

Brüel & Kjær Vibro A/S

**Lyngby Hovedgade 94, 5.
2800 Kongens Lyngby**

CVR no. 15 38 05 94

Annual report for 2022/23

Adopted at the annual general meeting on 29
September 2023

DocuSigned by:

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 April 2022 - 31 March 2023.

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 2023 and of the results of the company's operations for the financial year 1 April 2022 - 31 March 2023.

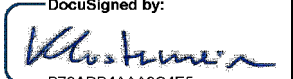
In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

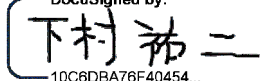
Management recommends that the annual report should be approved by the company in general meeting.


Lyngby, 29 September 2023

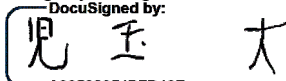
Executive board

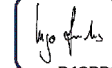
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Ingo Anders
Director

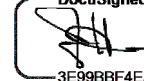
Board of Directors
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Christian Klostermeier
chairman

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Yuuji Shimomura

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Jørgen Ellekjær
employee representative

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Dar Kodama

DocuSigned by:

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Ingo Anders

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Jesper Hansen
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 April 2022 - 31 March 2023, 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 2023 and of the results of the company's operations for the financial year 1 April 2022 - 31 March 2023 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.

Independent auditor's report

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.

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.

Independent auditor's report

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.

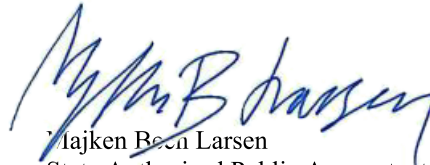
Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Frederiksberg, 29 September 2023

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Finn Thomassen
State Authorised Public Accountant
MNE no. mne33691



Majken Bech Larsen
State Authorised Public Accountant
MNE no. mne46623

Company details

The company

Brüel & Kjær Vibro A/S
Lyngby Hovedgade 94, 5.
2800 Kongens Lyngby

CVR no.: 15 38 05 94

Reporting period: 1 April 2022 - 31 March 2023

Incorporated: 19 August 1991

Domicile: Kongens Lyngby

Board of Directors

Christian Klostermeier, chairman
Jørgen Ellekjær, employee representative
Ingo Anders
Yuuji Shimomura
Dai Kodama
Jesper Hansen, employee representative

Executive board

Ingo Anders, 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:

	31/3-2023 (12 months)	31/3-2022 (15 months)	31/12-2020 (12 months)	31/12-2019 (12 months)	31/12-2018 (12 months)
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	20,592	23,481	18,865	24,310	27,723
Profit/loss before net financials	2,350	2,561	2,114	2,684	3,308
Net financials	-48	-143	-6	-11	-11
Profit/loss for the year	1,758	1,323	1,509	1,805	2,440
Balance sheet total	15,544	20,076	17,278	12,476	57,831
Investment in property, plant and equipment	167	589	0	145	137
Equity	10,757	8,999	7,676	6,167	49,362
Number of employees	24	30	23	31	34
Financial ratios					
Solvency ratio	69.2%	44.8%	44.4%	49.4%	85.4%
Return on equity	17.8%	15.9%	21.8%	6.5%	5.1%

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.

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 2023 shows a profit of TDKK 1,758, and the balance sheet at 31 March 2023 shows equity of TDKK 10,757.

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 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities 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.

The annual report for 2022/23 is presented in TDKK

Correction of Material Misstatements

During the year, it was identified that the equity reserve for development costs was reduced in prior periods even though the development project is still in progress and not begun depreciation. This was a material misstatement and the equity was adjusted accordingly for period 2021/22 and 2020.

The effect of the corrected material misstatements in comparative figures is TDKK 14 (2020) and TDKK 730 (2021/22), which has been reclassified from retained earnings to the reserve for development expenditure.

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 & Kjør 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.

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.

Accounting policies

Tax on profit/loss for the year

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 directly 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 %

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Accounting policies

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.

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.

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.

Accounting policies

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	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 April 2022 - 31 March 2023

	<u>Note</u>	1/4-2022 - 31/3-2023 <small>TDKK</small>	1/1-2021 - 31/03-2022 <small>TDKK</small>
Gross profit		20,592	23,481
Staff costs	1	-18,089	-20,607
Profit/loss before amortisation/depreciation and impairment losses		2,503	2,874
Depreciation, amortisation of tangible assets		-153	-313
Profit/loss before net financials		2,350	2,561
Financial income	2	59	0
Financial costs	3	-107	-143
Profit/loss before tax		2,302	2,418
Tax on profit/loss for the year	4	-544	-1,095
Profit/loss for the year		<u>1,758</u>	<u>1,323</u>
 Recommended appropriation of profit/loss			
Transferred to reserve for development expenditure		-310	-42
Retained earnings		2,068	1,365
		<u>1,758</u>	<u>1,323</u>

Balance sheet at 31 March 2023

	Note	31/3-2023 TDKK	31/03-2022 TDKK
Assets			
Completed development projects		0	5
Development projects in progress		3,237	3,634
Intangible assets	5	<u>3,237</u>	<u>3,639</u>
Other fixtures and fittings, tools and equipment	6	647	628
Tangible assets		<u>647</u>	<u>628</u>
Deposits	7	568	522
Fixed asset investments		<u>568</u>	<u>522</u>
Total non-current assets		<u>4,452</u>	<u>4,789</u>
Receivables from group enterprises		1,581	0
Other receivables		1,049	577
Prepayments		59	24
Receivables		<u>2,689</u>	<u>601</u>
Cash at bank and in hand	8	<u>8,403</u>	<u>14,686</u>
Total current assets		<u>11,092</u>	<u>15,287</u>
Total assets		<u><u>15,544</u></u>	<u><u>20,076</u></u>

Balance sheet at 31 March 2023

	Note	31/3-2023 TDKK	31/03-2022 TDKK
Equity and liabilities			
Share capital		1,000	1,000
Reserve for development expenditure		2,525	2,091
Retained earnings		7,232	5,908
Equity	9	10,757	8,999
Provision for deferred tax		677	730
Total provisions		677	730
Trade payables		1,465	1,002
Payables to group enterprises		3	4,999
Joint taxation contributions payable		0	894
Corporate tax		597	0
Other payables	10	2,045	3,452
Total current liabilities		4,110	10,347
Total liabilities		4,110	10,347
Total equity and liabilities		15,544	20,076

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 April 2022	1,000	2,091	5,908	8,999
Net effect from adjustment of material misstatements	0	744	-744	0
Adjusted equity at 1 April 2022	1,000	2,835	5,164	8,999
Net profit/loss for the year	0	-310	2,068	1,758
Equity at 31 March 2023	1,000	2,525	7,232	10,757

Notes

	1/4-2022 - 31/3-2023	1/1-2021 - 31/03-2022
	TDKK	TDKK
1 Staff costs		
Wages and salaries	16,871	19,143
Pensions	943	1,204
Other social security costs	158	190
Other staff costs	117	70
	<u>18,089</u>	<u>20,607</u>
Average number of employees	<u>24</u>	<u>30</u>
2 Financial income		
Other financial income	53	0
Exchange gains	6	0
	<u>59</u>	<u>0</u>
3 Financial costs		
Other financial costs	55	129
Exchange loss	19	14
Percentage surcharge, corporation tax	33	0
	<u>107</u>	<u>143</u>
4 Tax on profit/loss for the year		
Current tax for the year	597	872
Deferred tax for the year	-53	201
Adjustment of deferred tax concerning previous years	0	22
	<u>544</u>	<u>1,095</u>

Notes

5 Intangible assets

	Completed development projects	Development projects in progress
Cost at 1 April 2022	54	3,634
Disposals for the year	0	-397
Cost at 31 March 2023	<u>54</u>	<u>3,237</u>
Impairment losses and amortisation at 1 April 2022	49	0
Depreciation for the year	5	0
Impairment losses and amortisation at 31 March 2023	<u>54</u>	<u>0</u>
Carrying amount at 31 March 2023	<u>0</u>	<u>3,237</u>

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

	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 April 2022	7,083
Additions for the year	<u>167</u>
Cost at 31 March 2023	<u>7,250</u>
Impairment losses and depreciation at 1 April 2022	6,455
Depreciation for the year	<u>148</u>
Impairment losses and depreciation at 31 March 2023	<u>6,603</u>
Carrying amount at 31 March 2023	<u><u>647</u></u>

7 Fixed asset investments

	<u>Deposits</u>
Cost at 1 April 2022	522
Additions for the year	<u>46</u>
Cost at 31 March 2023	<u>568</u>
Carrying amount at 31 March 2023	<u><u>568</u></u>

8 Cash at bank and in hand

	<u>31/3-2023</u>	<u>31/03-2022</u>
	TDKK	TDKK
Bank	<u>8,403</u>	<u>14,686</u>
	<u><u>8,403</u></u>	<u><u>14,686</u></u>

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.

10 Other payables

Wages/salaries, salary taxes, social security contributions, etc.

Compensated absence

	<u>31/3-2023</u>	<u>31/03-2022</u>
	TDKK	TDKK
	860	509
	<u>1,184</u>	<u>2,943</u>
	<u>2,044</u>	<u>3,452</u>

11 Contingent assets, liabilities and other financial obligations

The Company has a rental commitment for six months at a total of DKK 502 thousand (2021: 651 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.

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.