

EMS Brüel & Kjær Denmark ApS

c/o Brüel & Kjær Sound & Vibration, Skodsborgvej 307
2850 Nærum
Denmark

CVR no. 39 15 15 37

**Annual report for the period 11 December 2017 – 31
December 2018**

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

10 July 2019



Mette-Marie Uggerhøj
chairman

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EMS Brüel & Kjær Denmark ApS
Annual report 2017/18
CVR no. 39 15 15 37

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of EMS Brüel & Kjær Denmark ApS for the financial period 11 December 2017 – 31 December 2018.

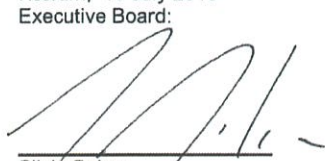
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial period 11 December 2017 – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Nærum, 10 July 2019
Executive Board:



Silvio Salom



Martin Adams



Independent auditor's report

To the shareholder of EMS Brüel & Kjær Denmark ApS

Opinion

We have audited the financial statements of EMS Brüel & Kjær Denmark ApS for the financial period 11 December 2017 – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity 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 2018 and of the results of the Company's operations for the financial period 11 December 2017 – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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



Independent auditor's report

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 July 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kenn W. Hansen
State Authorised
Public Accountant
mne30154

EMS Brüel & Kjær Denmark ApS
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Management's review

Company details

EMS Brüel & Kjær Denmark ApS
c/o Brüel & Kjær Sound & Vibration
Skodsborgvej 307
2850 Nærum
Denmark

CVR no.: 39 15 15 37
Financial period: 11 December 2017 – 31 December 2018

Executive Board

Silvio Salom
Martin Adams

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

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Management's review

Operating review

Principal activities

The company was established in December 2017. As per 31 May 2018 a capital increase was carried out by means of transfer of certain net assets from the Brüel & Kjær Sound & Vibration Measurement A/S. Hereafter the Company acts as supplier of equipment for surveillance of environmental matters such as noise, vibrations and air quality.

Profit/loss for the year

The Company's income statement for 2018 shows a loss of DKK -361,483. Equity in the Company's balance sheet at 31 December 2018 stood at DKK 39,654,000.

Events after the balance sheet date

No events have occurred during the period after 31 December 2018 which could materially affect on the annual report 2018.

Financial statements 11 December 2017 – 31 December 2018

Income statement

DKK	Note	11/12 2017- 31/12 2018
Gross profit		2,570,330
Depreciation, amortisation and impairment		<u>-3,062,444</u>
Operating loss		-492,114
Financial income		95,549
Financial expenses		<u>-66,874</u>
Loss before tax		-463,439
Tax on loss for the year	2	<u>101,956</u>
Loss for the year		<u><u>-361,483</u></u>
Proposed profit appropriation/distribution of loss		
Retained earnings		<u>-361,483</u>
		<u><u>-361,483</u></u>

Financial statements 11 December 2017 – 31 December 2018

Balance sheet

DKK	Note	31/12 2018
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	3	7,426,393
Software		<u>22,443,837</u>
		29,870,230
Property, plant and equipment		
Fixtures and fittings, tools and equipment	4	<u>2,427,793</u>
Total fixed assets		<u>32,298,023</u>
Current assets		
Inventories		
Finished goods and goods for resale		<u>2,142,367</u>
Receivables		
Trade receivables		5,296,299
Receivables from group entities		6,907,884
Deferred tax asset		<u>101,956</u>
		12,306,139
Cash at bank and in hand		<u>668,894</u>
Total current assets		<u>15,117,400</u>
TOTAL ASSETS		<u><u>47,415,423</u></u>

Financial statements 11 December 2017 – 31 December 2018

Balance sheet

DKK	Note	<u>31/12 2018</u>
EQUITY AND LIABILITIES		
Equity		
Contributed capital		50,003
Retained earnings		<u>39,603,997</u>
Total equity		<u>39,654,000</u>
Liabilities		
Current liabilities		
Trade payables		2,090,210
Payables to group entities		2,027,926
Other payables		3,088,291
Deferred income		<u>554,996</u>
		<u>7,761,423</u>
Total liabilities		<u>7,761,423</u>
TOTAL EQUITY AND LIABILITIES		<u><u>47,415,423</u></u>
Contractual obligations, contingencies, etc.	5	
Related parties	6	
Average number of employees	7	

Financial statements 11 December 2017 – 31 December 2018

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of entity	50,000	0	0	50,000
Transferred over the profit appropriation	0	0	-361,483	-361,483
Capital increase 31 May 2018	3	39,965,480	0	39,965,483
Transfer to retained earnings	0	-39,965,480	39,965,480	0
Equity at 31 December 2018	<u>50,003</u>	<u>0</u>	<u>39,603,997</u>	<u>39,654,000</u>

Financial statements 11 December 2017 – 31 December 2018

Notes

1 Accounting policies

The annual report of EMS Brüel & Kjær Denmark ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The financial statements contain no comparative figures as 2017/2018 is the Company's first financial year.

Foreign currency translation

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of goods is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. The net revenue from sale of service contracts is recognised in the income statement over the term of the individual contracts.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Financial expenses

Financial expenses comprise interest expense, gains and losses on securities, payables and transactions denominated in foreign currencies, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the 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

Financial statements 11 December 2017 – 31 December 2018

Notes

1 Accounting policies (continued)

equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over the assessed life, 9 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the assessed life which has been assessed to be 8 years.

Property, plant and equipment

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

The cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 11 December 2017 – 31 December 2018

Notes

1 Accounting policies (continued)

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

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.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production costs and borrowing costs are not included in cost.

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 expected selling 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 portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as

Financial statements 11 December 2017 – 31 December 2018

Notes

1 Accounting policies (continued)

a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest rate. Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

2 Tax on profit/loss for the year

DKK	11/12 2017- 31/12 2018
Deferred tax for the year	<u>-101,956</u>
	<u>-101,956</u>

3 Intangible assets

DKK	Goodwill	Software	Total
Cost at 11 December 2017	0	0	0
Additions as part of buyout	<u>7,941,094</u>	<u>24,209,083</u>	<u>32,150,177</u>
Cost at 31 December 2018	<u>7,941,094</u>	<u>24,209,083</u>	<u>32,150,177</u>
Amortisation for the year	<u>-514,701</u>	<u>-1,765,246</u>	<u>-2,279,947</u>
Amortisation and impairment losses at 31 December 2018	<u>-514,701</u>	<u>-1,765,246</u>	<u>-2,279,947</u>
Carrying amount at 31 December 2018	<u><u>7,426,393</u></u>	<u><u>22,443,837</u></u>	<u><u>29,870,230</u></u>

Financial statements 11 December 2017 – 31 December 2018

Notes

4 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 11 December 2017	0
Additions as part of buyout	9,674,026
Cost at 31 December 2018	9,674,026
Depreciation in the year as part of the buyout	-6,463,735
Depreciation for the year	-782,498
Depreciation and impairment losses at 31 December 2018	-7,246,233
Carrying amount at 31 December 2018	2,427,793

5 Contractual obligations, contingencies, etc.

Contingent liabilities

The company was in the period from establishment and until 30 May 2018 part of the joint taxation with Brüel & Kjær Sound & Vibration Measurement A/S and other Danish Companies ultimately owned by Spectris Plc. For the period the company is jointly and severally liable for jointly company tax and Danish withholding taxes by way of dividend tax and tax on royalty and interest payments

The company has no other contractual obligations, contingencies etc.

6 Related parties

EMS Brüel & Kjær Denmark ApS' related parties comprise the following:

Control

EMS Bruel & Kjaer Holdings PTY LTD, L11 & 12, 432 St Kilda Road, Melbourne VIC 3004 Australia.

EMS Bruel & Kjaer Holdings PTY LTD holds the majority of the contributed capital in the Company.

Consolidated financial statements

EMS Brüel & Kjær Denmark ApS is part of the consolidated financial statements of EMS Bruel & Kjaer Holdings PTY LTD, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of EMS Bruel & Kjaer Holdings PTY LTDG can be obtained by contacting the company.

7 Average number of employees

The company has no employees. All staff working for the Company are employed by Brüel & Kjær Sound & Vibration Measurement A/S.