australian dollars	(2)	(2)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Group's exposure to currency risk.

21.4 Interest rate sensitivity

The Group does not have bank deposits nor external interest-bearing loans. Consequently the Group believes that fluctuations on the interest rates will not have significant effect on the Group's financial performance.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management (continued)

21.5 Credit risk analysis

(i) Risk management

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in note 21.7, which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Group treasury policy. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

(ii) Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



DocuSign Envelope ID: 5AEB57D8-3FF6-42B1-A64D-29EE2DDD7880

Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management (continued)

21.5 Credit risk analysis (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for both trade receivables and contract assets:

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	Expected loss rate	1.0%	1.0%	1.0%	87.0%
Gross carrying amount – trade receivables	2,133	94	198	462	2,887
Gross carrying amount – contract assets	218	-	-	-	218
Loss allowance	(24)	(1)	(2)	(402)	(429)

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconcile to the opening loss allowances as follows:

	2020
	£'000
At 7 October 2019	-
Addition through business combination	(416)
Exchange movement	(26)
Increase in loss allowance recognised in profit or loss during the period	(14)
Receivables written off and previously provided for	-
Unused amount reversed	27
At 31 December	(429)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management (continued)

21.6 Liquidity risk analysis

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Group manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Group's financial liabilities are summarised below:

	Current		Non-current	
	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 periods £'000	Later than 5 Periods £'000
As at 31 December 2020				
Trade and other payables	3,899	384	-	-

Financial assets used for managing liquidity risk

Cash flows from trade and other receivables are contractually due within six months. Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified, these are placed in accounts with access terms of no more than three months.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

21 Financial risk management (continued)

21.7 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 3. The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial instrument:

	Notes	2020 £'000
Financial assets		
Financial assets at amortised cost		
- Trade receivables	10	2,458
- Contract assets	10	218
- Cash and cash equivalents	11	3,001
Total financial assets		5,677
Financial liabilities		
Liabilities at amortised cost:		
- Trade payables	12	721
- Accruals and other payables	12	3,562
- Contract liabilities	12	5,842
- Borrowings	16	3,645
Total financial liabilities		13,770



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

22 Interests in subsidiaries

22.1 Composition of the Group

The Group consists of the Parent Company, Brady Acquisition Limited, incorporated in the England and Wales, and a number of subsidiary companies which operate and are incorporated around the world. The country of incorporation or registration is also their principal place of business.

The Group's subsidiaries at 31 December 2020 are set out below:

Subsidiary	Address of the registered office	Place of business/ country of incorporation	Principal activity	Ownership interest held by the group %
Held directly by Brady Acquisition Limited				
Brady Technologies Limited (formerly Brady plc)	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100
Held indirectly by Brady Acquisition Limited				
Brady Trading Limited	First Floor, Victory House, Vision Park, Histon, Cambridge, England CB24 9ZR	England & Wales	Software & services	100
Brady Energy Norway AS	Dronning Eufemias gt 16 0191 – Oslo Norway	Norway	Software & services	100
Brady Energy AG	Gubelstrasse 11 CH-8300 – Zug Switzerland	Switzerland	Software & services	100
Brady Switzerland SA	18, rue Francois-Perréard CH 1225-Geneva Switzerland	Switzerland	Software & services	100
Brady USA, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100
Brady Asia Service Company PTE Limited	Level 30, Six Battery Road, Singapore 049909	Singapore	Software & services	100
Commodities Software (UK) Limited	First Floor, Victory House Vision Park, Histon, Cambridge, England, CB24 9ZR	England & Wales	Dormant	100
Brady Credit Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

22 Interests in subsidiaries (continued)

22.1 Composition of the Group

Subsidiary	Address of the registered office	Place of business/ country of incorporation	Principal activity	Ownership interest held by the group %
Held indirectly by Brady Acquisition Limited				
Brady Energy UK Limited	40 Torphichen Street Edinburgh, EH3 8JB, Scotland	England & Wales	Software & services	100
Brady Energy Canada, Inc.	251 Consumers Road, 12th Floor Toronto, ON M2J 4R3 Canada	Canada	Software & services	100
Brady Credit Trading Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100
Brady Credit, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100
Energy Credit Software Services Private Limited	WeWork Galaxy, 43 Residency Road, Bengaluru 560 025, Karnataka	India	Software & services	100
Brady Credit Holding Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100
Coastdata Limited	First Floor, Victory House Vision Park, Histon, Cambridge, England CB24 9ZR	England & Wales	Dormant	100
Colplan Systems Limited	First Floor, Victory House Vision Park, Histon, Cambridge, England CB24 9ZR	England & Wales	Holding company	100

22.2 Nature of ownership interests

Unless otherwise stated, all subsidiaries have equity capital consisting solely of ordinary shares that are wholly owned either directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group.

22.3 Reporting dates

All subsidiaries are included in the Group financial statements and prepare local statutory accounts up to 31 December each period except for Energy Credit Software Services Private Limited which prepares accounts up to 31 March as required by company law in India. For subsidiaries, which have a different financial period end to the Group, additional co-terminus accounts are prepared reflecting the same financial reporting as the Group for the purposes of consolidation.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

23 Business combinations

Following a recommended cash offer made to the shareholders of Brady plc by the Company on 14 October 2019, the Company acquired all of the ordinary shares between 14 October 2019 and 6 February 2020 in Brady plc for £15,006,220. On 18 November 2019, the Company owned more than 50 per cent of the shareholding of Brady plc and therefore gained control on this date.

The acquisition had the following effect on the Group's assets and liabilities:

	Book value at acquisition	Fair value adjustments	Fair value on acquisition
	£'000	£'000	£'000
Property, plant and equipment	206	(60)	146
Right of use assets	4,157	70	4,227
Trade and other receivables	1,776	(374)	1,402
Cash and cash equivalents	(486)	35	(451)
Trade and other payables	(11,225)	1,102	(10,123)
Provisions	(231)	(8,125)	(8,356)
Deferred tax liability	(2,215)	(1,626)	(3,841)
Deferred tax asset	107	(107)	-
Lease liabilities	(4,490)	-	(4,490)
Net identifiable assets and liabilities	(12,401)	(9,085)	(21,486)
Goodwill			13,941
Brand			2,451
Technology			7,865
Customer relationships			12,235
Total consideration			15,006

On acquisition, intangible assets of £22,551,000 were valued. These intangible assets are being written off between 5 years and 8 years.

Within deferred tax is a liability of £4,285,000 which was calculated in respect of the intangible assets detailed above.

The Directors identified a number of adjustments that were required to the book values, following a detailed review of all statement of financial position categories. These adjustments include a write off of property, plant and equipment items of £60,000, a provision against doubtful debt and prepayments with no further value of £374,000, adjustments to accruals and deferred income within trade and other payables of £1,102,000, and additional provisions against claims and other unrecorded liabilities £8,125,000.

Control was gained over the acquisition on 18 November 2019, therefore the consolidated income statement reflects the revenue and profits as if the acquisition was made on that date.

In the period from 18 November 2019 to 31 December 2020, this acquisition has contributed total revenue of £20.0 million, adjusted EBITDA profit of £0.4 million, and operating loss of £6.8 million.

58



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

23 Business combinations (continued)

The net cash invested was £15,457,000 (£15,006,000 cash consideration and overdraft acquired of £451,000).

If the acquisition had been completed on 1 January 2020, it would have contributed total revenue of £18.2 million and adjusted EBITDA profit of £0.3 million in the 12-month period, as per the pro-forma income statement below:

	Year ended
	31 December
	£'000
Revenue	18,215
Administrative expenses	(17,885)
Operating profit before exceptional acquisition and restructuring related costs, depreciation and amortisation of intangibles (Adjusted EBITDA)	330
Exceptional acquisition and restructuring costs	(1,672)
Amortisation of intangibles and depreciation costs	(2,290)
Operating loss	(3,632)
Financial expenses	(388)
Loss before tax	(4,020)

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

24 Contingent liabilities

The Group had no material contingent liabilities at 31 December 2020. The Group has an uncertain tax position, see notes 4 and 9.3.

25 Capital commitments

The Group had no capital expenditure contracted for but not provided in the financial statements at 31 December 2020.

26 Events occurring after the reporting period

No adjusting events have occurred between 31 December 2020 reporting date and the date of authorisation.

The following non-adjusting events occurred between 31 December 2020 reporting date and the date of authorisation:

- On 23 February 2021 the Company issued 1,000,000, £1.00 ordinary shares at par
- On 18 March 2021 the Company issued 1,000,000, £1.00 ordinary shares at par
- On 29 April 2021 the Company issued 1,000,000, £1.00 ordinary shares at par
- On 7 July 2021 the Company issued 1,000,000, £1.00 ordinary shares at par



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

27 Related party transactions

Compensation of key management personnel and Directors is disclosed in note 6.3 and 6.4 respectively.

In addition, the following related party transactions occurred during the period:

During the period, the Group incurred £984,000 of professional services from Hanover Operating Management Limited, a company affiliated with Hanover Investors Management LLP, who is the adviser to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £979,000 is included within operating costs and £73,000 is included in accruals at 31 December 2020.

During the period, the Group incurred £231,000 in board fees and expenses from Hanover Investors Management LLP, a company acting as adviser to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £231,000 is included within operating costs and £nil is included in accruals at 31 December 2020.

During the period, the Group incurred £126,000 in loan arrangement fees from Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, the fund which ultimately owns 100% of the share capital of Brady Acquisition Limited. There were £nil included in creditors at 31 December 2020.

28 Controlling party

Brady Acquisition (Holding) Limited, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the immediate and ultimate parent undertaking. The ultimate controlling party became Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Company statement of financial position

As at 31 December 2020

	Notes	2020 £'000
Assets		
Non-current assets		
Investments	4	15,006
Total non-current assets		15,006
Current assets		
Trade and other receivables	5	9,956
Cash and cash equivalents	6	134
Total current assets		10,090
Total assets		25,096
Net assets		25,096
Equity attributable to owners of the Parent Company		
Share capital	7	24,871
Retained earnings		225
Equity attributable to shareholders of the Parent Company		25,096

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a comprehensive income statement for the Company alone. The Company's profit for the period was £225,000.

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 15 July 2021 and signed on its behalf by:

Director



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Company statement of changes in equity

For the period ended 31 December 2020

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 7 October 2019		-	-	-
Profit for the period		-	225	225
Shares issued in the period	7	24,871	-	24,871
Total comprehensive loss for the period		24,871	225	25,096
Balance at 31 December 2020		24,871	225	25,096

The accompanying notes are an integral part of these financial statements.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

Notes to the company financial statements

1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7: Statement of Cash Flows;
- the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; to disclose IFRSs issued but not effective;
- the requirements of IFRS 2: Share-based payments (paragraph 45(b) and 46 to 52);
- the requirements of IFRS 7: Financial Instruments Disclosures;
- the requirements of IFRS 13: Fair Value Measurements;
- the requirements of IAS 24: Related Party Disclosures (to present key management personnel compensation and intragroup transactions including wholly owned subsidiaries; and
- the requirements of IAS 1: Presentation of Financial Statements, to present certain comparative information and capital management disclosures.

2 Summary of significant accounting policies

The accounting policies adopted by the company are consistent with those adopted by the group and are presented in note 3 to the consolidated financial statements, except for the following:

Investments

Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Amounts owed by subsidiaries

The company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For amounts owed by subsidiaries, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

3 Employee information

3.1 Employee numbers and employee benefits

The average monthly number of people, including Directors, employed by the Company during the period was nil. No employee benefits were incurred during the period.

4 Investments in subsidiaries

	Investments in subsidiaries £'000
Cost and Net book amount	
At 7 October 2019	-
Additions in the period	15,006
At 31 December 2020	15,006

The additions in the period refers to the acquisition of Brady Technologies Limited (formerly Brady plc) on 18 November 2019 (see Note 23 for details).

Impairment review

The carrying value of investments in subsidiaries are assessed annually to determine if there are any indicators of impairment. At 31 December 2020, Brady Technologies Limited group had net liabilities of £4.6 million. The Directors have undertaken an impairment review by comparing value in use to the carrying value of the related investment. No impairment of the investment was indicated.

5 Trade and other receivables

	2020 £'000
Amounts owed by subsidiary undertakings	9,956
Total trade and other receivables	9,956

Details about the Company's impairment policies and the calculation methodology of the loss allowance are provided in note 21.5 of the consolidated financial statements.

Included within amounts owed by subsidiary undertakings is an interest-bearing loan of £9.75 million. Interest accrues at 2.5% above the Bank of England rate per annum.

6 Cash and cash equivalents

	2020 £'000
Cash at bank and in hand	134
Cash and cash equivalents	134

The carrying amount approximates to fair value because of the short-term maturity of these instruments. Cash at bank earns no interest.



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Brady Acquisition Limited

Financial statements for the period ended 31 December 2020

7 Share capital and dividends

A description of the movements in share capital in the period is given in notes 19 of the consolidated financial statements. No dividends were paid or proposed in respect of the period ended 31 December 2020.

8 Auditors' remuneration

Auditor's remuneration in respect of audit services for the Company for the current period was £4,500. These costs were borne by another Group undertaking with no right of recharge.

9 Related party transactions

Brady Acquisition Limited has a related party relationship with its subsidiaries, its key management personnel and its Directors. The remuneration of Directors is disclosed in note 2 of the Company financial statements. The remuneration of key management personnel, who are the same as the Group key management personnel, is disclosed in note 6.3 of the consolidated financial statements.

Balances between Brady Acquisition Limited and its subsidiary companies are as follows:

	2020 £'000
Brady Trading Limited	9,956
Amounts owed by related parties	9,956
Total	9,956

10 Controlling party

The ultimate controlling party of Brady Acquisition Limited is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.



BRADY ENERGY NORWAY AS
Storgata 2A
1767 HALDEN

Att. Andrew Wolley

Our date 05.05.2021	Your date 03.03.2021	Case officer Vibeke Horne
800 80 000 skatteetaten.no	Your reference	Telephone +4790518192
Org. nr. 974761076	Our reference 2021/5583626	Postal address P.O. Box 9200 Grønland 0134 OSLO

Confidential

Callers from abroad, please call +47 22 07 70 00

Permission to prepare the annual accounts and directors' report in English language for Brady Energy Norway AS, org. no 986 455 213

With reference to your letter of 3 March 2021 with respect to the above matter regarding Brady Energy Norway AS.

Based on a total evaluation, the view of the tax office is that Brady Energy Norway AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

Brady Energy Norway AS is a private limited company 100 % owned by a foreign company and is part of the Brady Group.

Brady Energy Norway AS develops software systems for energy trading and physical power delivery for the international market. Many key players and partners in this industry speak and use English. The Company also uses English as the working language. Members of the board are not Norwegians.

Condition for the permission

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts (...) be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The



information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

One of the main goals of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company is owned by a foreign company and is part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
Adviser
Customer Interaction Division, Customer Service
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.



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Brady Energy Norway AS

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**



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Contents

Company information.....	3
Directors' Report.....	4
Independent Auditor's Report to the Members of Brady Energy Norway AS.....	8
Statement of Comprehensive Income	11
Statement of Financial Position.....	12
Statement of Cash Flow.....	14
Statement of Changes in Equity.....	15
Notes to the accounts	16



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Company information

Registered Office: Storgata 2A
N-1767 Halden
Norway

Board of Directors: Andrew Woolley
Per-Herman Alexander Puck

Auditor: Ernst and Young LLP,
Cambridge Business Park,
Cowley Road, Cambridge,
CB4 0WZ



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Directors' Report

The Directors present their Directors' Report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

Brady Energy Norway AS (the "Company") develop, sell and implement software solutions for physical trade in energy, financial trading in energy and clearing systems for energy exchanges. The Company also provides consultancy services within the same markets.

Directors

The Directors who served the Company during the year and to the date of this report, except as stated otherwise, were as follows:

Andrew Woolley (appointed 10 June 2021)

Carmen Christine Carey (resigned 10 June 2021)

Rebecca Anne Roberts (resigned 10 June 2021)

Per-Herman Alexander Puck

Financial performance and position

The Company had revenues of NOK 110 million in 2020 (2019: NOK 98 million) and made an operating profit of NOK 5.2 million (2019: NOK 4.2 million).

The Company had net assets at 31.12.20 of NOK 49 million (2019: NOK 45 million) and net current assets of NOK 45 million (2019: 40 million). Excluding intra-group balances, the Company had net current liabilities of NOK 9.2 million (2019: NOK 15.1 million). Brady Technologies Ltd, the immediate parent company, guarantees that the Company will be provided with cash to improve its operating liquidity if required.

During 2020, the Company has net cash outflows of NOK 1.7 million (2019: 13 million net outflow). As at 31.12.20, cash and cash equivalents were NOK 19 million (2019: NOK 21 million).

The Directors are satisfied with the financial performance and position of the Company.

Impact of covid-19 pandemic

The Company had to adapt quickly in response to the constantly fluctuating landscape of the global pandemic. The Company adapted swiftly to working from home and ensured that all employees had suitable equipment and access to IT systems to undertake their daily work.

Customers remained fully supportive throughout the pandemic as our software is often mission critical to them and there was no adverse financial impact on the business as a result of covid-19.

Allocation of result

The Directors propose to allocate the total profit for the year of NOK 4.9 million to equity.



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Dividends

The Directors do not propose a dividend for the year (2019: NOK 0).

Research and development

The Company continues to invest in research and development. During the year, the Company spent NOK 17.2 million (2019: NOK 15.1 million) on research and development of its products.

Financial risk management objectives and policies

The Company's activities entail various types of financial risk: currency risk, credit risk and interest rate risk. The Company has not used financial derivatives to hedge against risk.

Risk	Explanation	Mitigation
Credit risk	The Company's principal financial assets are cash and trade debtors. The principal credit risk lies with trade debtors and contract assets.	In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history. As a result of the impact of Covid-19, the management team are continually monitoring the situation, and customer's ability to pay. No issues have been encountered between the year end and date of signing these financial statements. Credit risk is limited as a significant proportion of the Company's revenues are prepaid (predominantly subscriptions and maintenance).
Currency risk	The Company operates internationally and is exposed to currency risk in several currencies. The currency risk arises when assets or liabilities are nominated in a currency that is not the functional currency of the entity.	The parent company hedges consolidated foreign exchange exposure.
Interest rate risk	The company does not have loans or loans at floating interest rates.	The company's assets, liabilities and cash flow are therefore mainly independent of changes in the market rate. Loans to sister and subsidiaries are interest-only based on market rate.



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Going concern

The Company made a profit before tax in the year ended 31 December 2020 of NOK 7.6 million and at 31 December 2020 had net current assets of NOK 45 million. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 October 2022. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch and also to the cost base.

Based on the Directors' assessment of the Company's financial position and of the enquires made of the ultimate controlling party, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Work environment

Accidents and injuries

No accidents, injuries or damage to property occurred in 2020.

Sick leave

Absence due to illness was 3.4% in 2020 (2019: 5.3%).

Equality and discrimination

The company strives to promote equality, ensure equal opportunities and rights and to prevent discrimination on the grounds of ethnicity, national origin, descent, skin colour, language, religion and belief.

At 31.12.20, 71% of the Company's employees identified as male and 29% as female (2019: 71% male, 29% female).

The Directors of the company consist of 1 owner representative and 1 employee representative.

The Company aims to be a workplace where there is no discrimination due to differences and has employees with different ethnic backgrounds and nationalities.

Events after the reporting period

Information can be found in note 25.

Future developments

The Company continues to support all its customers through the development and expansion of its products and relationships. It is well placed to deliver the requirements demanded by its customers and the marketplace in which they operate.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

6



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By order of the Board

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Andrew Woolley
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Andrew Woolley

DocuSigned by:
Per-Herman Puck
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Per-Herman Puck



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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Brady Energy Norway AS

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Brady Energy Norway AS, which comprise the balance sheet as at 31 December 2020, income statement, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the paragraph *Basis for qualified opinion*, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for qualified opinion

The company does not agree with the decision after a tax review and has sent an appeal to the Norwegian Tax Authorities, as described in note 16. The effects of the tax review will potentially be a gain on sales of intellectual property and corresponding increase on receivables and equity. We have not been able to obtain sufficient audit evidence to conclude on the matters related to the tax review.

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matters

The financial statements for the Company for the year ended 31 December 2019, were audited by another auditor who expressed a qualified opinion on those statements on 4 December 2020.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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**Building a better
working world**

Statsautoriserte revisorer
Ernst & Young AS

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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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, 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 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. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.



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Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Other matters

We wish to emphasize that the financial statements were not presented by the statutory deadline.

Bergen, 22 December 2021

ERNST & YOUNG AS

The auditor's report is signed electronically

Truls Nesslin
State Authorised Public Accountant (Norway)



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Statement of Comprehensive Income

	Note	2020	2019
Operating revenues:			
Sales revenue	6	82,431,186	79,471,287
Sales revenue from group companies	6, 24	27,432,478	18,235,042
Total operating revenues		109,863,664	97,706,329
Operating costs:			
Cost of sales		851,473	612,118
Wages and social costs	18	34,870,403	32,078,169
Other operating expenses	19	4,899,985	7,010,503
Other operating costs from group companies	19, 24	59,217,526	47,072,368
Total operating costs		99,839,386	86,773,158
Profit before finance, tax and depreciation		10,024,278	10,933,171
Depreciation and amortisation	10	2,408,928	6,684,640
Non-recurring items		2,408,980	-
Operating profit		5,206,370	4,248,531
Financial items:			
Interest income		17,417	76,550
Interest income from group companies	24	2,382,416	2,338,179
Other financial income		389,875	509,162
Interest expense		371,625	986,686
Other financial expenses		-	(640,067)
Net financial items		2,418,083	2,577,272
Profit before tax		7,624,453	6,825,803
Tax charge / (credit)	16	2,733,763	(1,231,663)
PROFIT FOR THE YEAR	0	4,890,690	8,057,466
		4,890,690	8,057,466
Dispositions			
Provision for other equity		4,890,690	8,057,466
Total disposition		4,890,690	8,057,466



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Statement of Financial Position

	Note	2020	2019
Non-current assets			
Capitalised development	9	1,915,062	1,915,062
Deferred tax assets	16	639,986	525,477
Property, plant and equipment	7	931,099	1,146,169
Right of use assets	8	3,974,620	6,014,924
Investments in subsidiaries	3	6	6
Total non-current assets		7,460,773	9,601,638
Current assets			
Accounts receivable	11	9,143,854	3,901,690
Accounts receivable - group companies	24	128,394	-
Contract assets	11	165,611	42,613
Other current receivables	11	401,974	724,741
Other current receivables - group companies	24	53,791,997	55,043,078
Cash and cash equivalents	12	18,937,496	20,632,076
Total current assets		82,569,327	80,344,198
TOTAL ASSETS		90,030,100	89,945,835



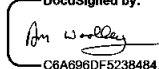
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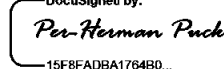


Statement of Financial Position (continued)

	Note	2020	2019
Equity			
Paid-in capital:			
Share capital	13	1,556,192	1,556,192
Share premium	13	28,075,911	28,075,911
Share-based payment reserve	21	-	1,289,012
Total paid-in equity		29,632,103	30,921,115
Eamed equity			
Other equity		19,872,428	13,692,726
Total equity		49,504,531	44,613,841
Non-current liabilities			
Deferred tax		-	-
Lease liabilities	10,29	2,636,317	4,710,280
Other non-current liabilities	15	-	-
Total non-current liabilities		2,636,317	4,710,280
Current liabilities			
Accounts payable		236,426	752,845
Accounts payable - group companies	24	-	-
Corporation tax payable	16	1,267,774	3,961,120
Provision for tax audits	16	-	4,565,227
Other taxation payable		5,319,585	5,506,511
Contract liabilities		23,593,213	18,973,581
Lease liabilities	10,29	1,679,607	1,594,827
Other current liabilities	14	5,792,646	5,087,686
Other current liabilities - group companies	24	-	179,916
Total current liabilities		37,889,252	40,621,714
TOTAL EQUITY AND LIABILITIES		90,030,100	89,945,835

Halden, 22 December 2021

DocuSigned by:

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Andrew Woolley
Chairman

DocuSigned by:

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Per-Herman Puck
Director



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Statement of Cash Flow

	Note	2020	2019
Cash flows from operating activities			
Profit before taxes		7,644,534	6,825,803
Taxes paid		(10,126,926)	(25,558,686)
Depreciation / amortisation	10	2,408,928	6,684,640
Share option costs	21	-	(7,003)
Net financial items		(2,438,164)	(2,577,272)
Change in receivables		(5,242,165)	(2,986,498)
Change in payables		(516,419)	(257,998)
Change in other working capital items		5,513,046	10,175,165
Net cash flow from operating activities		(2,757,166)	(7,701,848)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(331,208)	(381,368)
Capitalised development costs	9	-	-
Net cash flow from investment activities		(331,208)	(381,368)
Cash flows from financing activities			
Lease liability capital payments		(1,811,537)	(1,745,964)
Net interest paid		(248,250)	(910,136)
Movement in loans to group companies	24	3,453,581	(2,513,272)
Net cash flows from financing activities		1,393,794	(5,169,372)
Net cash flow for the period		(1,694,580)	(13,252,588)
Cash and bank balance 01.01		20,632,076	33,884,664
Exchange differences on opening cash		-	-
Cash and bank balance 31.12	12	18,937,496	20,632,076



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Statement of Changes in Equity

	Share capital	Share premium	Share based payment	Earned equity	Total equity
Equity 01.01.19	1,556,192	28,075,911	1,296,015	5,935,955	36,864,073
Change in accounting principle (IFRS 16)				(300,695)	(300,695)
Changed Equity 01.01.19	1,556,192	28,075,911	1,296,015	5,635,260	36,563,378
Contribution from parent company - options	-	-	(7,003)	-	(7,003)
Results for the year	-	-	-	8,057,466	8,057,466
Equity 31.12.19	1,556,192	28,075,911	1,289,012	13,692,726	44,613,841
Equity 01.01.20	1,556,192	28,075,911	1,289,012	13,692,726	44,613,841
Share based payment expired	-	-	(1,289,012)	1,289,012	-
Results for the year	-	-	-	4,890,690	4,890,690
Equity 31.12.20	1,556,192	28,075,911	-	19,872,428	49,504,531



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Notes to the accounts

1. General information

The Company is a private company limited by shares, incorporated and domiciled in Norway. The address of its registered office, which is also its principal place of business, is Storgata 2A, N-1767 Halden, Norway.

2. Principal accounting policies

Basis of preparation

The company accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as established by the EU. The preparation of financial statements in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise discretion. Areas that contain such discretionary assessments or a high degree of complexity, or areas where assumptions and estimates are essential to the accounts, are described in note 4.

These financial statements have been authorised for issue and approved by the Directors on 22 December 2021.

Basis of consolidation

The Company is exempt from preparing consolidated financial statements, as taken with its subsidiary undertakings, this company is consolidated into the Group accounts headed by Brady Acquisition Ltd, a company domiciled in England, which are publicly available from Companies House.

These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The Company made a profit before tax in the year ended 31 December 2020 of NOK 7.6 million and at 31 December 2020 had net current assets of NOK 45 million. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 October 2022. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch and also to the cost base.

Based on the Directors' assessment of the Company's financial position and of the enquires made of the ultimate controlling party, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

16



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Foreign currency translation

Functional currency and presentation currency

The accounts are presented in NOK, which is both the functional currency and the presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the Statement of Comprehensive Income within "financial items". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and sales tax) of goods and services in the normal course of business. The Company has multiple revenue streams and the policy for each is detailed below. The Company acts as the principal in all sales.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative stand alone selling prices.

Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software subscription contracts are under a 'right to access' model and the Company retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Company's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.



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Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Company has an enforceable right to payment for work completed to date on a time and materials basis.

The Company performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Contract asset and liabilities

The Company recognises the following contract assets in the Statement of Financial Position:

Amounts recoverable on contracts, if the Company satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Company invoices the customer.

Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met:

- The costs directly relate to a contractual performance obligation;
- The costs relate to satisfaction of a performance obligation in the future; and
- The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Company expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the Statement of Financial Position. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

Financing elements

The Company does not expect to have any contracts where the period between revenue recognition and payment by the customer exceeds one year. Consequently, the Company



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applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

Contract modifications

From time to time, there is a change in scope of the original contract between the Company and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the stand alone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Company accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

Employee benefits

Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within other current liabilities in the statement of financial position.

Retirement benefits

The company operates a defined contribution pension arrangement. The amount charged to the Statement of Comprehensive Income represents the contributions payable in the period. Differences between the contributions payable in the period and the contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

Non-recurring items

Material, non-recurring and incremental costs and income are identified and reported as non-recurring items separately from the underlying operating expenses and income in the notes to the financial statements. They comprise material amounts outside of the course of normal trading activities which are one off/non-recurring.

Tax

The tax charge or credit comprises current tax payable and deferred tax:



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Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with the tax base. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

Investments

Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the Statement of Comprehensive Income so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Fixtures, fittings & equipment: four years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Research and development costs

Expenditure on research activities is recognised as an expense in the Statement of Comprehensive Income in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;



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- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the Statement of Comprehensive Income. The amortisation period for development costs incurred in the Company is up to five years on a straight-line basis.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Leased assets

Identification of a lease

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and



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- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Company recognises a right-of-use (RoU) asset and a lease liability on the Statement of Financial Position .

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Company;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. To determine the incremental borrowing rate, the Company uses recent third-party financing arrangements as a starting point, adjusted to reflect changes in the Company's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Company depreciates the RoU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Company also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

Practical expedients

The Company has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets (leases with initial lease liability of under NOK55k) using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

22



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Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

3. Subsidiaries

Company (ownership share / voting share)	Homeland	Main business	Investment value	Equity 31.12.20	Result 2020
Brady Energy Canada Inc. (100%)	Canada	Productsales / deliveries	5	9,249	2,473
Brady Energy UK Ltd. (100%)	Scotland	Productsales / deliveries	1	(21,056,360)	(1,281,708)
		Total	6	(21,047,111)	(1,279,235)

Brady Energy US Inc, was discontinued in 2016 and the share deposit has been repaid.

Shares in Brady Energy UK Ltd. were written down by NOK 3,481,226 in 2012.

Shares in Brady Energy UK Ltd. were written down by NOK 3,736,000 in 2013.

Shares in Brady Energy UK Ltd. were written down by NOK 2,879,000 in 2015.

Shares in Brady Energy UK Ltd. were written down by NOK 12,901,999 in 2016.

Write-downs are included in other financial costs in the Statement of Comprehensive Income.

On 18 November 2021, Brady Energy Canada Inc. was liquidated.

Registered address

The registered address for each subsidiary is as follows:

Brady Energy UK Ltd, 40 Torpichen street, Edinburgh, EH3 8JB Scotland.

Brady Energy Canada Inc, 251 Consumers Road, Toronto, Ontario, M2J 1R3, Canada.



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



4. Critical accounting judgements and key sources of estimation uncertainty

Preparation of these financial statements in accordance with IFRS requires the Directors to make certain accounting judgements and estimates that affect the amounts reported in the financial statements and accompanying notes. The resulting estimates will, by definition, seldom equal the actual result.

The Directors consider the following to be critical accounting judgements or key sources of estimation uncertainty affecting the results of the Company in the current and preceding financial years:

Revenue recognition

Significant management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. The Directors consider recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer, typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is generally recognised on the basis of work done but where issues of client acceptance are identified, then revenue is deferred until issues are resolved.

Non-recurring items

Material, non-recurring and incremental costs are identified and reported as non-recurring items separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the Company.

Tax

The Company is subject to corporate taxation and judgement is required in determining the provision for income and deferred taxation. The Company recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Company carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the Statement of Comprehensive Income in the period in which such determination is made.



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



5. Exchange rates

The following exchange rates are used when converting balance sheet items in currencies:

Exchange rate	31.12.20	31.12.19
American dollar (USD)	8.537	8.787
Canadian dollar (CAD)	6.698	6.747
British pound (GBP)	11.626	11.607
Euro (EUR)	10.492	9.866
Swedish kroner (SEK)	1.040	0.945
Australian dollar (AUD)	6.572	6.163

Other financial income includes gains on foreign currency translations and other financial expenses includes losses on foreign currency translations.

6. Revenue from contracts with customers

Revenue by type

Revenue is divided into the following types:

Year ended 31 December 2020	Licences and recurring maintenance, hosting and subscription	Services including development	Intra-group revenue	Total
Total revenues	69,044,456	13,386,730	27,432,478	109,863,664
Timing of revenue recognition				
At a point in time	1,071,855	1,541,508	-	2,613,363
Overtime	67,972,601	11,845,222	27,432,478	107,250,301

Year ended 31 December 2019	Licences and recurring maintenance, hosting and subscription	Services including development	Intra-group revenue	Total
Total revenues	72,191,762	7,279,525	18,235,042	97,706,329
Timing of revenue recognition				
At a point in time	785,214	2,421,608	-	3,206,822
Overtime	71,406,547	4,857,917	18,235,042	94,499,507

Revenue by product

Revenue is divided into the following products:

	2020	2019
EDM	39,653,057	32,105,373
ETRM	39,927,034	43,063,508
Logistics	85,738	393,880
Settlement	2,765,357	3,739,155
Other	-	169,370
Intra-group revenue	27,432,478	18,235,042
	109,863,664	97,706,329

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

26



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



Revenue by geography

Revenue is allocated based on where the customer is located and is as follows:

	2020	2019
Norway	41,490,268	44,083,222
Europe	34,483,425	30,526,665
Europe intra-group	27,432,478	18,199,881
North America	1,347,688	1,511,113
North America intra-group	-	675,228
Australia	5,109,805	3,350,286
Sum	109,863,664	98,346,396

The Company has recognised the following liabilities related to contracts with customers:

	2020	2019
Current contract liabilities relating to:		
Licences and recurring maintenance, hosting and subscription	23,220,313	16,301,187
Services including development	372,900	2,672,394
Loss allowance	-	-
Total contract liabilities	23,593,213	18,973,581

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities:

	2020	2019
Revenue recognised that was included in contract liability at the beginning of the year:		
Advanced billing for recurring revenue	16,301,187	15,083,868
Completion of contractual obligations in relation to professional services and development	2,672,394	-

7. Property, plant and equipment

	Fixtures and fittings
Cost at 1.1.20	9,855,694
Additions	331,208
Disposals	(6,994,660)
Cost at 31.12.20	3,192,242
Accumulated depreciation at 1.1.20	(8,709,526)
Depreciation for the year	(546,269)
Elimination on disposal	6,994,652
Accumulated depreciation at 31.12.20	(2,261,143)
Book value at 31.12.20	931,098
Economic life	3-5 years

8. Right of use assets

Amounts recognised in Statement of Financial Position

	2020	2019
Right of use property assets	3,974,620	6,014,924
Lease liabilities		
Current	1,679,607	1,594,827
Non-current	2,636,317	4,710,280
	4,315,925	6,305,107

Additions to right of use assets in 2020 were NOK129 035.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

27



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



The undiscounted future cash flows associated with the lease liability at 31 December were as follows:

	2020	2019
Undiscounted future cash out flows:		
Within 12 months	2,041,828	2,124,926
Between 12 months and 5 years	2,274,097	4,180,181

Amounts recognised in Statement of Comprehensive Income

	2020	2019
Depreciation charge on right of use assets	1,862,659	1,767,232
Expense relating to low value assets	553,591	57,736
Expense relating to variable lease payments not included in lease liabilities	385,839	236,068
Interest expense	250,745	325,196

9. Capitalised development costs

	Capitalised development costs
Cost at 1.1.20	1,915,062
Additions	-
Impairments	-
Amortisation for the year	-
Book value at 31.12.20	1,915,062

The net book value of the capitalised development costs is allocated to a single cash-generating unit (CGU).

The recoverable amount of the CGU was determined based on value-in-use calculations, at a level where there are largely independent cashflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2021 and 2022 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. Management has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate, cost growth rate and discount factor, on which the value-in-use (VIU) calculations are based.

Principle assumptions

Management has applied the following key assumptions in calculating the value-in-use:

- Pre-tax discount rate 15.4%
- Contractual revenue indexation 2% p.a.
- Annual revenue growth rate 3.2% p.a.
- Cost growth rate -1% p.a. average over period
- Growth applied beyond the approved forecast period 5%

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

28



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



Impairment review results

Management has performed sensitivity analyses on the impairment calculations by running a number of different scenarios including reducing the indexation and growth rates to 0%, increasing the discount rate from 15.4% to 17%, reducing the growth rate beyond the approved forecast period from 5% to 2.5%, and reducing the EBITDA margin from 22.5% to 19% in the final year. No impairment would arise in these scenarios.

10. Depreciation and amortisation

	Note	2020	2019
Property, plant and equipment	7	546,269	582,661
Right of use assets	8	1,862,659	1,767,232
Capitalised development costs	9	-	4,334,747
		2,408,928	6,684,640

11. Accounts and other receivables

Accounts receivable

Accounts receivable at 31.12.20 and 31.12.19 were NOK 9,943,854 and NOK 9,781,690, respectively.

All amounts disclosed are short term. The carrying value of accounts receivables is considered a reasonable approximation of fair value. Standard credit terms extended to the majority of trade receivables is 30 days.

Accounts receivables are stated after provisions for impairment of NOK 0 (2019: NOK 0). There was a general loss allowance at 31 December 2020 of NOK 200,000 (2019: NOK 200,000).

Other current receivables

	2020	2019
Due from Brady Energy UK Ltd	11,703,267	13,517,917
Due from Brady Trading Ltd	42,088,730	41,525,161
Prepayments	356,644	642,361
Contract assets	165,611	42,613
Other	45,330	82,380
	54,359,582	55,810,432

See note 24 transactions with related parties regarding intra-group loans.

12. Cash and cash equivalents

Total cash and cash equivalents amounted to NOK 18,937,496 as at 31.12.20.

As at 31.12.20, restricted cash and cash equivalents relating to employee tax deductions was NOK 1,345,738 (2019: NOK 1,186,873).

As at 31.12.20, restricted cash and cash equivalents relating to a rent deposit was NOK 569,391 (2019: NOK 569,315).

The Company has no overdraft facility.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

29



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



13. Share capital and premium

As at 31.12.20, the company's share capital was NOK 1,556,192 divided into 962,307 A shares with a nominal share of NOK 1.00, 343,814 preference B shares with a nominal share of NOK 1.00 and 250,071 ordinary B shares with a nominal share of NOK 1.00.

When voting at the general meeting, an A-share counts as two B shares.

In the event of liquidation of the company, preference B shares have preferential rights over the other shares to liquidation dividend with an amount per preference B share corresponding to the subscription price of the preference B shares.

Changes in share capital and share price:	Number of shares	Share capital	Share premium
Class A shares			
Issued A shares as at 31.12.20	962,307	962,307	27,055,491
Distributed premium	-	-	-
Issued A shares as at 31.12.20	962,307	962,307	27,055,491
Preference B shares			
Issued preference B shares as at 31.12.20	343,814	343,814	-
Premium used to cover previously uncovered losses	-	-	-
Issued preference B shares as at 31.12.20	343,814	343,814	-
Ordinary B shares			
Ordinary B shares issued as at 31.12.20	250,071	250,071	1,020,420
Ordinary B shares issued as at 31.12.20	250,071	250,071	1,020,420
Total number of issued shares 31.12.20	1,556,192	1,556,192	28,075,911

Shareholders 31.12.20	A shares	B shares	B shares	Total	Ownership
	Ordinary	Preference	Ordinary		
Brady Technologies Ltd, UK	962,307	343,814	250,071	1,556,192	100%

14. Other current liabilities

	2020	2019
Holiday pay allowance	3,159,785	2,865,315
Accrued costs	630,586	633,341
Salary payable	1,802,275	1,389,030
Warranty provision	200,000	200,000
Sum	5,792,646	5,087,686

15. Other non-current liabilities

The Company has no non-current liabilities, except for the lease liabilities disclosed in note 8.



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



16. Tax

The tax expense for the year is as follows:	2020	2019
Tax payable (ordinary result)	2,983,637	3,961,120
Provision for tax payable relating to previous years	(135,365)	(5,163,201)
Change in deferred tax	(114,509)	(29,582)
Tax charge / (credit)	2,733,763	(1,231,663)
Provision for tax (receivable) / payable relating to previous years	(1,715,862)	4,565,227
Tax payable 2020	2,983,637	3,961,120
Tax payable in the balance sheet	1,267,774	8,526,347
-		
Taxable income:		
Ordinary profit before tax	7,624,453	6,825,803
Permanent differences	61,974	16,249
Difference from tax return	5,355,063	11,028,576
Change in temporary differences	520,496	134,459
Taxable income	13,561,985	18,005,087
Reconciliation from nominal to actual tax rate:		
Ordinary profit before tax	7,624,453	6,825,803
Expected income tax at nominal tax rate (22%)	1,677,380	1,501,677
Provision for tax payable relating to previous years	-	(5,163,201)
Differences to tax report	1,178,114	2,426,287
Tax effect of temporary differences	114,509	-
Tax effect of permanent differences	13,634	3,575
Tax cost	2,983,637	(1,231,663)
Effective tax rate	39.1 %	-18.0 %

Analysis of the tax effect of temporary differences and losses carried forward (22%):	2020		2019	
	Asset	Liability	Asset	Liability
Fixed assets	113,871	-	106,904	-
Receivables	44,000	-	44,000	-
IFRS 16	75,087	-	63,840	-
Accounting provisions	363,028	-	267,132	-
Warranty provision	44,000	-	44,000	-
Sum	639,986	-	525,876	-
Unrecognised deferred tax asset	-	-	-	-
Net deferred tax asset in the balance sheet	639,986	-	525,876	-

Brady Energy Norway AS has ongoing tax cases with Tax East and Tax West.

In December 2018, the tax offices, Tax East and Tax West, published tax determination decisions. The tax determination stated that there was a taxable sale of intangible assets and operations in financial years 2011 and 2012 of NOK 54 million and NOK 116 million respectively to Brady Trading Ltd, a sister company registered in England. The tax office's decision means that intangible assets are owned by Brady Trading Ltd and Brady Energy Norway AS must pay royalties on external sales to Brady Trading Ltd. Research and development work that Brady Energy Norway carries out on behalf of Brady Trading Ltd must be recognised as income.

Brady Energy Norway AS

31

Annual accounts, annual report and audit report for the year ended 31 December 2020



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



The company has appealed against the decisions with reference to both time and valuation with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner.

After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments), the Company has recognised a tax benefit of NOK 1.6 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities.

The financial statements for the years 2016 - 2018 deviate from the tax returns submitted by the Company. The income statement does not include royalty costs or income from research and development services. The financial statements also do not include the gain of NOK 170 million or associated deferred tax following the tax offices' decision.

The financial statements for 2020 are in accordance with the tax return for 2020, except for NOK 5.4 million income relating to the disputed gain of NOK 170 million which is in the tax return but not financial statements. Both the financial statements and tax return include royalty costs of NOK 34 million and revenue from research and development work of NOK 25 million.

17. Pension obligation

The Company is obliged to have an occupational pension scheme pursuant to the Act relating to compulsory occupational pensions.

The employees of the company have a defined contribution pension scheme, which is significantly better than the requirements of the law.

The scheme covers 40 employees as at 31.12.20 (2019: 38).

Total payments to the scheme in 2020 amounted to NOK 3,132,536 (2019: NOK 3,132,884).

18. Employee remuneration

	Note	2020	2019
Salaries		28,084,886	25,997,754
Employer's tax		3,536,728	3,282,547
Share option charge		-	(7,003)
Bonuses		1,274,675	750,748
Pension cost	17	3,132,536	3,132,884
Other benefits		(1,158,423)	(1,078,761)
		34,870,403	32,078,169
Number of full time equivalents		38	34
Number of employees		38	37



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



19. Other operating expenses

	2020	2019
Rent	385,839	424,942
Office costs	393,979	582,264
Data costs	1,427,523	1,668,982
Consultants	1,290,615	1,641,979
Accounting, auditing, lawyers	740,823	513,732
Travel expenses	264,519	1,463,133
Sales and advertising costs	9,620	98,281
Other costs	387,068	617,191
Other operating expenses	4,899,985	7,010,503
Operation UK, Switzerland, USA and Canada	2,863,092	(175,747)
Royalty to Brady Trading Ltd	34,026,875	11,159,193
Other costs group	22,327,558	36,088,923
Other operating costs group	59,217,526	47,072,368
	64,117,511	54,082,871

20. Non-recurring items

During 2020, the Company incurred costs of NOK 2,408,980 (2019: NOK 0) relating to restructuring to streamline operations.

21. Share options

On 18 November 2019, Brady Technologies Ltd was acquired by Hanover Active Equity Fund II, S.C.A. SICAV-RAIF and became a private company on 15 July 2020. As a result of this takeover, all share options held by Brady Energy Norway AS employees in Brady Technologies Ltd lapsed.

22. Remuneration and loans to senior executives

The CEO and Chairman, who are the senior executives, are residents of the UK and employed by Brady Technologies Ltd. They do not receive salaries, benefits or other fees from Brady Energy Norway AS. Brady Energy Norway AS is charged for the share of group costs, in which the CEO's and Chairman's costs are included. No board fees have been paid.

Loans to senior executives

No loans have been made to senior executives during the year (2019: 0). There are no balances outstanding at 31.12.20 (31.12.19: NOK 0)

23. Audit fees

During the year, the Company incurred the following fees from its auditor:

	2020	2019
Statutory audit	480,226	384,557
Tax advice	59,500	53,000
Other services	-	34,000
	539,726	471,557



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



24. Related party transactions

All transactions with related parties have taken place on an arms-length basis.

Transactions with subsidiaries

In 2020, Brady Energy Norway AS sold services to Brady Energy UK Ltd for NOK 300,916 (NOK 498,001 in 2019). The amount is included in "sales revenue from group companies".

In 2020, Brady Energy Norway AS recognised finance income of NOK 570,975 (NOK 519,511 in 2019) on its loan to Brady Energy UK Ltd. The amount is included within "interest income from group companies".

In 2020, the company purchased services from Brady Energy UK Ltd for a total of NOK 2,777,522 (NOK 0 in 2019). The amount is included within "other operating costs from group companies".

In 2020, Brady Energy Canada Inc paid a dividend of NOK 0 (2019: NOK 640,067) to Brady Energy Norway AS. The amount is included in "other financial expenses".

Transactions with immediate parent company Brady Technologies Ltd and sister companies Brady Trading Ltd and Brady Energy AG

The company has been charged NOK 22,327,558 (2019: NOK 36,088,923) for a share of the group costs and NOK 34,026,875 (2019: NOK 11,159,193) in royalty fees from the sister company Brady Trading Ltd on behalf of the parent company Brady Technologies Ltd. These amounts are included in "other operating costs from group companies".

In 2020, the Company undertook research and development services on behalf of Brady Trading Ltd. NOK 27,131,562 (2019: NOK 17,523,077) is included in "sales revenue from group companies" in respect of this.

In 2020, the company recognised interest on loans to Brady Trading Ltd of NOK 1,811,441 (2019: NOK 1,818,668). The amount is included within "interest income from group companies".

In 2020, the company purchased consulting services from the sister company Brady Energy AG for a total of NOK 85,570 (2019: NOK 393,880). The amount is included within "other operating costs from group companies".

In 2020, Brady Energy Norway AS sold services to Brady Energy AG for a total of NOK 0 (NOK 213,964 in 2019). The amount is included in the sales revenue group.



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



Balances with group companies at 31 December

Intra-group accounts receivable	Note	2020	2019
Brady Energy AG - sister company		128,394	-
Total intra-group accounts receivable		128,394	-
External accounts receivable	11	9,343,854	9,781,690
Total accounts receivable		9,472,248	915,192
Intra-group other current receivables	Note	2020	2019
Brady Energy UK Ltd - subsidiary		11,703,267	13,517,917
Brady Trading Ltd - sister company		42,088,730	41,525,161
Total intra-group other current receivables		53,791,997	55,043,078
External other current receivables	11	401,974	724,741
Total other current receivables	11	54,193,971	55,767,819
Intra-group accounts payable		-	-
External accounts payable		236,426	752,845
Total accounts payable		236,426	752,845
Intra-group other short-term debt		2020	2019
Brady Energy AG - sister company		-	179,916
		-	179,916

The Company has no non-current assets or non-current liabilities with group companies.

The Company's loans to its subsidiary Brady Energy UK Ltd and to its sister company Brady Trading Ltd are secured with a guarantee from the immediate parent company, Brady Technologies Ltd. If Brady Energy Norway AS requires cash to improve its operating liquidity Brady Technologies Ltd guarantees this will be provided.

25. Events after the reporting period

On 18 November 2021, Brady Energy Canada Inc, a subsidiary of Brady Energy Norway AS, was liquidated. This is considered a non-adjusting event.

No adjusting events have occurred between 31 December 2020 and the date of authorisation of these financial statements.

26. Financial risk management

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

35



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Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. The Company's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Company has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the period ended 31 December 2020 as the Company's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are as follows:

	2020 Assets	2020 Liabilities	2019 Assets	2019 Liabilities
EUR	4,210,564	-	4,729,699	(8,842)
CAD	984,281	(28,468)	1,639,394	(110,701)
AUD	208,715	-	1,528,880	-
SEK	202,462	-	170,432	(5,982)
GBP	1,763	13,577	4,016	(56,074)
USD	11,683	-	31,948	-

Foreign currency sensitivity analysis

The Company is mainly exposed to Euro, Canadian Dollar, Australian Dollar, Swedish Krona, Pound Sterling and US Dollar. The Company seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Company's sensitivity to a 10% increase and decrease in the Norwegian Kroner exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	2020 Income statement	2020 Equity	2019 Income statement	2019 Equity
Effect of a 10% weakening in the relevant exchange rate				
EUR	467,840	467,840	524,540	524,540
CAD	106,201	106,201	169,855	169,855
AUD	23,191	23,191	169,876	169,876
SEK	22,496	22,496	18,272	18,272
GBP	1,704	1,704	(5,784)	(5,784)
USD	1,298	1,298	3,550	3,550
Effect of a 10% strengthening in the relevant exchange rate				
EUR	(382,779)	(382,779)	(429,169)	(429,169)
CAD	(86,892)	(86,892)	(138,972)	(138,972)
AUD	(18,974)	(18,974)	(138,989)	(138,989)
SEK	(18,406)	(18,406)	(14,950)	(14,950)
GBP	(1,395)	(1,395)	4,733	4,733
USD	(1,062)	(1,062)	(2,904)	(2,904)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Company's exposure to currency risk.



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Credit risk analysis

Risk management

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Company's treasury policy. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December was determined as follows for both trade receivables and contract assets:

Brady Energy Norway AS

Annual accounts, annual report and audit report for the year ended 31 December 2020

37



DocuSign Envelope ID: F7349AC7-A339-4360-A6C6-AF4EACF64FAB



31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	2.0%	0.0%	0.0%	100.0%	2.1%
Gross carrying amount - trade receivables	9,335,217	-	-	8,638	9,343,854
Gross carrying amount - contract assets	165,611	-	-	-	165,611
Loss allowance	(191,363)	-	-	(8,638)	(200,000)

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.0%	29.2%	100.0%	100.0%	2.0%
Gross carrying amount - trade receivables	9,623,948	76,884	16,109	64,750	9,781,690
Gross carrying amount - contract assets	42,613	-	-	-	42,613
Loss allowance	(96,666)	(22,476)	(16,109)	(64,750)	(200,000)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity analysis

Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Company's financial liabilities are summarised below:

As at 31 December 2020	Current		Non-current	
	Within 6 months	Between 6 and 12 months	Between 1 and 5 years	Later than 5 years
Trade and other payables	12,616,432	-	-	-