



## Teledyne RESON A/S

Fabriksvangen 13  
3550 Slangerup  
CVR No. 56675817

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 27.06.2022

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**Ole Søe-Pedersen**

Chairman of the General Meeting

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# Entity details

## Entity

Teledyne RESON A/S

Fabriksvangen 13

3550 Slangerup

Business Registration No.: 56675817

Registered office: Frederikssund

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Ole Søre-Pedersen

Melanie Susan Cibik

## Executive Board

Ole Søre-Pedersen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Teledyne RESON A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Slangerup, 27.06.2022

**Executive Board**

**Ole Søe-Pedersen**

**Board of Directors**

**Ole Søe-Pedersen**

**Melanie Susan Cibik**

# Independent auditor's report

## To the shareholder of Teledyne RESON A/S

### Opinion

We have audited the financial statements of Teledyne RESON A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 27.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Wolff Mikkelsen**

State Authorised Public Accountant  
Identification No (MNE) mne33747

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Revenue	427,217	418,332	385,505	364,025	294,614
Gross profit/loss	147,248	125,303	112,286	148,979	71,471
Operating profit/loss	71,842	64,289	36,659	91,838	24,488
Net financials	7,081	(4,646)	17,794	76,588	3,266
Profit/loss for the year	61,551	54,982	49,058	170,293	26,628
Total assets	689,967	635,680	557,062	448,791	321,703
Investments in property, plant and equipment	2,238	3,883	1,692	2,614	2,071
Equity	616,727	555,176	500,194	383,563	216,005
Average number of employees	126	129	136	121	120
<b>Ratios</b>					
Gross margin (%)	34.47	29.95	29.13	40.93	24.26
EBIT margin (%)	16.82	15.37	9.51	25.23	8.31
Net margin (%)	14.41	13.14	12.73	46.78	9.04
Return on equity (%)	10.50	10.42	11.10	56.81	12.37
Equity ratio (%)	89.38	87.34	89.79	85.47	67.14

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to the accounting policies in 2019, the comparative figures for 2017 have not been restated.

### Gross margin (%):

Gross profit/loss \* 100

Revenue

### EBIT margin (%):

Operating profit/loss \* 100

Revenue

### Net margin (%):

Profit/loss for the year \* 100

Revenue



**Return on equity (%):**

Profit/loss for the year \* 100

Average equity

**Equity ratio (%):**

Equity \* 100

Total assets

### Primary activities

Teledyne RESON develops, manufacture, and distributes navigation and underwater acoustic systems and solutions. This requires extensive activities within research and development of new products, ensuring high product quality and development of market opportunities and requires a comprehensive support of the system users. Quality and performance is key for the company and a driver in ensuring its high market share.

The product program comprises navigation systems and multi-beam sonar systems for shallow, medium and deep water applications, software for sonar systems, hydrophones, transducers, dredge systems and a number of peripheral products. In recent years AI and Machine Learning algorithms have been in the center of our software development programs.

The market areas are hydrography, offshore, research, civil engineering & dredge and defense & security. Teledyne RESON continuously ensures that relevant products and services are developed for these markets. The solutions, products and services are distributed to the customers through Teledyne RESON's own sales companies and through distributors all around the world.

The company is a fully owned entity of the American technology company Teledyne Technologies Inc., organized in its Marine section and through this Teledyne RESON is part of a family of technology companies supplying some of the world's leading high-tech solutions to the marine industry worldwide.

### Development in activities and finances

The income statement of the Company for 2021 shows a profit of TDKK 61,551 and at 31 December 2021 the balance sheet of the Company shows an equity of TDKK 616,727.

The company was only immaterial impacted by COVID 19 in 2021.

### Profit/loss for the year in relation to expected developments

The financial performance has been above expectations, which has resulted in an operating profit of TDKK 71,842 for 2021 compared to an operating profit of TDKK 64,289 in 2020. The improved result is due to increased sales and lower expenses.

### Outlook

The market is expected to pick up from 2021 to 2022.

New products and solutions were introduced during 2021, and more are launched in 2022. All new products and solutions are very well received by the markets and keeps Teledyne RESON as the lead manufacturer of bespoke solution. Market is up driven by the higher activity level within offshore, civil engineering and defense & security. We are expecting increased activities and operating profit in 2022 is expected to be TDKK 72.000 compared to operating profit in 2021 of TDKK 71,842.

### Particular risks

#### Operating risks

The company has generally covered all raw material deliveries with long term supply agreements with key suppliers. And we are on an ongoing basis observing supply of key components. The supply situation is therefore well managed and risk measures are well defined in case of a change in supply. The supply crisis started to be visible in 2021 and is closely monitored.

**Market risks**

The global markets have been challenging the past 24 months, but we have been able to secure and strengthen our position in this period. We are closely monitoring our competitors' movements and securing that our product offerings are competitive.

**Foreign exchange risks**

The company is operating on a global market scale. Buying from suppliers in different countries and selling to customers all over the world. We are therefore exposed to changes in foreign currency rates, and the company is balancing the risks through a natural hedge stemming from balanced buying and selling in different currencies and active through financial hedging instruments.

**Knowledge resources**

Development, production and marketing of high-tech marine technology is requiring that we have the right know-how in-house. Attracting and retaining that know how is key for Teledyne RESON and we constantly secure employee development and that we are recruiting the required personnel.

**Research and development activities**

The research and development activities covers both underwater acoustics and gyro technology for inertial navigation system. We cover hardware, software, solutions and services when developing new applications for our markets.

In recent years, the company has invested in new products and application, to secure that we hold our lead positions in the market for sonar and navigation systems. Technology evolves fast and requires us to constantly move our products in the right direction, among other with artificial intelligence and machine learning algorithms. This is done parallel with the delivery of customer-specific projects and solutions. On top of this the company has moved technologies from affiliated companies into the Danish site, with further product improvements and stabilization in the tail of it. This has strengthened the entire product portfolio and enhanced the company's position against competition.

**Statutory report on corporate social responsibility****Business model**

The business model is to develop, manufacture and sell products and solutions. The products are primarily sold to the Maritime segment and mainly exported. We refer to section for Primary activities.

**Policy on corporate social responsibility**

With Regarding 99a of the Danish Financial Statements Act, Teledyne RESON A/S and the Teledyne Group have implemented a standard of values as an integral part of its business strategy. This standard of values includes central areas of the company's operations and is communicated to staff regularly to ensure that our business operations and activities are developed in a financially, socially and environmentally responsible manner.

The standard of values defines the overall parameters for the Group's code of conduct in relation to customers, suppliers and staff and is evaluated regularly in connection with staff appraisal interviews and meetings with customers and suppliers. Moreover, all key staff members have signed a set of ethics to ensure that the Group, both in its communication and actions are perceived as a serious and socially responsible enterprise.

**Social considerations**

Social commitment and responsibility are high on our agenda, and we keep this in focus and are very aware of our social obligations with regards to everything from balancing on gender and securing a safe and proper

workplace. We expect this of our own company and the companies we are working with externally.

Teledyne RESON A/S believes that all work can be performed incident and injury-free and encourages its employees to report all work injuries, near misses, dangerous observations, and hazard spots, which are recorded and tracked in safety statistics. All reported Environmental Health and Safety incidents are investigated and mitigation actions implemented to avoid future incidents.

Our assessment is, that the most significant risk is work injury and work injuries are categorized as DAWs (Days Away from Work), Restricted Work Cases, Medical Treatment Cases (beyond local first aid) and Local First Aid Cases. In 2021, Teledyne RESON A/S had two Local First Aid Case only and no environmental incidents.

### **Environmental performance**

It is the Company's policy to continue to minimize the use of environmentally sensitive materials in accordance with environmental requirements and legislation as and when new products are launched on the market. We do not believe there is any material risk of negatively affecting the environment or climate. The Company works actively to reduce the amount of waste and all sorts of energy waste.

Within Teledyne Group, we have in 2021 started an energy assessment, which is a systematic review of the company's energy consumption and savings potential within our processes, buildings and transportations. As this has just been introduced, we have no reportable achievements in 2021.

### **Human rights**

Teledyne RESON A/S complies with international declarations on human and labor rights. Wages reflect the employee qualifications and comply with local wage agreements. We do not accept any form of forced labor or child labor under any circumstances. These principles are also a parameter in our suppliers' and subcontractors' selection process.

We do not tolerate employee discrimination or harassment. We are committed to provide equal opportunities to all employees, regardless of gender, age, ethnic background, religious beliefs, handicap, political and sexual orientation.

### **Anti-corruption**

Teledyne RESON A/S operates on the European market and mainly in Western Europe. We do not believe that we are considerably exposed to risks of corruption and bribery in connection with our sales and distribution channels. All employees are yearly trained and follow the ethical code of conduct within the Teledyne group. This process continues in future years to secure, that all employees are trained in anti-corruption.

Based on the above risk assessments, the size of our organization as well as our limited resources in general, separate policies on corporate social responsibility have not been prepared for which reason this management commentary does not separately account for our work with social responsibility.

The company follows Danish legislation in relation to environment and climate, human rights, employee conditions and regarding bribery and corruption. We are not aware of any breaches concerning these areas in Teledyne RESON A/S in 2021.

### **Statutory report on the underrepresented gender**

Teledyne RESON A/S is working and focused on having a balanced gender distribution in the company. We believe that a greater diversity, will have a positive impact in the company. We are encouraging applications from

all and welcome them on equal basis. We seek to recruit candidates with the best profiles and qualifications for the company regardless of their gender.

We are a technology company, where a large amount of our employees are coming with a Technical and Engineering educational background. Those educations are underrepresenting the female gender, but despite of this, we have achieved a balance where possible.

Currently, the Board of Directors consists of two female and one male director, and the company meets the requirements in relation to the underrepresented gender.

On senior management level, currently 29% of employees are female, which is above the company's target figure of 20%. 79% of our entire workforce is male and 21% female.

The company has a focus on the opportunities for underrepresented gender at other management levels. In relation to job postings and hiring's, the company ensures, whenever possible, to have at least one candidate from each gender for the final interview process for a job.

#### **Statutory report on data ethics policy**

Based on the strict policies we are following in relation to IT Security and Data Protection, Teledyne RESON A/S is basing its policy on those policies

During the upcoming period, we will clarify how we work with data ethics and data use and define a framework for how we consider data ethics. The policy will also support our business model, values and vision, and it must apply to our customer data, employee data and data on partners and suppliers.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date, which would influence the evaluation of the annual report. However, the current Ukraine crisis cause increased uncertainty in market, including the supply chain conditions. The market and consumer situation will be monitored closely, and if any negative impact will be experienced, management will react accordingly.

# Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue	2	427,217	418,332
Production costs		(279,969)	(293,029)
<b>Gross profit/loss</b>		<b>147,248</b>	<b>125,303</b>
Distribution costs		(33,897)	(22,629)
Administrative expenses	3	(41,509)	(42,033)
Other operating income		0	3,648
<b>Operating profit/loss</b>		<b>71,842</b>	<b>64,289</b>
Other financial income	5	10,169	5,373
Other financial expenses	6	(3,088)	(10,019)
<b>Profit/loss before tax</b>		<b>78,923</b>	<b>59,643</b>
Tax on profit/loss for the year	7	(17,372)	(4,661)
<b>Profit/loss for the year</b>	8	<b>61,551</b>	<b>54,982</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	10	32,985	30,732
Acquired licences		14,810	19,477
Goodwill		18,183	33,770
<b>Intangible assets</b>	9	<b>65,978</b>	<b>83,979</b>
Land and buildings		8,730	9,080
Plant and machinery		2,033	650
Other fixtures and fittings, tools and equipment		2,908	5,476
<b>Property, plant and equipment</b>	11	<b>13,671</b>	<b>15,206</b>
Investments in group enterprises		16,763	16,763
Deposits		765	757
<b>Financial assets</b>	12	<b>17,528</b>	<b>17,520</b>
<b>Fixed assets</b>		<b>97,177</b>	<b>116,705</b>
Raw materials and consumables		31,824	36,398
Work in progress		13,721	14,885
Manufactured goods and goods for resale		25,913	23,769
<b>Inventories</b>		<b>71,458</b>	<b>75,052</b>
Trade receivables		42,574	46,903
Contract work in progress		7,570	0
Receivables from group enterprises		413,484	268,977
Deferred tax	13	14,239	24,713
Other receivables		4,857	4,310
Tax receivable		5,285	0
Prepayments	14	6,161	9,040
<b>Receivables</b>		<b>494,170</b>	<b>353,943</b>
<b>Cash</b>		<b>27,162</b>	<b>89,980</b>
<b>Current assets</b>		<b>592,790</b>	<b>518,975</b>
<b>Assets</b>		<b>689,967</b>	<b>635,680</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Contributed capital	15	109,796	109,796
Reserve for development expenditure		25,728	23,971
Retained earnings		96,203	421,409
Proposed dividend		385,000	0
<b>Equity</b>		<b>616,727</b>	<b>555,176</b>
Other provisions	16	1,470	1,588
<b>Provisions</b>		<b>1,470</b>	<b>1,588</b>
Other payables		0	7,515
<b>Non-current liabilities other than provisions</b>	17	<b>0</b>	<b>7,515</b>
Prepayments received from customers		4,599	14,301
Trade payables		36,942	25,942
Payables to group enterprises		4,527	6,559
Tax payable		6,898	1,349
Other payables	18	15,384	14,465
Deferred income	19	3,420	8,785
<b>Current liabilities other than provisions</b>		<b>71,770</b>	<b>71,401</b>
<b>Liabilities other than provisions</b>		<b>71,770</b>	<b>78,916</b>
<b>Equity and liabilities</b>		<b>689,967</b>	<b>635,680</b>
Events after the balance sheet date	1		
Staff costs	4		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Transactions with related parties	22		
Group relations	23		



# Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	109,796	23,971	421,409	0	555,176
Transfer to reserves	0	1,757	(1,757)	0	0
Profit/loss for the year	0	0	(323,449)	385,000	61,551
<b>Equity end of year</b>	<b>109,796</b>	<b>25,728</b>	<b>96,203</b>	<b>385,000</b>	<b>616,727</b>

# Notes

## 1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 2 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	8,325	21,779
Exports	418,892	396,553
<b>Total revenue by geographical market</b>	<b>427,217</b>	<b>418,332</b>
Underwater Acoustics	427,217	418,332
<b>Total revenue by activity</b>	<b>427,217</b>	<b>418,332</b>

## 3 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	496	485
Tax services	438	0
Other services	53	128
	<b>987</b>	<b>613</b>

## 4 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	81,608	82,639
Pension costs	7,070	7,109
Other social security costs	4,013	3,705
	<b>92,691</b>	<b>93,453</b>

Average number of full-time employees	<b>126</b>	<b>129</b>
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Referring to section 98 b(3) of the Danish Financial Statements Act, remuneration of the Board of Executives and the Board of Directors have not been disclosed.

## 5 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	10,051	5,295
Other interest income	118	78
	<b>10,169</b>	<b>5,373</b>

**6 Other financial expenses**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Exchange rate adjustments	2,692	9,408
Other financial expenses	396	611
	<b>3,088</b>	<b>10,019</b>

**7 Tax on profit/loss for the year**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	6,898	6,531
Change in deferred tax	10,474	(1,870)
	<b>17,372</b>	<b>4,661</b>

**8 Proposed distribution of profit and loss**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Ordinary dividend for the financial year	385,000	0
Retained earnings	(323,449)	54,982
	<b>61,551</b>	<b>54,982</b>

**9 Intangible assets**

	<b>Completed development projects DKK'000</b>	<b>Acquired licences DKK'000</b>	<b>Goodwill DKK'000</b>
Cost beginning of year	96,952	37,578	67,573
Additions	12,510	0	0
Disposals	(6,879)	0	0
<b>Cost end of year</b>	<b>102,583</b>	<b>37,578</b>	<b>67,573</b>
Amortisation and impairment losses beginning of year	(66,220)	(18,101)	(33,803)
Amortisation for the year	(10,257)	(4,667)	(15,587)
Reversal regarding disposals	6,879	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(69,598)</b>	<b>(22,768)</b>	<b>(49,390)</b>
<b>Carrying amount end of year</b>	<b>32,985</b>	<b>14,810</b>	<b>18,183</b>

### 10 Development projects

The Company has in 2021 capitalised TDKK 12,510 in completed development projects. The technology is incorporated in future product portfolio.

### 11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	16,321	7,037	32,776
Additions	0	2,061	177
<b>Cost end of year</b>	<b>16,321</b>	<b>9,098</b>	<b>32,953</b>
Depreciation and impairment losses beginning of year	(7,241)	(6,387)	(27,300)
Depreciation for the year	(350)	(678)	(2,745)
<b>Depreciation and impairment losses end of year</b>	<b>(7,591)</b>	<b>(7,065)</b>	<b>(30,045)</b>
<b>Carrying amount end of year</b>	<b>8,730</b>	<b>2,033</b>	<b>2,908</b>

### 12 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	16,763	757
Additions	0	8
<b>Cost end of year</b>	<b>16,763</b>	<b>765</b>
<b>Carrying amount end of year</b>	<b>16,763</b>	<b>765</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Teledyne RESON Inc.	USA	Inc.	100	43,446	4,257

### 13 Deferred tax

	2021 DKK'000	2020 DKK'000
<b>Changes during the year</b>		
Beginning of year	24,713	22,843
Recognised in the income statement	(10,474)	1,870
<b>End of year</b>	<b>14,239</b>	<b>24,713</b>

#### Deferred tax assets

Deferred tax assets are measured at net realisable value, and are based on Management's best estimate of the ability to use losses carried forward within a 3 years period.

#### 14 Prepayments

Prepayments consist of insurance, subscription fees, etc. in respect of subsequent financial years.

#### 15 Share capital

The share capital consist of 109,796,492 shares of a nominal value of DKK 1. No shares carry any special rights.

#### 16 Other provisions

Statement of warranty commitments is based on an estimate which includes historical data about the individual type of costs adjusted for the development in revenue.

#### 17 Non-current liabilities other than provisions

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The company has no long-term debt that is due more than 5 years from the balance sheet date.

#### 18 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	2,215	4,260
Wages and salaries, personal income taxes, social security costs, etc payable	5,944	4,873
Holiday pay obligation	3,561	3,436
Other costs payable	3,664	1,896
	<b>15,384</b>	<b>14,465</b>

#### 19 Deferred income

Short-term deferred income include deferred revenue.

#### 20 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	1,129	946

## 21 Contingent liabilities

The company has bank guarantees and payment bonds worth TDKK 6,171 (TDKK 5,835 as of 31 December 2020) as security in favour of customers and suppliers.

In addition, the company is from time-to-time involved in disputes that are normal for its business. The outcome of ongoing disputes is not expected to have any significant impact on the company's financial position.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

## 22 Transactions with related parties

No disclosures of transactions with related parties as Management believes that all transactions with related parties have been carried out on arms length basis.

## 23 Group relations

The company is directly owned by Rhombi Holdings Limited, United Kingdom, and is ultimately owned by Teledyne Technologies Inc., USA.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Teledyne Technologies Inc. Thousand Oaks, California, USA.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Teledyne Technologies Inc. Thousand Oaks, California, USA.

Copies of the consolidated financial statements of Teledyne Technologies Inc. may be ordered at the following address:

1049 Camino Dos Rios, Thousand Oaks, CA 91360, USA.

The Group Annual Report of Teledyne Technologies Inc. may be obtained at the following address:  
[www.teledyne.com](http://www.teledyne.com).

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

The Financial Statement for Teledyne RESON A/S and affiliated subsidiaries are included in the consolidated financial statements for Teledyne Technologies Inc, US.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the

income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Further, provisions for loss on contract work in progress are recognised under production costs.

### **Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

### **Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## **Balance sheet**

### **Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions.



Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### **Intellectual property rights etc**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Acquired licences relates to Intangibles assets from group enterprises and follows the original straight-lined amortisation plan, which is:

Customer relations	5 years - 12 years
Proprietary Technology	10 years
Trade names	10 years

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-10 years

The carrying amounts of intangible assets and property, plant and equipment 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 group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Receivables**

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

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax assets which are not expected utilised within 3 years have been disclosed in notes under contingent assets.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost. Prepayments received from customers comprise amounts received from customer prior to delivery of the goods agreed or completion of the service agreed.

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

Referring to section 86, part 4 of the Danish Financial statements Act., Teledyne Reson A/S has not prepared any cash flow statement.