Brüel & Kjær Vibro A/S

Lyngby Hovedgade 94, 5.
2800 Kongens Lyngby

CVR no. 15 38 05 94

Annual report for 2021/22

Adopted at the annual general meeting on 30 September 2022

Simon Falbe-Hansen

Simon Falbe-Hansen
chairman

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Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of Brüel & Kjær Vibro A/S for the financial year 1 January 2021 - 31 March 2022.

The annual report is 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 financial position at 31 March 2022 and of the results of the company's operations for the financial year 1 January 2021 - 31 March 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Lyngby, 30 September 2022

Executive board

Volker Polonyi
Director

Board of Directors

Christian Klostermeier
chairman

Saimon Nogami

Volker Polonyi
Volker Polonyi

Jesper Hansen
employee representative

Jorgen Ellekjaer
employee representative

Independent auditor's report

To the shareholder of Brüel & Kjær Vibro A/S

Opinion

We have audited the financial statements of Brüel & Kjær Vibro A/S for the financial year 1 January 2021 - 31 March 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2022 and of the results of the company's operations for the financial year 1 January 2021 - 31 March 2022 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 requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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 management's review

Management is responsible for management's review.

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

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

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

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

Frederiksberg, 30 September 2022

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Karsten Bøgel
State Authorised Public Accountant
MNE no. mne27849

Company details

The company	Brüel & Kjær Vibro A/S Lyngby Hovedgade 94, 5. 2800 Kongens Lyngby	
	CVR no.:	15 38 05 94
	Reporting period: Incorporated:	1 January 2021 - 31 March 2022 19 August 1991
	Domicile:	Kongens Lyngby
Board of Directors	Christian Klostermeier, chairman Saimon Nogami Volker Polonyi Jesper Hansen, employee representative Jorgen Ellekjaer, employee representative	
Executive board	Volker Polonyi, director	
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	31/3-2022 (15 months) TDKK	31/12-2020 (12 months) TDKK	31/12-2019 (12 months) TDKK	31/12-2018 (12 months) TDKK	31/12-2017 (12 months) TDKK
Key figures					
Gross profit/loss	23,481	18,865	24,310	27,723	28,473
Profit/loss before net financials	2,561	2,114	2,684	3,308	4,011
Net financials	-143	-6	-11	-11	-3
Profit/loss for the year	1,323	1,509	1,805	2,440	3,121
Balance sheet total	20,076	17,278	12,476	57,831	54,391
Investment in property, plant and equipment	589	0	145	137	12
Equity	8,999	7,676	6,167	49,362	46,922
Number of employees	30	23	31	34	35
Financial ratios					
Solvency ratio	44.8%	44.4%	49.4%	85.4%	86.3%
Return on equity	15.9%	21.8%	6.5%	5.1%	6.9%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

The following key figures and ratios have been corrected as a result of correction of material error: Gross profit, profit before net financials, profit for the year, equity, solvency and return on equity ratios. Refer to applicable section in the accounting policies for further details on the impact.

Management's review

Business review

Brüel & Kjær Vibro A/S provides services to the Brüel & Kjær Vibro Group in support of the Group's advanced condition monitoring solutions for the energy sector, in particular focusing on wind energy. The Brüel & Kjær Vibro Group is a leading provider of condition monitoring equipment and services for rotating machinery. The Group's advanced solutions ensure safe operation of rotating machines, enable early fault detection and diagnosis and help end-users reduce downtime and operating costs. The Group's client base is mostly concentrated in the energy sector and includes wind turbine manufacturers, power plant operators (fossil, nuclear, wind and hydro), petrochemical facilities, offshore platforms, etc. The Group has a strong position as a supplier to these sectors.

Financial review

The company's income statement for the year ended 31 March 2022 shows a profit of TDKK 1,323, and the balance sheet at 31 March 2022 shows equity of TDKK 8,999.

Comparative figures for have been corrected for material errors, refer to the accounting policies section material statements.

The following key figures and ratios have been corrected as a result of correction of material error: Gross profit, profit before net financials, profit for the year, equity, solvency and return on equity ratios. Refer to applicable section in the accounting policies for further details on the impact.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Brüel & Kjær Vibro A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entitities as well as selected provisions as regards larger entities.

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

The annual report for 2021/22 is presented in TDKK

Correction of Material Misstatements

During the year, it has been noted that there was an incorrect mapping in the cost calculation within the group. This was a material misstatement and the revenue was adjusted accordingly for the current period, 2020, 2019 and 2018. Management also reviewed 2017 and it was correctly reported with no adjustments to be made.
This resulted in a change in the financial statements comparison figures and also selected figures in the management's review financial highlights.

Prior period adjustments -
2020:
- Income statement: Gross profit: -753 tDKK
- Income statement: Profit for the year: -753 tDKK
- Liabilities: Intercompany: 753 tDKK

2019:
- Income statement: Gross profit: -1.261 tDKK
- Income statement: Profit for the year: -1.261 tDKK
- Liabilities: Intercompany: 1.261 tDKK

2018:
- Income statement: Gross profit: -574 tDKK
- Income statement: Profit for the year: -574 tDKK
- Liabilities: Intercompany: 574 tDKK.

The possible tax recovery is considered a contingent asset, refer to note 11.

Accounting policies

Equity
Reserve for development costs:

During the period, it was identified that an equity reserve for development costs was missing from the current and prior periods. This was a material misstatement and the equity was adjusted accordingly for the current period, 2020 and 2019. It is noted that there was no development costs past 2019.

The effect of the corrected material misstatements in comporative figures is 42 tDKK (2019), 2,175 tDKK (2020) and 2,133 tDKK (2021), which have been reclassed from the retained earnings to reserve for development expenditure.

The reserve for development costs comprises recognized development costs.

The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are amortised or are no longer part of the Group's operations by a transfer directly to the distributable reserves under equity.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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 measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, other operating income and other external costs.

Revenue

Revenue consist of administration fee for services delivered for the affiliated company, Brüel & Kjær Vibro GmbH.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the Company's activities, including gains on the sale of tangible assets.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects and completed projects

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible assets

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs direcly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	**Residual value**
Fixtures and fittings, tools and equipment	3-10 years	0 %

Accounting policies

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Fixed asset investments

Fixed assets investments comprise deposits measured at cost.

Impairment of assets

The carrying amount of intangible, and tangible assets is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years measured at cost.

Equity

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are amortised or are no longer part of the Group's operations by a transfer directly to the distributable reserves under equity

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Liabilities

Liabilities, which include trade payables, payables to group enterprises and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Financial highlights

Definitions of financial ratios.

Solvency ratio $\dfrac{\text{Equity, end of year x 100}}{\text{Total assets at year-end}}$

Return on equity $\dfrac{\text{Profit/loss from ordinary operations after tax x 100}}{\text{Average equity}}$

Profit/loss for analysis purposes

Income statement 1 January 2021 - 31 March 2022

	Note	1/1-2021 - 31/3-2022	1/1-2020 - 31/12-2020
		TDKK	TDKK
Gross profit		**23,481**	**18,865**
Staff costs	1	-20,607	-16,623
Profit/loss before amortisation/depreciation and impairment losses		**2,874**	**2,242**
Depreciation, amortisation of tangible assets		-313	-128
Profit/loss before net financials		**2,561**	**2,114**
Financial income	2	0	2
Financial costs	3	-143	-8
Profit/loss before tax		**2,418**	**2,108**
Tax on profit/loss for the year	4	-1,095	-599
Profit/loss for the year		**1,323**	**1,509**

Recommended appropriation of profit/loss

Transferred to reserve for development expenditure	-42	2,133
Retained earnings	1,365	-624
	1,323	**1,509**

Balance sheet at 31 March 2022

	Note	31/3-2022	31/12-2020
		TDKK	TDKK
Assets			
Completed development projects		5	27
Development projects in progress		3,634	2,752
Intangible assets	5	**3,639**	**2,779**
Other fixtures and fittings, tools and equipment		628	329
Tangible assets	6	**628**	**329**
Deposits	7	522	554
Fixed asset investments		**522**	**554**
Total non-current assets		**4,789**	**3,662**
Receivables from group enterprises		0	13,296
Other receivables		577	216
Joint taxation contributions receivable		0	12
Prepayments		24	92
Receivables		**601**	**13,616**
Cash at bank and in hand	8	**14,686**	**0**
Total current assets		**15,287**	**13,616**
Total assets		**20,076**	**17,278**

Balance sheet at 31 March 2022

	Note	31/3-2022 TDKK	31/12-2020 TDKK
Equity and liabilities			
Share capital		1,000	1,000
Reserve for development expenditure		2,091	4,308
Retained earnings		5,908	2,368
Equity	9	**8,999**	**7,676**
Provision for deferred tax		730	529
Total provisions		**730**	**529**
Trade payables		1,002	746
Payables to group enterprises		4,999	3,218
Joint taxation contributions payable		894	0
Other payables	10	3,452	5,109
Total current liabilities		**10,347**	**9,073**
Total liabilities		**10,347**	**9,073**
Total equity and liabilities		**20,076**	**17,278**
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership structure	12		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2021	1,000	0	9,265	10,265
Net effect from adjustment of material misstatements	0	2,175	-4,764	-2,589
Adjusted equity at 1 January 2021	1,000	2,175	4,501	7,676
Development costs for the year	0	688	-688	0
Depreciation, development costs	0	-730	730	0
Net profit/loss for the year	0	-42	1,365	1,323
Equity at 31 March 2022	**1,000**	**2,091**	**5,908**	**8,999**

Notes

		1/1-2021 - 31/3-2022	1/1-2020 - 31/12-2020
		TDKK	TDKK
1	**Staff costs**		
	Wages and salaries	19,143	15,558
	Pensions	1,204	906
	Other social security costs	190	133
	Other staff costs	70	26
		20,607	**16,623**
	Average number of employees	30	23
2	**Financial income**		
	Interest received from group enterprises	0	2
		0	**2**
3	**Financial costs**		
	Other financial costs	129	0
	Exchange loss	14	8
		143	**8**
4	**Tax on profit/loss for the year**		
	Current tax for the year	872	-12
	Deferred tax for the year	201	644
	Adjustment of tax concerning previous years	0	-33
	Adjustment of deferred tax concerning previous years	22	0
		1,095	**599**

Notes

5 Intangible assets

	Completed development projects	Development projects in progress
Cost at 1 January 2021	54	2,752
Additions for the year	0	926
Disposals for the year	0	-44
Cost at 31 March 2022	54	3,634
Impairment losses and amortisation at 1 January 2021	27	0
Depreciation for the year	22	0
Impairment losses and amortisation at 31 March 2022	49	0
Carrying amount at 31 March 2022	**5**	**3,634**

Special assumptions regarding development projects

Development projects relate to development within the fields of production and mechanical engineering, as well as website design and IT infrastructure.

Notes

6 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2021	6,494
Additions for the year	589
Cost at 31 March 2022	7,083
Impairment losses and depreciation at 1 January 2021	6,165
Depreciation for the year	290
Impairment losses and depreciation at 31 March 2022	6,455
Carrying amount at 31 March 2022	**628**

7 Fixed asset investments

	Deposits
Cost at 1 January 2021	424
Additions for the year	98
Cost at 31 March 2022	522
Carrying amount at 31 March 2022	**522**

	31/3-2022 TDKK	31/12-2020 TDKK
8 Cash at bank and in hand		
Bank	14,686	0
	14,686	**0**

In 2021 there have been a change of ownership of the cash account, which is now longer in a cash pool. In 2020 the cashpool was stated at group enterprises.

Notes

9 Equity

The share capital consists of 1,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	31/3-2022	31/12-2020
	TDKK	TDKK
10 Other payables		
Wages/salaries, salary taxes, social security contributions, etc.	509	2,027
Compensated absence	2,943	3,082
	3,452	**5,109**

11 Contingent assets, liabilities and other financial obligations

The Company has a rental commitment for six months at a total of DKK 651 thousand (2020: 778 thousand).

The company has found a possible change to the tax filling for 2020/21/22 of DKK 691 thousand. The Company expect to apply for reinstatement with the tax authorities for these income periods.

Notes

12 Related parties and ownership structure

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

NSK Ltd.
6-3
Ohsaki 1-chome
Shinagawa-ku
Tokyo 141-8560
Japan
NSK Ltd. is the ultimate parent company.

The consolidated financial statements herof can be obtained at request at the company.

Spectris Group Holdings Ltd.
Church Road
Egham
Surrey TW 20 9 QD
United Kingdom

Spectris Plc., Church Road, Egham, Surrey TW, 20 9, QD, United Kingdom was the ultimate parent company, before 1 March 2021

The consolidated financial statements hereof can be obtained at request at the company.

On 1 March 2021 the Company was sold to NSK Ltd who now own 100% of the share capital and voting rights. The related parties for 2020 shown in the financial statements are based on the ownership of the company by Spectris Group Holdings, which no longer will be related parties on the transfer of ownership to the NSK group on the 1st of March 2021.