

# Lyngsoe Systems A/S

Lyngsø Alle 3  
DK-9600 Aars

CVR no. 17 70 27 85

## Annual report 2020

The annual report was presented and approved at the  
Company's annual general meeting

on \_\_\_\_\_ 20 \_\_\_\_

\_\_\_\_\_  
chairman of the annual general meeting

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lyngsoe Systems A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Aars, 18 February 2021  
Executive Board:

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Jens Villads Bjerregaard  
Thomsen  
CEO

Board of Directors:

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Jørgen Bardenfleth  
Chairman

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Rasmus P. B. Lokvig

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Finn H. Mathiassen

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Vilhelm  
Hahn-Petersen

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Jesper Jarlbæk

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Carsten N. Knudsen



## Independent auditor's report

### To the shareholders of Lyngsoe Systems A/S

#### Opinion

We have audited the financial statements of Lyngsoe Systems A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

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

#### Emphasis of matter

We draw attention to note 2 to the financial statements, which describes uncertainty related to the measurement of receivables. Our opinion is not modified in respect of this matter.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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



## Independent auditor's report

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aalborg, 18 February 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Lau Bent Baun  
State Authorised  
Public Accountant  
mne26708

Steffen S. Hansen  
State Authorised  
Public Accountant  
mne32737

## Management's review

### Financial highlights

DKK'000	Lyngsoe Systems A/S				
	2020	2019	2018	2017	2016
Revenue	195,155	230,300	232,519	213,259	257,801
Gross profit	100,724	105,801	109,111	114,460	115,320
EBITDA	16,039	16,705	15,644	10,820	10,248
Operating profit	6,269	8,516	9,601	5,293	4,788
Profit from group entities	5,558	4,633	5,257	8,420	10,158
Earnings before tax	9,960	13,023	15,589	10,451	13,555
<b>Profit for the year</b>	<b>8,659</b>	<b>10,808</b>	<b>13,524</b>	<b>10,107</b>	<b>12,705</b>
Fixed assets	72,010	70,630	61,749	63,640	60,463
Current assets	111,800	126,881	115,565	107,497	100,700
<b>Total assets</b>	<b>183,810</b>	<b>197,511</b>	<b>177,314</b>	<b>171,137</b>	<b>161,163</b>
<b>Equity</b>	<b>68,278</b>	<b>61,261</b>	<b>49,187</b>	<b>36,423</b>	<b>28,273</b>
Provisions	17,736	19,088	16,447	14,052	13,690
Non-current liabilities other than provisions	19,969	11,654	12,555	13,197	13,982
Current liabilities other than provisions	77,827	105,508	99,125	107,465	105,218
Net working capital	10,702	15,981	15,127	11,946	14,707
Net interest-bearing debt	8,670	21,619	33,609	29,245	39,370
Cash flows for the year	23,274	8,982	-5,017	9,323	1,223
Portion relating to investments in property, plant and equipment	3,053	565	1,005	1,520	348
Return on invested capital	9.8%	11.5%	15.6%	10.5%	9.7%
Solvency ratio	37.1%	31.0%	27.7%	21.3%	17.5%
Return on equity	13.4%	19.6%	31.6%	31.2%	59.3%
<b>Average number of full-time employees</b>	<b>127</b>	<b>135</b>	<b>146</b>	<b>158</b>	<b>152</b>

### Financial ratios

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

## Management's review

### Operating review

#### Group Philosophy

Lyngsoe Systems has been a world leader in the field of cutting-edge logistics control and automation for more than 40 years and is leading within the Radio Frequency Identification (RFID) technology and Bluetooth Low Energy (BLE). We are renowned for innovation, out-of-the-box thinking and the ability to put ideas into practice combining our capabilities with off-the-shelf components.

The Lyngsoe Systems value proposition is to offer best in class logistical solutions across the customer supply chain, offering frictionless automation of manual processes, real-time visibility and traceability to increase customer revenue, reduce OPEX and ensure quality throughout the logistical processes.

With a proven track record of more than 5,000 installations in more than 60 countries, the Lyngsoe Systems team can demonstrate extensive experience in customer logistics knowledge, solution design, software development, integration, service and maintenance. In addition, we offer complete project management and consultancy services in any local, regional or even global setting.

More information can be found on the Group's website at [www.lyngsoesystems.com](http://www.lyngsoesystems.com).

#### Main Activities of the Group

The Lyngsoe Systems Group is organised into two Business Units:

Logistic – Streamline your Logistic Automation

Library – Solutions for smarter libraries

#### Logistics

Logistics provides logistics automation solutions and supply chain visibility to a variety of market segments, specifically postal, retail, airports & airlines, healthcare, pharma, food as well as manufacturing applications across various industries. All being built on a common software platform – Lyngsoe LIVE Logistics™.

In Postal, Lyngsoe Systems supports more than 50 postal operators around the world being successful in transforming their business to match current and future demands. We address the needed support and integration with e-tailers both domestic and cross border. We provide solutions for capacity management and transportation optimisation through efficient data capture on our Lyngsoe Live Logistic platform and dedicated software applications.

In addition, we assist the world's leading e-tailers with supply chain visibility – from production to end-customer.

We develop and maintain control systems for automatic registration, handling and sorting systems and other mechanical solutions.

Within airports and airlines, Lyngsoe Systems' portfolio of RFID readers and the Lyngsoe Live Logistics platform allow airlines and airports to improve the baggage handling performance by enhancing visibility and traceability through the baggage flow from check-in to claim belt. This enables airports and airlines to achieve substantial cost savings by reducing manual and labour-intensive scanning as well as reducing turn-around time for flights at the gate. Just as important, it enables airlines to cut down the number of lost baggage items and hence increase travellers' satisfaction.

In addition, we develop and maintain control systems for automatic baggage handling and sorting systems and other mechanical solutions.



## Management's review

In the healthcare and pharmaceutical sectors, Lyngsoe Systems delivers solutions which enable real time tracking of objects such as beds, medical devices as well as medicines and personnel. This enables hospitals to optimise logistical flows reducing valuable time for the staff, increase utilisation of resources and not least adhere to safety standards for patients.

In manufacturing, Lyngsoe Systems delivers a broad variety of pallet, conveyor and sorter control systems, which provide supply chain visibility and thereby increased efficiency. The solutions support mission-critical systems, reduce complexity, optimise performance and reduce costs. In the food industry, we provide for full traceability of products including temperature monitoring.

### *Library Solutions*

Lyngsoe Systems Library improves patron service and library efficiency by automating material handling of libraries globally by means of sortation, advanced self-service and intelligent material management systems (IMMS). By using Lyngsoe Systems, heavy and/or time-consuming processes are automated enabling library staff to accomplish more patron-oriented tasks while improving the physical work environment at a reduced operating cost. From the largest institutional libraries to the smallest branches, Lyngsoe provides complete library automation solutions to meet the specific needs and requirements of the most modern way of operating today's libraries in a constantly changing educational and cultural environment.

### **Group Structure**

The Group has two business units in the form of Logistics and Library. The business units are supported by a Group Shared Services.

Lyngsoe Systems A/S has three active subsidiaries, which are situated in Frederick, Maryland, USA; Toronto, Canada; and Hamburg, Germany.

The purpose of the US subsidiary is to sell and support our solutions in the North American continent including functions such as sales, project execution, service and support. The majority of the solutions are delivered from Lyngsoe Systems A/S in Denmark.

The Canadian subsidiary is our primary hardware development centre with regards to RFID technology delivering high-quality products, development and expertise.

The German subsidiary serves the German market for library systems.

### *Acquisition of the Company by the Danish Private Equity Fund, CataCap*

In March 2014, Lyngsoe Systems Holding A/S and all affiliated subsidiaries, including Lyngsoe Systems A/S, were acquired by CC Track Holding A/S, now Lyngsoe Systems Holding A/S (Parent Company).

The Company is controlled by the Private Equity Fund, CataCap. The voting shares are distributed with 80% to CataCap, 14% to a majority of the ceding company and 6% to the group management.

CataCap is a member of "Active Owners" and complies with standing [ethical guidelines](#), guidelines for responsible ownership. Lyngsoe Systems strives to fulfil the guidelines issued by Active Owners, even if at present the Company does not qualify as a large reporting class C company. More information about Active Owners is found on <http://dvca.dk>.

### *Acquisition of P.V. Supa Group*

On 15 January 2021, Lyngsoe Systems acquired Finnish-based P.V. Supa Oy and its related companies in the UK (2CQR) and US (P.V. Supa Inc.) Group, thereby creating a global leader in intelligent automation solutions for libraries.

Building on 50 years of combined experience serving the librarian, second-to-none innovative capabilities based on the Scandinavian design heritage and undisputable customer dedication, unifying two of the Library market's leading players into one strong entity will deliver new complementary solutions and services to libraries across the world and an even stronger support to the large existing customer base.

## Management's review

### Development in Activities and Finance during 2020

After years of investment in our Lyngsoe Live Logistics™ platform, the Company is now reaping the benefits from these investments. Consequently, in 2020, the Company reduced its development activities compared to previous years, instead focusing on embedding key development activities into customer projects. The Company will also in the coming years focus on development activities in each of the two business units – with the aim of both delivering competitive and value-creating solutions for our customers as well as maintaining our platforms to improve efficient execution.

### Operating review (Group Level)

Regarding financial performance and development for the Lyngsoe System's Group, reference is made to the consolidated financial statements of Lyngsoe Systems Holding A/S, and the following is highlighted from group level:

- Consolidated revenue was DKK 248.5 million (2019: DKK 270.8 million)
- Gross profit was DKK 139.9 million (2019: DKK 144.5 million).
- Consolidated EBITDA normalised for one-off items totalling DKK 4.3 million amounted to DKK 31.6 million (2019: DKK 4.4 million and 30.7 million, respectively).
- Consolidated EBITDA was DKK 27.4 million (2019: 26.3 million).
- Cash flows from operating activities amounted to DKK 37.6 million (2019: DKK 21.1 million).
- Solvency ratio represented 46.3%, as against 44.5% at 31 December 2019.
- Net Interest-bearing debt end of 2020 amounted to DKK 0.0 million, down from DKK 22.3 million at 31 December 2019.

### Operating review (Lyngsoe Systems A/S)

Lyngsoe Systems A/S is the main group entity, where the majority of activities and shared services are being conducted. The Company's revenue was DKK 195.2 million as against DKK 230.3 million in 2019. The Company's gross profit was DKK 100.7 million, versus 105.8 million in 2019.

EBITDA was DKK 16.0 million as against DKK 16.7 million in 2019.

After depreciation and amortisation, operating profit was DKK 6.3 million as against DKK 8.5 million for the previous accounting period.

Profit from investments in subsidiaries came in at DKK 5.6 million as against DKK 4.6 million in 2019.

Profit for the year was DKK 8.7 million (2019: DKK 10.8 million), which is considered satisfactory.

Cash flows from operating activities were DKK 23.4 million (2019: DKK 15.7 million), due to difference in dividend payments from subsidiaries. After investments, net, totalling DKK 7.2 million (2019: DKK 11.2 million) and net outflow from financing activities of a negative DKK 7.1 million (2019: a negative DKK 4.4 million), cash flows were DKK 23.3 million (2019: DKK 9.0 million).

### Uncertainty regarding Measurement of Receivables

As of 31 December 2020, the Company has overdue receivables totalling net DKK 30 million (unchanged from 2019 except for currency development) related to a project. There is uncertainty related to the recoverability of the receivables, as the contract partner has not fulfilled its payment obligation, resulting in the Company taking legal action.

## Management's review

During 2020, the court ruled in favour of Lyngsoe Systems, however the contract partner appealed the ruling. The appeal is expected to be finalised in the first half of 2021. On the basis of the ruling from the court, the Company assesses that the receivables are still fairly measured and realisable and that the appellate court will rule in favour of the Company. Further, the Company's lawyers support the assertion that the chances of recovery from the partner should be reasonably strong.

## Outlook

Management expects organic growth in 2021 as well as positive impact on profit 2021 from the acquisition of P.V. Supa.

In 2021, focus in the Logistics business unit will be to increase our customer base and capture a larger share of the growing market, not least accelerated by increased demand for automation solution across industries. In our Library business unit, 2021 will be a year with focus on integrating P.V. Supa with Lyngsoe Systems, while securing a constant focus on how to best serve our customers.

## Product Development

In 2020, we developed additional features to Lyngsoe Systems' unique software product IMMS (Intelligent Material Management Systems). In 2020, we saw still growing interest in and demand for IMMS and signed new contracts in North America and Europe, and we expect to see further growth in 2021.

With OneOS we have focused on improving IT security in our products as well as we have developed a new updated version of the CPU for our RTLS portal to secure more flexibility in the product.

## Corporate Social Responsibility

Lyngsoe Systems' definition of corporate social sustainability is the creation of social, environmental, and economic value for both short-term and long-term business success and responsible global development. In line with this definition, we aim to align our sustainability strategy with our corporate strategy.

This means that we are working to embed sustainability into our business practice, our solutions, our operations, and our social investment. Lyngsoe Systems believes that by conducting sustainable and socially responsible business, we can benefit partners, employees, shareholders and society.

In short, we are working to embed sustainability into all our business.

The Group has drawn up a corporate social responsibility policy. The CSR report can be found on <https://lyngsoesystems.com/corporate-social-responsibility>

We are working with the 17 Sustainable Development Goals (SDG), and the Ten Principles of the United Nations Global Compact are the drivers of Lyngsoe Systems CSR policy. As an example of how Lyngsoe Systems works with SDG; the targets for SDG 4 cover the need for access to university level education, vocational training, and entrepreneurship skills. This SDG targets a substantial increase in the number of people who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship and is assessed by the proportion of individuals with ICT competencies.

Lyngsoe Systems work to increase the number of people with relevant, technical and vocational skills. At Lyngsoe Systems, we cooperate with universities and university students to bridge the gap between universities and businesses. Student-worker programs, as well as Master-thesis programs, are a part of our culture. Through these co-operations, we seek to develop not only new and more sustainable solutions, but also to create possibilities for students to gain valuable working knowledge and experience.

## Management's review

### *Employees*

The Lyngsoe Systems Group is a distinctly knowledge-based company. We have succeeded in the continued development and growth by attracting and retaining competent and highly educated talents, including engineers with experience in developing advanced software solutions.

We continuously allocate considerable resources for process improvements aiming at increasing quality and efficiency. We invest in methods, processes as well as education and upskilling of our employees. Thus, it is one of the goals of the Group to be and remain an attractive employer. During 2020, we implemented new tools to measure our employee satisfaction and engagement on a more frequent basis, and through our Lyngsoe United initiative ensured that Lyngsoe Systems keeps and improves our attractiveness as employer.

We recognise that our employees in 2020 made a tremendous effort to keep the business running during Covid-19 and acted with flexibility when required, and this underlines the strength of the working environment. We remain especially thankful for this during the last year.

### *Human and Labour Rights*

The Group recognises the international human and labour rights such as the right to education and the freedom of speech and secures that no discrimination based on race, religion or political opinion takes place. Management is not aware of any violation of the policy during 2020.

### *Environment*

The Group recognises the need for maintaining a sustainable environment and is committed to obey and follow local environment laws and regulations of the countries in which we operate. Management is not aware of any violation of the environment laws and regulations during 2020.

### *Anti-corruption*

The Group recognises the need to ensure that we act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly. Furthermore, we provide guidance to employees on how to react if and when offered extraordinary gifts. Management is not aware of any violation of the anti-corruption policy during 2020.

### *Security*

In addition to the Sustainable Development Goals, Lyngsoe Systems has a keen focus on IT safety and security, which is part of being socially responsible when delivering IT based solutions for logistic improvements.

We continue to adhere to the EU General Data Protection Regulation (GDPR), as IT security and “personal data” is a focus both at Lyngsoe Systems and our customers, and with more than 30 years of operating on the global market, it is important for us to work proactively with the security within our solutions.

## Management's review

### Corporate Governance

Our Board and Executive Management constantly monitor the management structure and control systems of the Company and the Group to ensure that they are appropriate and well-functioning.

The tasks of Management are based on the Danish Companies Act (selskabsloven), the Danish Financial Statements Act (årsregnskabsloven), the Articles of Association and the rules of procedure of the Board including guidelines for executive management. Further, the Group and the Company are, due to their status as a company partly owned by a Private Equity Fund, also subject to Active Owners' code for responsible ownership and good corporate governance. Based on this, a set of internal procedures have been developed and are continuously updated in order to ensure active, safe and profitable governance.

### Particular Risks

The Company, Board and Executive Management have a continuing dialogue about important circumstances in the Company and the Group, one element being risks with a potentially large influence on the Company. In the following, we state the important and identified risks that are being discussed and the corresponding mitigating measures initiated in the various areas.

#### *Market Risk*

The most important business-related risk for the Company and the Group is still the ability to consistently and continuously deliver good service and produce high quality at competitive prices in the served markets. Partnerships are an integral part in accessing our customers and markets, and we strive to nurture these relations. Our high-end technological capabilities ensure solutions for our competitiveness, and we continuously monitor new technologies to maintain a state-of-the art value offering for our customers.

#### *Product Risk*

The Company continues to produce to order in the field of customized, high technology logistics solutions, however, we remain committed to developing more module-based solutions to be offered to a wider audience regarding both customers and markets. In 2020, we saw a higher share of sales from "off-the-shelf" standard products such as standard Library equipment and Lyngsoe RTLS RFID Portal™. This development towards a higher share of "off-the-shelf" products will be pursued also in 2021, and this will also be supported by the acquisition of P.V. Supa.

#### *Credit Risk*

The Company continues to produce to order in the field of customised, high technology logistics solutions, however, we remain committed to developing more module-based solutions to be offered to a wider audience regarding both customers and markets. In 2020, we saw a higher share of sales from "off-the-shelf" standard products such as standard Library equipment and Lyngsoe RTLS RFID Portal™. This development towards a higher share of "off-the-shelf" products will be pursued also in 2021, and this will also be supported by the acquisition of P.V. Supa.

#### *IT Risk*

We offer our customers hosting and monitoring services and accordingly, high levels of IT security are paramount, and we continuously ensure that policies and practises provide assurance for this. The Company has established an IT Security Board to oversee that standards are maintained to reduce IT risks to an acceptable level.

## Management's review

### *Sourcing Risk*

The Company sources hardware from different suppliers, and we are continuously screening the market for alternative suppliers in order to secure independence and competitive purchasing prices. During 2020, we also focused on securing that secondary suppliers are available for our main product lines. In 2020, we saw the strength of our set-up as we, despite supply chain issues and transportation difficulties, were able to deliver according to our customers' demands.

### *Financial Risk*

The Board and the Executive Management regularly evaluate whether the capital structure of the Company and the Group is in accordance with our overall targets and supports long term sustainable economic growth.

The Company is financed through its own capital with a solvency of over 40% at group level, as well as mortgage loans, overdraft facility, supplier credit, etc. Duration and interest risk are evaluated as appropriate for the Company and the Group. At the balance sheet date, net interest-bearing debt was DKK 0.0 million (2019: DKK 22.3 million), which is deemed to be an appropriate level in relation to the total balance (capital structure).

Foreign exchange and credit risks relating to commercial activities are either hedged or considered to be at an appropriately low level. Speculative foreign exchange transactions are not undertaken. The primary exchange risk is related to the Company's activities in the USA where currency risks are partly matched by sourcing hardware denominated in USD and in Europe where foreign exchange risks are evaluated at a low level.

### **Events after the Balance Sheet Date**

Except for the P.V. Supa acquisition, no events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2020	2019
<b>Revenue</b>		195,155	230,300
Direct costs		-76,887	-100,209
External costs		-17,544	-24,290
<b>Gross profit</b>		100,724	105,801
Staff costs	3	-84,684	-89,097
Amortisation and depreciation		-9,771	-8,188
<b>Operating profit</b>		6,269	8,516
Profit from investments in subsidiaries		5,558	4,633
Financial income	4	3,224	2,198
Financial expenses		-5,091	-2,324
<b>Profit before tax</b>		9,960	13,023
Tax on profit for the year	5	-1,301	-2,215
<b>Profit for the year</b>	6	8,659	10,808

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	7		
Development projects		25,021	28,546
<b>Property, plant and equipment</b>	8		
Land and buildings		17,769	16,528
Fixtures and fittings, tools and equipment		1,333	1,586
		19,102	18,114
<b>Investments</b>	9		
Investments in subsidiaries		27,887	23,970
<b>Total fixed assets</b>		72,010	70,630
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		3,829	3,668
<b>Receivables</b>			
Trade receivables		66,862	91,591
Contract work in progress	10	9,740	9,651
Receivables from group entities		18,333	20,350
Other receivables		13	20
Tax receivables		438	433
Prepayments		365	1,168
		95,751	123,213
<b>Cash</b>		12,220	0
<b>Total current assets</b>		111,800	126,881
<b>TOTAL ASSETS</b>		183,810	197,511



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2020	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2,189	2,189
Reserve for net revaluation according to the equity method		19,230	15,313
Reserve for net revaluation on buildings		3,240	3,637
Reserve for development projects		22,772	24,954
Retained earnings		20,847	15,168
<b>Total equity</b>		<b>68,278</b>	<b>61,261</b>
<b>Provisions</b>			
Deferred tax	11	13,603	13,592
Warranty provisions		4,133	5,496
<b>Total provisions</b>		<b>17,736</b>	<b>19,088</b>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Mortgage debt	12	10,527	11,389
Lease liability		114	265
Other debt		9,328	0
		19,969	11,654
<b>Current liabilities other than provisions</b>			
Current portion of non-current liabilities other than provisions	12	1,075	1,089
Bank loans and overdrafts		0	11,054
Prepayments received from customers	10	9,524	26,713
Trade payables		16,050	22,539
Payables to group entities		14,881	8,745
Other payables		20,522	23,850
Deferred income	13	14,498	11,518
Corporation tax		1,277	0
		77,827	105,508
<b>Total liabilities other than provisions</b>		<b>97,796</b>	<b>117,162</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>183,810</b>	<b>197,511</b>
<b>Uncertainty regarding measurement of receivables</b>	2		
<b>Contractual obligations, contingencies, etc.</b>	15		
<b>Related party disclosures</b>	16		
<b>Events after the balance sheet date</b>	17		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Reserve for net revaluation on buildings	Retained earnings	Total equity
<b>Equity at 1 January 2020</b>	2,189	15,313	24,954	3,637	15,168	61,261
Addition of development projects during the year	0	0	5,599	0	-5,599	0
Transferred over the profit appropriation	0	5,559	-7,781	-397	11,278	8,659
Exchange rate adjustment, foreign subsidiary	0	-1,642	0	0	0	-1,642
<b>Equity at 31 December 2020</b>	<u>2,189</u>	<u>19,230</u>	<u>22,772</u>	<u>3,240</u>	<u>20,847</u>	<u>68,278</u>

## Financial statements 1 January – 31 December

### Cash flow statement

DKK'000	Note	2020	2019
Profit for the year		8,659	10,808
Amortisation and depreciation		9,771	8,188
Income from investments in subsidiaries		-5,559	-4,632
Financial income and expenses		1,867	126
Tax on profit for the year		1,301	2,215
Exchange rate adjustments		0	0
Cash generated from operations before changes in working capital		16,039	16,705
Changes in working capital	14	9,210	-853
Cash generated from operations		25,249	15,852
Financial income		3,224	2,198
Financial expenses		-5,091	-2,324
<b>Cash flows from operating activities</b>		<b>23,382</b>	<b>15,726</b>
Capitalisation of development costs		-4,180	-10,606
Acquisition of property, plant and equipment		-3,053	-565
<b>Cash flows from investing activities</b>		<b>-7,233</b>	<b>-11,171</b>
Repayment of mortgage debt		-1,028	-830
Loans to/from group entities		8,153	5,257
<b>Cash flows from financing activities</b>		<b>7,125</b>	<b>4,427</b>
<b>Cash flows for the year</b>		<b>23,274</b>	<b>8,982</b>
Opening cash and cash equivalents, net		-11,054	-20,036
<b>Cash and cash equivalents at year end</b>		<b>12,220</b>	<b>-11,054</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Lyngsoe Systems A/S for 2020 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Lyngsoe Systems A/S and group entities are included in the consolidated financial statements of Lyngsoe Systems Holding A/S, Lyngsø Alle 3 9600 Aars, CVR no. 25 65 69 46 and CC Track Invest ApS, Lyngsø Alle 3 9600 Aars, CVR no. 25 65 68 06.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

When assets and liabilities are recognised and measured, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Foreign currency translation

At initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets settled in foreign currencies are translated at the exchange rates at the transaction date.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

All the Company's foreign subsidiaries are integral entities whose income statements are translated into Danish kroner at the average exchanges rate for the year and whose balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates ruling at the balance sheet date are recognised directly in equity.

### Income statement

#### Revenue

Revenue includes sales of logistics and library automation solutions, typically including engineering, software, licenses and hardware components.

Further revenue comprise service contracts.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, who has pricing latitude and who is also exposed to inventory and credit risks.

Logistic and library automation solutions meet the criteria for revenue to be recognised over time, on a percentage of completion basis. This is due to the customisation of components to customer specifications (selected options) which means that Lyngsoe Systems has no alternative use for the component once customisation commences and Lyngsoe Systems has a right to payment for work completed to date.

The Group's contracts with customers for the sale of logistic and library automation solutions, generally include two performance obligation. Used hours is recognised over time and hardware is recognised at time for delivery. Software licenses are also recognised at time for delivery.

Service work and contracts are recognised over time.

For logistic and library automation solutions payments are based on milestones, generally leading to prepayments in the first phase and assets in the ending period.

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. Generally, normal standard warranty obligations apply.

#### Operating costs

Operating costs are comprised by costs related to distribution, sales, advertising, administration, lease expenses, bad debts, etc.

#### Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Refunds from public authorities including Covid-19 payroll compensation have been deducted from staff costs.

#### Profit/loss from investments in subsidiaries

The proportionate share of the results of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

#### Financial income and expenses

Financial income and expenses comprise interest income and expenses, currency adjustments and amortisation of financial assets.

#### Tax on profit/loss for the year

The Company is jointly taxed with its parent company. Current Danish tax is allocated between the jointly taxed Danish companies in proportion to their taxable incomes (full absorption).

The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The recognised tax expense relating to the extraordinary profit/loss for the year is allocated to this item, whereas the remaining tax expense is allocated to profit/loss for the year from ordinary activities.

### Balance sheet

#### Goodwill

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected economic life assessed at 10 years.

#### Development costs

Costs of development at the Company's own expense are capitalised if the projects are clearly defined and identifiable, where the technical utilisation degree and a potential future market or development potential in the Company are evidenced. It is also required that the Company intends to produce, market or use the outcome of the project.

The cost of such projects includes direct wages and a share of the Company's indirect costs.

Capitalised development costs are amortised upon completion of the development work on a straight-line basis over the estimated useful lives. The amortisation period represents 3-5 years.

Development costs incurred in connection with specific customer projects are expensed in the financial statements.

Gains and losses on the disposal of development costs are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Land and buildings, plant and machinery fixtures and fittings, other plant and equipment are measured at cost, added net revaluations and less accumulated depreciation and impairment losses. The basis of depreciation is cost, added net revaluations and less any expected residual value after the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30 years
Fixtures and fittings, tools and equipment	3-5 years
IT equipment and software	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Investments not exceeding DKK 13 thousand are recognised as an expense in the year of acquisition.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

##### Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments.

When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

##### Investments in subsidiaries

Investments in subsidiaries are measured on the balance sheet at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and with the addition or deduction of positive or negative goodwill calculated in accordance with the transfer method.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the entity's deficit.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Positive balances (goodwill) between cost and fair value of the assets and liabilities taken over, including restructuring provisions, are recognised under investments in group entities and are amortised over their estimated useful lives, which are determined on the basis of the Management's experience within the individual business areas.

The amortisation period may not exceed 10 years and is longest for strategically acquired entities with strong market positions and long-term earnings profiles. The carrying amount of goodwill is regularly assessed and is written down in the income statement if the carrying amount exceeds projected future net income generated by the Company or the activity to which the goodwill relates.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in forecast sales price.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

#### Contract work in progress

Contract work is measured at the selling price of the work performed less progress billings and anticipated losses.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognized as an expense and a provision.

Where the selling price of work performed exceeds progress billings on contract work and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of contract work, the deficit is recognized under liabilities.

Prepayments from customers are recognised under liabilities.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Equity

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Transactions with treasury shares are recognised directly in the distributable reserves of equity. An amount corresponding to the cost of treasury shares is deducted from distributable reserves. The selling price on the disposal of treasury shares is added to distributable reserves.

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item in equity.

##### *Reserve for development costs*

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or for the cover of losses. If recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

##### *Revaluation reserve*

The revaluation reserve under section 41 of the Danish Financial Statements Act, to which fair value adjustments of property, plant and equipment and intangible assets are tied, will be reduced by depreciation and amortisation.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

#### Warranty provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 1-3 years. Provisions for warranties are measured and recognised on the basis of past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised as costs in the income statement.

#### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income comprises payments received concerning income in subsequent years.

#### Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid. Further dividends from subsidiaries are included in cash flows from operating activities if they relate to earnings realised in the subsidiaries.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

## Financial statements 1 January – 31 December

### Notes

#### 2 Uncertainty regarding measurement of receivables

As of 31 December 2020, the Company has overdue receivables totalling net DKK 30 million (unchanged from 2019 except currency development) related to a project. There is uncertainty related to the recoverability of the receivables, as the contract partner has not fulfilled its payment obligation, resulting in the Company taking legal action.

During 2020, the court ruled in favour of Lyngsoe Systems, however the contract partner appealed the ruling. The appeal is expected to be finalised in the first half of 2021. On the basis of the ruling from the court, the Company assesses that the receivables are still fairly measured and realisable and that the appellate court will rule in favour of the Company. Further, the Company's lawyers support the assertion that the chances of recovery from the partner should be reasonably strong.

#### 3 Staff costs

DKK'000	2020	2019
Wages and salaries	73,229	76,583
Pensions	9,680	10,204
Other social security costs	1,775	2,310
	<u>84,684</u>	<u>89,097</u>
Average number of full-time employees	<u>127</u>	<u>135</u>
Remuneration of the Board of Directors and Executive Board	<u>4,018</u>	<u>3,710</u>

Received payroll compensation from Danish relief package amounts to DKK 4,063 thousand, which is set off against wages and salaries above.

#### 4 Financial income

Financial income from group entities totalled DKK 806 thousand (2019: DKK 808 thousand).

#### 5 Tax on profit for the year

DKK'000	2020	2019
Current tax for the year	1,290	0
Deferred tax adjustment for the year	-437	1,932
Adjustment for tax prior year	448	283
	<u>1,301</u>	<u>2,215</u>
Which is specified as follows:		
Tax on profit for the year	<u>1,301</u>	<u>2,215</u>
	<u>1,301</u>	<u>2,215</u>

## Financial statements 1 January – 31 December

### Notes

#### 6 Profit appropriation

DKK'000	2020	2019
Reserve for net revaluation according to the equity method	5,559	6,515
Reserve for net revaluation on buildings	-397	-397
Reserve for development costs	-7,781	-3,710
Retained earnings	11,278	8,400
	<u>8,659</u>	<u>10,808</u>

#### 7 Intangible assets

DKK'000	Goodwill	Finalised development projects	Development projects in progress	Total
Cost at 1 January 2020	740	35,928	6,821	43,489
Additions	0	545	3,635	4,180
Transfers	0	5,341	-5,341	0
Disposals	0	-5,848	0	-5,848
Cost at 31 December 2020	<u>740</u>	<u>35,966</u>	<u>5,115</u>	<u>41,821</u>
Amortisation and impairment losses at 1 January 2020	740	14,203	0	14,943
Amortisation	0	7,705	0	7,705
Divested	0	-5,848	0	-5,848
Amortisation and impairment losses at 31 December 2020	<u>740</u>	<u>16,060</u>	<u>0</u>	<u>16,800</u>
<b>Carrying amount at 31 December 2020</b>	<u>0</u>	<u>19,906</u>	<u>5,115</u>	<u>25,021</u>

#### Development projects

Finalised development projects and development projects in progress relate mainly to the development of hardware for Library Solutions and development of software for Postal & Logistics solutions and Data Capture Solutions. The projects are amortised over five years. The projects in progress are expected to be completed within 1–2 years and to bring about considerable economic benefits.

## Financial statements 1 January – 31 December

### Notes

#### 8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	24,963	14,539	39,502
Additions	2,519	534	3,053
Disposals	-407	0	-407
Cost at 31 December 2020	27,075	15,073	42,148
Net revaluations at 1 January 2020	7,627	0	7,627
Net revaluations at 31 December 2020	7,627	0	7,627
Depreciation 1 January 2020	16,062	12,953	29,015
Depreciation	1,102	788	1,890
Disposals	-232	0	-232
Depreciation at 31 December 2020	16,932	13,741	30,673
<b>Carrying amount at 31 December 2020</b>	<b>17,770</b>	<b>1,332</b>	<b>19,102</b>
Assets held under finance leases	0	509	509

Carrying amount of net revaluations totals DKK 4,157 thousand.

## Financial statements 1 January – 31 December

### Notes

#### 9 Investments

DKK'000	Investments in subsidiaries
Cost at 1 January 2020	3,422
Disposals	0
Cost at 31 December 2020	3,422
Value adjustments at 1 January 2020	20,548
Foreign exchange adjustment	-1,642
Profit for the year	5,559
Received dividends from subsidiaries	0
Value adjustments at 31 December 2020	24,465
<b>Carrying amount at 31 December 2020</b>	<b>27,887</b>

Development projects are capitalised as a part of recognised results from subsidiaries. This is capitalised as development reserves under equity.

Name and registered office	Stake	Share capital	Equity	Profit/loss for the year	Carrying amount
		DKK'000	DKK'000	DKK'000	DKK'000
Lyngsoe Systems Inc., USA	100%	65	5,322	5,553	10,020
Lyngsoe Systems Ltd., Canada	100%	0	16,686	739	16,661
Lyngsoe Systems AG, Germany	100%	373	995	148	1,138
Intra-group profit/adjustments				19	68
				<u>6,459</u>	<u>27,887</u>

## Financial statements 1 January – 31 December

### Notes

#### 10 Contract work in progress

DKK'000	2020	2019
Sales value of work performed	75,656	93,053
Progress billings	-75,440	-110,115
	<u>216</u>	<u>-17,062</u>
Recognised as follows:		
Contract work in progress (assets)	9,740	9,651
Contract work in progress (liabilities)	-9,524	-26,713
	<u>216</u>	<u>-17,062</u>

#### 11 Deferred tax

Deferred tax liabilities are attributable to deferred tax arising from net revaluation on buildings, contract work in progress, property, plant and equipment, provisions, prepayments, deferred income and tax loss carryforwards.

#### 12 Mortgage and credit institutions

DKK'000	Total debt at 31/12 2020	Repayment, coming year	Unpaid balance after 5 years
Mortgage debt	11,336	809	7,320
Lease liability	379	266	0
	<u>11,715</u>	<u>1,075</u>	<u>7,320</u>

Other debt includes holiday allowance.

#### 13 Deferred income

Deferred income of DKK 14,498 thousand (2019: DKK 11,518 thousand) comprise service agreements.

## Financial statements 1 January – 31 December

### Notes

#### 14 Changes in working capital

DKK'000	2020	2019
Changes in contract work in progress, net	-90	-602
Changes in prepayments received	-17,189	6,932
Changes in inventories	-160	-60
Changes in receivables	25,521	-7,995
Changes in trade payables and other capital	2,491	163
Changes in warranty provisions	-1,363	709
	<u>9,210</u>	<u>-853</u>

#### 15 Contractual obligations, contingencies, etc.

Land and buildings with a carrying amount of DKK 17,769 thousand at 31 December 2020 have been provided as collateral for amounts owed to mortgage institutions of DKK 11,336 thousand.

A mortgage deed registered to the mortgagor of DKK 8,000 thousand secured on land and buildings has been registered as collateral for balance with Nordea Bank. The mortgage deed registered to the mortgagor is subordinated to mortgage debt.

A deed registered to the bank of DKK 25,000 thousand secured on pledged assets has been registered as collateral for balances with Nordea Bank. At 31 December 2020, pledged assets totalled DKK 83,749 thousand.

The Company has provided a negative pledge as collateral for all amounts owed to Nordea Bank by the Group.

The Company has provided payment and performance guarantees totalling DKK 9,015 thousand (2019: DKK 10,140 thousand) via its bank and other partners. The Company has provided joint and several guarantees at an amount of DKK 8,000 thousand for all amounts owed related to guarantees.

The Company is jointly taxed with other Danish companies in the Group. As a jointly taxed company, the Company has joint unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. Any subsequent corrections of income subject to joint taxation or withholding taxes could result in an increased liability for the Company.

The Company has entered into leases totalling DKK 220 thousand that all fall due within the initial year.



## Financial statements 1 January – 31 December

### Notes

#### 16 Related party disclosures

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Lyngsoe Systems Holding A/S, Lyngsø Alle 3, 9600 Aars

CataCap K/S controls the majority of the share capital in the Lyngsoe Systems Holding A/S through CC Track Invest ApS.

#### Related party transactions

DKK'000	2020
Sale of goods and services to a group company	57,388
Purchase of goods and services from a group company	-55,524
<b>Total</b>	<b>1,864</b>

Remuneration to the Company's Executive Board and Board of Directors is disclosed in note 3.

Receivables from group entities are disclosed in the balance sheet, and income interest is disclosed in note 4.

#### 17 Events after the balance sheet date

Except for the P.V. Supa acquisition after the balance sheet date, no events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any material way.

# PENNEO

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

## Jesper Jarlbæk

### Bestyrelsesmedlem

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-655342323829

IP: 2.108.xxx.xxx

2021-02-25 08:51:13Z

NEM ID 

## Finn Hovalt Mathiasen

### Bestyrelsesmedlem

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-842112998282

IP: 212.112.xxx.xxx

2021-02-25 08:59:56Z

NEM ID 

## Rasmus Philip Buhl Lokvig

### Bestyrelsesmedlem

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-236698305477

IP: 94.18.xxx.xxx

2021-02-25 09:03:07Z

NEM ID 

## Carsten Nygaard Knudsen

### Bestyrelsesmedlem

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-889069631253

IP: 217.28.xxx.xxx

2021-02-25 09:55:13Z

NEM ID 

## Jens Villads Bjerregaard Thomsen

### Adm. direktør

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-252141004120

IP: 195.5.xxx.xxx

2021-02-25 09:55:13Z

NEM ID 

## Vilhelm Eigil Hahn-Petersen

### Bestyrelsesmedlem

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-907819499468

IP: 94.18.xxx.xxx

2021-02-25 10:06:54Z

NEM ID 

## Jørgen Vilhelm Løvenørn Bardenfleth

### Bestyrelsesformand

På vegne af: Lyngsoe Systems A/S

Serienummer: PID:9208-2002-2-816014968039

IP: 212.237.xxx.xxx

2021-03-01 11:15:08Z

NEM ID 

## Lau Bent Baun

### Statsautoriseret revisor

På vegne af: KPMG Statsautoriseret Revisionspartners...

Serienummer: PID:9208-2002-2-681836191989

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## Steffen Sjørlev Hansen

Statsautoriseret revisor

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