

Lyngsoe Systems A/S

Lyngsø Alle 3
DK-9600 Aars

CVR No. 17 70 27 85

Annual report 2021

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

on 17/3 20 22



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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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, 8 March 2022
Executive Board:

Jens Villads Bjerregaard
Thomsen
CEO

Board of Directors:

Jørgen Bardenfleth
Chairman

Rasmus P. B. Lokvig

Finn H. Mathiassen

Vilhelm
Hahn-Petersen

Jesper Jarlbæk

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 2021 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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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, 8 March 2022

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

Lyngsoe Systems A/S					
DKK'000	2021	2020	2019	2018	2017
Revenue	207,885	195,155	230,300	232,519	213,259
Gross profit	100,016	100,724	105,801	109,111	114,460
EBITDA	16,436	16,039	16,705	15,644	10,820
Operating profit	7,358	6,269	8,516	9,601	5,293
Profit from group entities	10,468	5,558	4,633	5,257	8,420
Profit before tax	18,919	9,960	13,023	15,589	10,451
Profit for the year	16,878	8,659	10,808	13,524	10,107
Fixed assets	137,191	72,010	70,630	61,749	63,640
Current assets	130,802	111,800	126,881	115,565	107,497
Total assets	267,993	183,810	197,511	177,314	171,137
Equity	89,147	68,278	61,261	49,187	36,423
Provisions	17,735	17,736	19,088	16,447	14,052
Non-current liabilities other than provisions	65,386	19,969	11,654	12,555	13,197
Current liabilities other than provisions	95,725	77,827	105,508	99,125	107,465
Net working capital	5,707	10,702	15,981	15,127	11,946
Net interest-bearing debt	7,266	8,670	21,619	33,609	29,245
Cash flows for the year	15,889	23,274	8,982	-5,017	9,323
Portion relating to investments in property, plant and equipment	709	3,053	565	1,005	1,520
Return on invested capital	5.1%	9.8%	11.5%	15.6%	10.5%
Solvency ratio	33.3%	37.1%	31.0%	27.7%	21.3%
Return on equity	21.4%	13.4%	19.6%	31.6%	31.2%
Average number of full-time employees	120	127	135	146	158

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 visibility 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.

In our selected business areas, the Lyngsoe Systems value proposition is to offer best in class logistical visibility and automation solutions across the customer supply chain, improving our customer's operational efficiency and enabling their sustainable transformation and future readiness.

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.

Main Activities of the Group

The Lyngsoe Systems Group is organised into two Business Units:

Logistics – Connecting the physical flow to the digital landscape

Library – Solutions for smarter libraries

Logistics

Logistics provides logistics visibility and automation solutions to a variety of market segments, specifically postal, retail, airports & airlines, healthcare, pharma, food as well as manufacturing applications across various industries. The majority 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

Operating review

In the healthcare sector, Lyngsoe Systems delivers solutions which enable real time tracking of assets such as beds, medical devices as well as medicines and personnel. This enables hospitals to optimise logistical flows freeing up valuable time for the staff, increasing utilisation of resources and not least adhering 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.

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 Systems 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 five active subsidiaries, which are situated in Frederick, Maryland, USA; Toronto, Canada; Hamburg, Germany; Kerava, Finland and Long Bennington, UK.

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, external contract manufacturers but also from our Finnish entity following the acquisition of P.V. Supa.

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.

The UK entity sells and supports our solutions in the UK and Ireland that as mostly delivered from our Finnish entity as well as from suppliers locally in UK.

The Finnish entity is a production facility as well as sales, development and support entity related to the products produced in Finland.

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 entity. More information about Active Owners is found on <http://dvca.dk>.

Management's review

Operating review

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. The UK and Finnish entities have in 2021 changed names to Lyngsoe Systems Ltd and Lyngsoe Systems Oy, while the US entity in July was merged with our US entity.

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.

Development in Activities and Finance during 2021

After years of investment in our Lyngsoe Live Logistics™ platform, the Company is now reaping the benefits from these investments. In 2021, the development activities were focused around improving our existing product thereby expanding market potential. Our RTLS portal was updated with additional functionalities, our software solution X-tracking enhanced with the number of assets that can run on the solution as well as improved reporting tools. Elevating the user interface was also the focus for our update of IMMS™ extending the product with a BI functionality. 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 316.3 million (2020: DKK 248.5 million)
- Gross profit was DKK 166.0 million (2020: DKK 139.9 million)
- Consolidated EBITDA normalised for one-off items totalling DKK 5.1 million amounted to DKK 46.5 million (2020: DKK 4.3 million and 31.6 million, respectively).
- Consolidated EBITDA was DKK 41.4 million (2020: 27.4 million).
- Cash flows from operating activities amounted to DKK 52.0 million (2020: DKK 37.6 million).
- Solvency ratio represented 39.3%, as against 46.3% at 31 December 2020.
- Net Interest-bearing debt (NIBD) end of 2021 amounted to DKK 21.4 million (including accrued earn out liability of DKK 30.0 million), up from 0.0 million at 31 December 2020 mainly due to the acquisition of companies.

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 207.9 million as against DKK 195.2 million in 2020. The Company's gross profit was DKK 100.0 million, versus 100.7 million in 2020.

EBITDA was DKK 16.4 million as against DKK 16.0 million in 2020.

Management's review

Operating review

After depreciation and amortisation, operating profit was DKK 7.4 million as against DKK 6.3 million for the previous accounting period.

Profit from investments in subsidiaries came in at DKK 10.5 million as against DKK 5.6 million in 2020.

Profit for the year was DKK 16.9 million (2020: DKK 8.7 million), which is considered satisfactory.

Cash flows from operating activities were DKK 52.5 million (2020: DKK 23.4 million), due to difference in dividend payments from subsidiaries. After investments, net, totalling negative DKK 54,9 million (2020: a negative DKK 7.2 million) and net outflow from financing activities of DKK 18.3 million (2020: DKK 7.1 million), cash flows were DKK 15.9 million (2020: DKK 23.3 million).

Uncertainty regarding Measurement of Receivables

As of 31 December 2021, the Company has overdue receivables totalling net DKK 32 million (unchanged from 2020 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.

During 2020, the court ruled in favour of Lyngsoe Systems, and during 2021, the appeal court also ruled in favour of Lyngsoe Systems, and the case is now with the enforcement court.

A "no cure, no pay" agreement was made with the lawyers in 2021, which means a provision of DKK 4.3 million were made end of 2021, reducing the net receivable to DKK 28 million.

As the Company's lawyer believe that a significant part of the receivable can be collected through initiated enforcement actions and that the Company assesses that the receivables are fairly measured and realisable.

Naturally there is uncertainty related to the outcome of the enforcement process, and if not collected, this will have a significant negative impact on the financial position of the Company.

Outlook

Management expects organic growth in 2022 as well as a further positive impact on profit in 2022 from the synergies from the acquisition of P.V. Supa.

In 2022, focus in the Logistics business unit will be to continue increasing our customer base as done in 2021, expanding business with existing customers and winning new accounts in existing geographical markets.

In our Library business unit, 2022 will be focused on realizing the remaining synergies effect out of the integration with P.V. Supa, capturing potential for IMMS™ by increasing functionalities and market opportunities as well as growing our AMH and SSE sales through partners in geographical markets where Lyngsoe Systems does not have presence today. This while securing a constant focus on how to best serve our existing customers with improved service offering.

Product Development

In 2021, we developed additional features to Lyngsoe Systems' unique software product IMMS™ (Intelligent Material Management Systems) by adding a BI to increase user experience and usability.

RTLS portals have been expanded with additional connectivity functionality and X-tracking have also been improved with additional reporting tools and is now able to handle more assets.

Management's review

Operating review

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.

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 continuously with the 17 Sustainable Development Goals (SDG). In addition, 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 entrepreneurial 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.

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 initiatives. Through this cooperation, 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.

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 of our employees. Thus, it is one of the goals of the Group to be and remain an attractive employer. During 2021, we have on a quarterly basis measured our employee satisfaction and engagement, and through our Lyngsoe United cultural initiative ensured that Lyngsoe Systems keeps and improves our attractiveness as employer.

We recognise that our employees also in 2021 made a tremendous effort to keep the business running during Covid-19 and acted with flexibility when required, underlining 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 2021.

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 2021.

Management's review

Operating review

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 2021.

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. In 2021 a more structured approach to IT security awareness was implemented and for 2022 further resources will be allocated to this area.

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.

Management's review

Operating review

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 2021, 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 is expected to continue to increase in 2022.

Credit Risk

The Company's credit risks relate to trade receivables included in the statement of financial position. The Company has a majority of customers with a public background and as such the risk is deemed small. Currently, the Company has one large customer who is being monitored carefully by Management as the parties in late 2017 became involved in a legal suit. The dispute is further described in note 14 to the consolidated financial statements and parent company financial statements, to which reference is made. The Company's credit risk policy involves assessing credit worthiness of all major customers and business partners. This is done on a regular basis

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 secure that standard are maintained to reduce IT risks to an acceptable level, and have employee awareness programs running over the cause of the year. IT risk is a focus area for the Board of Director who are regularly updated on the topic.

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 2021 Lyngsoe Systems has as other companies been impacted by the global supply chain issues. Despite these challenges we have only seen limited delay in shipments to our customers, which also shows the commitment from both our suppliers and employee to find new alternative solutions.

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 approx. 40% at group level, as well as mortgage loans, acquisition loan, 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 7.3 million (2020: DKK 8.9 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

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	2021	2020
Revenue		207,885	195,155
Direct costs		-82,353	-76,887
External costs		-25,516	-17,544
Gross profit		100,016	100,724
Staff costs	3	-83,580	-84,684
Amortisation and depreciation		-9,078	-9,771
Operating profit		7,358	6,269
Profit from investments in subsidiaries	9	10,468	5,558
Financial income	4	1,896	3,224
Financial expenses		-803	-5,091
Profit before tax		18,919	9,960
Tax on profit for the year	5	-2,041	-1,301
Profit for the year	6	16,878	8,659

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets			
Development projects	7	24,158	25,021
Property, plant and equipment			
Land and buildings	8	16,432	17,769
Fixtures and fittings, tools and equipment		1,504	1,333
		17,936	19,102
Investments			
Investments in subsidiaries	9	95,097	27,887
Total fixed assets		137,191	72,010
Current assets			
Inventories			
Raw materials and consumables		5,498	3,829
Receivables			
Trade receivables		66,822	66,862
Contract work in progress	10	8,136	9,740
Receivables from group entities		21,277	18,333
Other receivables		5	13
Tax receivables		433	438
Prepayments		512	365
		97,185	95,751
Cash		28,119	12,220
Total current assets		130,802	111,800
TOTAL ASSETS		267,993	183,810

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital		2,189	2,189
Reserve for net revaluation according to the equity method		13,807	19,230
Reserve for net revaluation on buildings		2,843	3,240
Reserve for development projects		18,778	22,772
Retained earnings		51,530	20,847
Total equity		89,147	68,278
Provisions			
Deferred tax	11	13,997	13,603
Warranty provisions		3,738	4,133
Total provisions		17,735	17,736
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage debt	12	9,712	10,527
Bank loans		10,000	0
Lease liability		324	114
Other debt		15,350	9,328
Contingent consideration		30,000	0
		65,386	19,969
Current liabilities other than provisions			
Current portion of non-current liabilities other than provisions	12	5,997	1,075
Prepayments received from customers	10	22,482	9,524
Trade payables		15,328	16,050
Payables to group entities		12,103	14,881
Other payables		22,458	20,522
Deferred income	13	15,201	14,498
Corporation tax		2,156	1,277
		95,725	77,827
Total liabilities other than provisions		161,111	97,796
TOTAL EQUITY AND LIABILITIES		267,993	183,810
Uncertainty regarding measurement of receivables	2		
Contractual obligations, contingencies, etc.	15		
Related party disclosures	16		
Events after the balance sheet date	17		

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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
Equity at 1 January 2021	2,189	19,230	22,772	3,240	20,847	68,278
Addition of development projects during the year	0	0	6,340	0	-6,340	0
Transferred over the profit appropriation	0	15,703	-10,334	-397	11,906	16,878
Transfer related to received dividends	0	-25,117	0	0	25,117	0
Exchange rate adjustment, foreign subsidiary	0	3,991	0	0	0	3,991
Equity at 31 December 2021	2,189	13,807	18,778	2,843	51,530	89,147

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Cash flow statement

DKK'000	Note	2021	2020
Profit for the year		16,878	8,659
Amortisation and depreciation		9,080	9,771
Income from investments in subsidiaries		-10,468	-5,559
Financial income and expenses		-1,093	1,867
Tax on profit for the year		2,041	1,301
Cash generated from operations before changes in working capital		16,438	16,039
Changes in working capital	14	35,731	9,210
Cash generated from operations		52,169	25,249
Financial received		1,896	3,224
Financial paid		-803	-5,091
Tax paid		-765	0
Cash flows from operating activities		52,497	23,382
Purchase of subsidiaries		-47,868	0
Capitalised development costs		-6,341	-4,180
Acquisition of property, plant and equipment		-709	-3,053
Cash flows from investing activities		-54,918	-7,233
Dividends received		25,117	0
Repayment of mortgage debt		-1,075	-1,028
Loans to/from group entities		-5,722	8,153
Cash flows from financing activities		18,320	7,125
Cash flows for the year		15,899	23,274
Opening cash and cash equivalents, net		12,220	-11,054
Cash and cash equivalents at year end		28,119	12,220

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1 Accounting policies

The annual report of Lyngsoe Systems A/S for 2021 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.

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquiree at the acquisition date that are not initiated as a part of the acquisition are included in the pre-acquisition balance sheet and thus the calculation of goodwill. Restructuring that is initiated by the acquirer is recognised in the acquirer's income statement. Deferred tax is recognized to the extent that temporary differences arise from the revaluations.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

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.

All the Company's foreign subsidiaries are integral entities whose income statements are translated into Danish kroner at the average exchange 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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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 2021, the Company has overdue receivables totalling net DKK 32 million (unchanged from 2020 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.

During 2020, the court ruled in favour of Lyngsoe Systems, and during 2021, the appeal court also ruled in favour of Lyngsoe Systems, and the case is now with the enforcement court.

A “no cure, no pay” agreement was made with the lawyers in 2021, which means a provision of DKK 4.3 million were made end of 2021, reducing the net receivable to DKK 28 million.

As the Company’s lawyer believe that a significant part of the receivable can be collected through initiated enforcement actions and that the Company assesses that the receivables are fairly measured and realisable.

Naturally there is uncertainty related to the outcome of the enforcement process, and if not collected, this will have a significant negative impact on the financial position of the Company.

3 Staff costs

DKK'000	2021	2020
Wages and salaries	72,394	73,229
Pensions	9,446	9,680
Other social security costs	1,740	1,775
	<u>83,580</u>	<u>84,684</u>
Average number of full-time employees	<u>120</u>	<u>127</u>
Remuneration of the Board of Directors and Executive Board	<u>4,549</u>	<u>4,018</u>

In 2020 the company 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 and expense

Financial expense from group entities totalled DKK 274 thousand (2020: income of DKK 806 thousand).

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DKK'000	2021	2020
5 Tax on profit for the year		
Current tax for the year	2,172	1,290
Deferred tax adjustment for the year	394	-437
Adjustment for tax prior year	-1,290	448
Acquisition tax	765	0
	<u>2,041</u>	<u>1,301</u>
Which is specified as follows:		
Tax on profit for the year	<u>2,041</u>	<u>1,301</u>
	<u>2,041</u>	<u>1,301</u>
6 Profit appropriation		
Reserve for net revaluation according to the equity method	14,612	5,559
Reserve for net revaluation on buildings	-397	-397
Reserve for development costs	-10,334	-7,781
Retained earnings	<u>11,906</u>	<u>11,278</u>
	<u>15,787</u>	<u>8,659</u>

Financial statements 1 January – 31 December

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7 Intangible assets

DKK'000	Goodwill	Finalised development projects	Development projects in progress	Total
Cost at 1 January 2021	740	35,966	5,115	41,821
Additions	0	4,606	1,735	6,341
Transfers	0	4,633	-4,633	0
Reversed	0	-5,906	0	-5,906
Cost at 31 December 2021	740	39,299	2,217	42,256
Amortisation and impairment losses at 1 January 2021	740	16,060	0	16,800
Amortisation	0	7,204	0	7,204
Reversed	0	-5,906	0	-5,906
Amortisation and impairment losses at 31 December 2021	740	17,358	0	18,098
Carrying amount at 31 December 2021	0	21,941	2,217	24,158

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.

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8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	27,075	15,073	42,148
Additions	0	709	709
Disposals	0	0	0
Cost at 31 December 2021	27,075	15,782	42,857
Net revaluations at 1 January 2021	7,627	0	7,627
Net revaluations at 31 December 2021	7,627	0	7,627
Depreciation 1 January 2021	16,932	13,741	30,673
Depreciation	1,338	537	1,875
Disposals	0	0	0
Depreciation at 31 December 2021	18,270	14,278	32,548
Carrying amount at 31 December 2021	16,432	1,504	17,936
Assets held under finance leases	0	648	648

Carrying amount of net revaluations totals DKK 3,648 thousand.

Financial statements 1 January – 31 December

Notes

9 Investments

DKK'000	Investments in subsidiaries
Cost at 1 January 2021	3,422
Additions	77,868
Disposals	0
Cost at 31 December 2021	81,290
Value adjustments at 1 January 2021	24,465
Foreign exchange adjustment	3,991
Profit for the year	13,711
Received dividends from subsidiaries	-25,117
Goodwill and customer contracts, amortisation	-4,334
Value adjustments at 31 December 2021	12,716
Carrying amount at 31 December 2021	94,006

Goodwill amounting to DKK 20.6 million is recognised in investments and amortised over 10 years.

Intangible assets from customer contracts and relations amount to DKK 18.3 million and are amortised over the expected use full life of 5-10 years.

Development projects are capitalised as part of recognised results from subsidiaries.

Name and registered office	Stake	Share capital
		DKK'000
Lyngsoe Systems Inc., USA	100%	65
Lyngsoe Systems Ltd., Canada	100%	0
Lyngsoe Systems AG, Germany	100%	373
Lyngsoe Systems OY, Finland	100%	75
Lyngsoe systems Ltd., United Kingdom	100%	451

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10 Contract work in progress

DKK'000	2021	2020
Sales value of work performed	81,823	75,656
Progress billings	-96,169	-75,440
	<u>-14,346</u>	<u>216</u>
Recognised as follows:		
Contract work in progress (assets)	8,136	9,740
Contract work in progress (liabilities)	-22,482	-9,524
	<u>-14,346</u>	<u>216</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 2021	Repayment, coming year	Unpaid balance after 5 years
Bank Loan	15,000	5,000	0
Mortgage debt	10,521	810	6,498
Lease liability	511	187	0
Other debt	15,350	5,625	9,725
Contingent consideration	30,000	0	0
	<u>71,382</u>	<u>11,622</u>	<u>16,223</u>

Other debt includes holiday allowance and loan from Danish tax authorities as part of covid-19 relief scheme

13 Deferred income

Deferred income of DKK 15,201 thousand (2020: DKK 14,498 thousand) comprise service agreements.

Financial statements 1 January – 31 December

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14 Changes in working capital

DKK'000	2021	2020
Changes in contract work in progress, net	1,604	-90
Changes in prepayments received	12,957	-17,189
Changes in inventories	-1,670	-160
Changes in receivables	-96	25,521
Changes in trade payables and other capital	23,331	2,491
Changes in warranty provisions	-395	-1,363
	<u>35,731</u>	<u>9,210</u>

15 Contractual obligations, contingencies, etc.

Land and buildings with a carrying amount of DKK 16,432 thousand at 31 December 2021 (2020: DKK 17,769) have been provided as collateral for amounts owed to mortgage institutions of DKK 11,336 thousand (2020: DKK 12,190 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 81,959 thousand.

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

The shares in P.V Supa Oy have been pledged to Nordea as Guarantee for the facility provided by Nordea to P.V Supa Oy and Lyngsoe Systems A/S.

The Company has provided payment and performance guarantees totalling DKK 9,260 thousand (2020: DKK 9,015 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 187 thousand that all fall due within the initial year.

Financial statements 1 January – 31 December

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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	2021
Sale of goods and services to a group company	73,672
Purchase of goods and services from a group company	-72,691
Total	981

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 interest income is disclosed in note 4.

17 Events 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.

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Jens Villads Bjerregaard Thomsen

Adm. direktør

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

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IP: 195.5.xxx.xxx

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NEM ID 

Jesper Jarlbæk

Bestyrelsesmedlem

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-655342323829

IP: 2.111.xxx.xxx

2022-03-15 10:34:50 UTC

NEM ID 

Carsten Nygaard Knudsen

Bestyrelsesmedlem

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-889069631253

IP: 80.208.xxx.xxx

2022-03-15 13:21:30 UTC

NEM ID 

Vilhelm Eigil Hahn-Petersen

Bestyrelsesmedlem

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-907819499468

IP: 94.18.xxx.xxx

2022-03-15 14:03:24 UTC

NEM ID 

Finn Hovalt Mathiassen

Bestyrelsesmedlem

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-842112998282

IP: 83.92.xxx.xxx

2022-03-15 15:52:14 UTC

NEM ID 

Rasmus Philip Buhl Lokvig

Bestyrelsesmedlem

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-236698305477

IP: 188.183.xxx.xxx

2022-03-16 10:39:25 UTC

NEM ID 

Jørgen Vilhelm Løvenørn Bardenfleth

Bestyrelsesformand

På vegne af: Lyngsoe Systems Holding A/S/Lyngsoe Sys...

Serienummer: PID:9208-2002-2-816014968039

IP: 185.168.xxx.xxx

2022-03-17 08:08:25 UTC

NEM ID 

Steffen Sjørsløv Hansen

Statsautoriseret revisor

På vegne af: KPMG Statsautoriseret Revisionspartners...

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Statsautoriseret revisor

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