Gertsen & Olufsen A/S

Solvang 22, DK-3450 Allerød

Annual Report for 2023

CVR No. 16 31 48 97

The Annual Report was presented and adopted at the Annual General Meeting of the company on 10/5 2024

Thomas Kastrup
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Gertsen & Olufsen A/S for the financial year 1 January - 31 December 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 financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Allerød, 3 May 2024

Executive Board

Anders Egehus CEO	Henning Høgh COO	Thomas Kastrup CFO

Board of Directors

Jesper Teddy Lok Chairman	Bo Kristensen	Rasmus Hans Jensen
Kristian Verner Mørch	Thomas Synnestvedt Knudsen	Rune Lillie Gornitzka
Bernd Bertram		

Independent Auditor's report

To the shareholder of Gertsen & Olufsen A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Gertsen & Olufsen A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

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.

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, in our view, 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 in Management’s Review.

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 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 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.

Hellerup, 3 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Groth Hansen	Mathias Skovdahl Hansen
State Authorised Public Accountant	State Authorised Public Accountant
mne33228	mne50609

Company information

The Company	Gertsen & Olufsen A/S Solvang 22 3450 Allerød CVR No: 16 31 48 97 Financial period: 1 January - 31 December Municipality of reg. office: Allerød
Board of Directors	Jesper Teddy Lok, chairman Bo Kristensen Rasmus Hans Jensen Kristian Verner Mørch Thomas Synnestvedt Knudsen Rune Lillie Gornitzka Bernd Bertram
Executive Board	Anders Egehus Henning Høgh Thomas Kastrup
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The Company’s key activities comprise production and development of vibration compensators and bioreactors.

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 11,274, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 166,128.

Income statement 1 January - 31 December

	Note	2023	2021/22
		TDKK 12 months	TDKK 18 months
Gross profit		**27,296**	**38,967**
Staff expenses	1	-42,804	-50,820
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-4,496	-4,839
Profit/loss before financial income and expenses		**-20,004**	**-16,692**
Income from investments in subsidiaries		40,000	0
Financial income	2	0	1,379
Financial expenses	3	-14,132	-11,150
Profit/loss before tax		**5,864**	**-26,463**
Tax on profit/loss for the year	4	5,410	5,061
Net profit/loss for the year		**11,274**	**-21,402**

Distribution of profit

	2023	2021/22
	TDKK	TDKK
Proposed distribution of profit		
Proposed dividend for the year	60,000	0
Retained earnings	-48,726	-21,402
	11,274	**-21,402**

Balance sheet 31 December

Assets

	Note	2023	2021/22
		TDKK	TDKK
Completed development projects		4,904	3,053
Acquired patents		0	0
Acquired licenses		3,980	2,816
Goodwill		26,606	28,202
Development projects in progress		1,174	3,187
Intangible assets	5	**36,664**	**37,258**
Other fixtures and fittings, tools and equipment		869	717
Leasehold improvements		209	490
Property, plant and equipment		**1,078**	**1,207**
Investments in subsidiaries		424,370	424,370
Fixed asset investments		**424,370**	**424,370**
Fixed assets		**462,112**	**462,835**
Raw materials and consumables		14,010	11,272
Work in progress		1,266	6,364
Finished goods and goods for resale		9,577	8,307
Inventories		**24,853**	**25,943**
Trade receivables		13,078	15,026
Receivables from group enterprises		1,274	0
Other receivables	6	1,195	69
Corporation tax receivable from group enterprises		6,228	4,516
Prepayments		3,036	1,489
Receivables		**24,811**	**21,100**
Cash at bank and in hand		**6,395**	**2,812**
Current assets		**56,059**	**49,855**
Assets		**518,171**	**512,690**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2021/22
		TDKK	TDKK
Share capital		6,000	6,000
Reserve for development costs		5,406	5,533
Reserve for hedging transactions		489	0
Retained earnings		94,233	142,059
Proposed dividend for the year		60,000	0
Equity		**166,128**	**153,592**
Provision for deferred tax		1,136	318
Other provisions		5,707	6,718
Provisions		**6,843**	**7,036**
Credit institutions		100,000	100,000
Other payables		1,968	1,886
Long-term debt	7	**101,968**	**101,886**
Credit institutions	7	28,561	12,117
Prepayments received from customers		5,967	1,017
Trade payables		16,643	15,207
Payables to group enterprises		186,010	216,320
Other payables	7	6,051	5,515
Short-term debt		**243,232**	**250,176**
Debt		**345,200**	**352,062**
Liabilities and equity		**518,171**	**512,690**

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Statement of changes in equity

	Share capital	Reserve for developmen t costs	Reserve for hedging trans- actions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	6,000	5,533	0	142,059	0	153,592
Fair value adjustment of hedging instruments, end of year	0	0	489	0	0	489
Other equity movements	0	0	0	773	0	773
Development costs for the year	0	770	0	-770	0	0
Depreciation, amortisation and impairment for the year	0	-897	0	897	0	0
Net profit/loss for the year	0	0	0	-48,726	60,000	11,274
Equity at 31 December	**6,000**	**5,406**	**489**	**94,233**	**60,000**	**166,128**

Notes to the Financial Statements

	2023	2021/22
	TDKK 12 months	TDKK 18 months
1. Staff Expenses		
Wages and salaries	36,847	47,192
Pensions	2,581	3,095
Other social security expenses	377	533
Other staff expenses	2,999	0
	42,804	**50,820**
Average number of employees	**44**	**44**

	2023	2021/22
	TDKK 12 months	TDKK 18 months
2. Financial income		
Exchange gains	0	1,379
	0	**1,379**

	2023	2021/22
	TDKK 12 months	TDKK 18 months
3. Financial expenses		
Interest paid to group enterprises	6,643	8,490
Other financial expenses	6,900	2,660
Exchange loss	589	0
	14,132	**11,150**

	2023	2021/22
	TDKK 12 months	TDKK 18 months
4. Income tax expense		
Current tax for the year	-6,228	-4,616
Deferred tax for the year	818	-445
	-5,410	**-5,061**

Notes to the Financial Statements

5. Intangible fixed assets

BIO reactor:
Very time-consuming retrofit tasks have been utilizing all our R&D resources in our BIO-Reactor development group, resulting in a low capitalization of spending during 2023. We do still have customers that demand our high-quality product, and at the same time a product where the cost is of the essential factor. Gertsen and Olufsen BIO reactors are among the cleanest non-chemical products on the market, and we will continue to strive to keep the current market position.

Compensator:
The capitalised development costs relates to continued development of our compensators. The development goes in direction of interface towards ship crew, where simplify use and operation status is important. Data collection and further digitalization will continue to ensure Gertsen and Olufsen's compensators are market leading.

	2023	2021/22
	TDKK	TDKK

6. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	489	0

Forward exchange contracts have been concluded to hedge future sale of goods in USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 489k, which has been recognised through equity.

	2023	2021/22
	TDKK	TDKK

7. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2021/22
Credit institutions		
After 5 years	0	20,000
Between 1 and 5 years	100,000	80,000
Long-term part	100,000	100,000
Other short-term debt to credit institutions	28,561	12,117
	128,561	**112,117**

Notes to the Financial Statements

	2023	2021/22
	TDKK	TDKK

7. Long-term debt

	2023	2021/22
Other payables		
After 5 years	0	0
Between 1 and 5 years	1,968	1,886
Long-term part	1,968	1,886
Within 1 year	0	-2
Other short-term payables	6,051	5,517
	8,019	**7,401**

	2023	2021/22
	TDKK	TDKK

8. Contingent assets, liabilities and other financial obligations

Charges and security

Rental and lease obligations

	2023	2021/22
Within 1 year	280	261
Between 1 and 5 years	1,538	915

Guarantee obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P-G&O 2021 A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
P-G&O 2021 A/S	Copenhagen
G&O Holding 2021 A/S	Allerød

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Gertsen & Olufsen A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Correction of material misstatements

The company has identified that, in last year's presentation of the company, there was an error in the classification between salary expenses and gross profit within the profit and loss statement.

The comparative figures for 2022 have been corrected accordingly, resulting in costs being increased by DKK 9,968k, and gross profit being increased by DKK 9,968k.

The changes affect neither the year's result, tax, equity nor the financial position.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of G&O Holding 2021 A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognized in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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 amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; The amortisation period is between 5-10 years..

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.