



Teledyne RESON A/S

Fabriksvangen 13
3550 Slangerup
CVR No. 56675817

Annual report 2023

The Annual General Meeting adopted the annual report on 30.06.2024

Ole S e-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: 01.01.2023 - 31.12.2023

Board of Directors

Ole S e-Pedersen
Melanie Susan Cibik
Stephen Finis Blackwood

Executive Board

Ole S e-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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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, 30.06.2024

Executive Board

Ole S e-Pedersen

Board of Directors

Ole S e-Pedersen

Melanie Susan Cibik

Stephen Finis Blackwood

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 by relevant law and regulations.

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, 30.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant

Identification No (MNE) mne33747

Rasmus Christiansen

State Authorised Public Accountant

Identification No (MNE) mne50632

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	403,252	468,821	427,217	418,332	385,505
Gross profit/loss	112,702	131,376	147,248	125,303	112,286
Operating profit/loss	63,205	62,149	71,842	64,289	36,659
Net financials	(2,017)	6,135	7,081	(4,646)	17,794
Profit/loss for the year	47,603	53,265	61,551	54,982	49,058
Total assets	362,902	387,365	689,967	635,680	557,062
Investments in property, plant and equipment	7,597	1,332	2,238	3,883	1,692
Equity	272,595	284,992	616,727	555,176	500,194
Average number of employees	128	129	126	129	136
Ratios					
Gross margin (%)	27.95	28.02	34.47	29.95	29.13
EBIT margin (%)	15.67	13.26	16.82	15.37	9.51
Net margin (%)	11.80	11.36	14.41	13.14	12.73
Return on equity (%)	17.07	11.81	10.50	10.42	11.10
Equity ratio (%)	75.12	73.57	89.38	87.34	89.79

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.

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 A/S develops, manufactures, 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 of 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.

The market areas are hydrography, offshore, research, civil engineering & dredge as well as defense & security. Teledyne RESON A/S 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 A/S' own sales company 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 A/S 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

Throughout 2023 the Company has focused on key programs for the Defense and Security sector, driving opportunities and growth for 2024 and onwards. The commercial part was impacted by this, driving sales slight down. The income statement of the Company for 2023 shows a profit of TDKK 47,603 and on 31 December 2023 the balance sheet of the Company shows an equity of TDKK 272,595.

Profit/loss for the year in relation to expected developments

The financial performance for 2023 has been as expected, with an operating profit of TDKK 63,205 for 2023 compared to an operating profit of TDKK 62,149 in 2022.

Outlook

The commercial market is expected to be up in 2024 compared to 2023, and at the same time the defense market is expected to be significantly higher in 2024 compared to 2023. We expect sales in 2024 around TDKK 450,000- 460,000. We are continuing our successful roll out of new product solutions in 2024.

All new products and solutions are very well received by the markets and keeps Teledyne RESON A/S as the lead manufacturer of underwater technology. With this we are expecting operating profit in 2024 around TDKK 70,000 compared to operating profit in 2023 of TDKK 63,205.

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.

Market risks

We are closely monitoring our competitors' movements and securing that our product offerings are competitive. At the same time the supply situation has significantly improved over the past 12 months.

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 on a monthly basis 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 cover 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

Teledyne RESON's 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 the section for Primary activities.

Acting in compliance with all applicable laws and regulations is key for Teledyne RESON.

Given that most we manufacture is being exported, compliance with laws and regulations relating to import and export of products, software and technology is a specific focus area. We have a strong compliance program that meet the EU Commission recommendation on internal compliance programs for dual-use trade controls. By applying our trade compliance policies, procedures and systems, we ensure that products, software and technology are only exported after completion of proper export reviews and in accordance with Danish, EU and US export control regulation. We also ensure that all our business partners, including all customers, end-users and suppliers (companies as well as individuals), are continuously screened against sanctions lists of the United Nations, European Union or United States of America to avoid that we transact with any sanctioned party, etc. We have specific focus on ensuring that our products will not be used for prohibited purposes and in violation of human rights.

All staff involved in international transactions receive annual export control training relevant for their function to ensure that compliance is not only a focus area of management and the compliance department but something the entire organization understands that export compliance, including that export control is a key prerequisite in everything we do. Compliance with export control regulation and Teledyne requirements are also a key requirement in contracts with our sales channels, customers and suppliers.

Policy on corporate social responsibility

Teledyne RESON A/S and the Teledyne group have implemented a standard of values as an integral part of its business strategy. It is based on Teledyne's four core values - Integrity, Respect, Responsibility, and Citizenship – which guide the decisions we make as an organization. The standard of values covers central areas of the company's operations and is communicated to staff regularly to ensure that our business operations and activities are conducted 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 compliance with the standard of values is evaluated regularly in connection with staff appraisal interviews and meetings with customers and suppliers. Moreover, all staff members, as well as the company's third-party sales channels, have signed the Group's Code of Conduct or Code of Conduct for Third Party Providers (as applicable) to ensure that the company, both in its communication and actions, is perceived as a serious and socially responsible enterprise.

Teledyne's Code of Conduct for Service Providers requires strict compliance with all applicable laws and regulations and contractual requirements. It prohibits any form of corruption in any jurisdiction and any involvement in or facilitation of tax evasion. It prohibits discrimination and harassment and requires service providers to comply with local employment regulations, such as minimum working age, minimum wage, maximum working hours, overtime, and benefits, and specifically prohibits any involvement in or facilitation of any forced or involuntary labor or child labor or slavery or human trafficking. It requires service providers to maintain safe workplaces that are free from illegal drugs. Service providers also must maintain their businesses in an environmentally responsible manner and prudently use natural resources and prevent harm to the environment. Other topics covered include avoidance of conflicts of interest, the need to comply with international trade laws, avoidance of conflict minerals, avoidance of counterfeit parts, the need to comply with accounting rules, protection of intellectual property, the importance of reporting only accurate technical information, avoidance of insider trading and avoidance of anticompetitive behavior. Service providers are also required to educate their employees on these requirements and to ensure that their suppliers comply with these requirements as well.

Social considerations

Social commitment and responsibility is high on the company's agenda and based on Teledyne's core values.

Teledyne RESON A/S acts with integrity and we conduct our business in accordance with all applicable laws and regulations and with the highest standards of ethics and honesty. We expect the same from our business partners and from those who represent our brand.

We treat our employees with respect and dignity, and strive to maintain a safe, fair and inclusive work environment. We take pride in a diverse workforce and recognize that our continuing success depends on the contributions of all employees. We expect that our employees treat each other with dignity, respect and fairness. Our goal is to maintain a safe and hospitable work environment in which every employee is encouraged to contribute to the success of the company. We have a strict policy prohibiting retaliation against any employee who makes a good faith report of an ethics matter.

In 2023, we have continued the modernization of our facilities, inter alia, to improve the work environment to the benefit of employees. This work will be continued in 2024 and is also important in order to maintain and attract new talent, which is a key focus for the company.

To improve the well-being of employees, we also support the activities of various employee sports groups and the participation by employees in sports events. In 2023, we further offered stop-smoking courses to employees with positive results. We also conduct an annual safety day to maintain focus and emphasize on the importance of safe work and a healthy work environment. In 2023 focus of the day was on actions required in case of an emergency and in 2024 the safety day will focus on mental working environment and job satisfaction, which will also be in focus at leadership training seminars to be conducted in 2024.

Like previous years, Teledyne RESON A/S has in 2023 made donations to Danmarks-Indsamling and invested in the provision of hydrographic imagery of the canals that the participants should swim through the sports event "Christiansborg Rundt".

Health & Safety

It is Teledyne RESON A/S' policy to provide a safe and healthy work environment for all employees and to continue to maintain and operate our business in full compliance with applicable Health and Safety laws, regulations, permits and our corporate Health and Safety Management System. It is also our policy to promptly evaluate and resolve any suspected instances of unsafe or unhealthy working conditions or non-compliance with applicable requirements.

Each employee has responsibility for maintaining a safe and healthy workplace. The performance of all work assignments without incident is of utmost importance. Employees must immediately report any suspect unsafe or unhealthy condition, accident or near miss situation to their manager or the company's Health and Safety Manager. All reported Health and Safety incidents and observations are investigated, and mitigation actions implemented to avoid new incidents.

The company categorizes work injuries in recordable and not recordable incidents. Recordable incidents include incidents resulting in death, days away from work, restricted work or job transfers, medical treatment beyond local first aid, or loss of consciousness. In 2023, a total of 1 recordable incident was reported resulting in a "total case incidence rate" (rates per 100 full-time employees) of 0,79 and a "days away from work case incidence rate" of 0.

Environment and climate

We are proud that our products and technologies contribute to the study of climate change and monitoring the health of our oceans and thus more broadly understanding the environment and humankind's impact to the health and sustainability of our planet.

We maintain and operate our businesses in full compliance with applicable environmental laws, regulations, permits and our corporate Environmental Management System. It is also our policy to promptly evaluate and resolve any suspected instances of non-compliance. We recognize the importance of our environment and natural resources and encourage all our employees to embrace our responsibility to society when using and planning the use of natural resources.

In 2023, we have continued the modernization of our facilities, inter alia, to reduce energy consumption. Through the installation of power charging stations at our facility, we support a more sustainable employee commute.

In 2023 we have also started preparing for CSRD reporting from 2025 and established baseline carbon emission data for scope 1 and scope 2 reporting. In 2024, we will continue the work with added focus on scope 3 data. Setting up a structure for the CSRD work, identifying required systems and solutions, and obtaining data from our supply chain is a focus area for 2024. We foresee that we going forward will receive various requests for emission

data from our customers for their scope 3 and finding a structure for responding to such requests will also be a focus point for 2024.

Human rights

Teledyne RESON A/S complies with international declarations on human and labor rights and supports global efforts to eliminate human trafficking, slavery and child labor. We do not tolerate human trafficking, slavery or child labor within our organization and do not intend to engage with suppliers and subcontractors that fail to take steps to prevent these activities. Accordingly, these principles are a parameter in our supplier and subcontractor selection process.

Teledyne RESON A/S is committed to providing equal opportunities to all employees, regardless of gender, age, ethnic background, religious beliefs, handicap, political and sexual orientation. We encourage 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 gender, age, ethnic background, religious beliefs, handicap, political and sexual orientation.

We do not tolerate employee discrimination or harassment and actively encourages employees to report any such incidents to ensure that any such incident can be fully investigated and sanctioned.

We have not in 2023 identified risks relating to breach or potential breaches of human rights within the company and its supply chain.

Anti-bribery and corruption

Teledyne RESON A/S recognizes the significant negative impact it can have if the company is linked to corruption or bribery in any form. Accordingly, Teledyne RESON A/S maintains an anti-corruption program with core elements of an effective compliance program, including tone at the top, risk assessment, written policies and procedures, effective training and education, effective lines of communication, internal monitoring and auditing, and enforcement. The program and its requirements apply to our employees and to third parties who act on the company's behalf. As part of the program, in 2023 ethics training has been provided to all the company's employees, annual anti-corruption surveys have been distributed to all sales, business development and marketing personnel, anti-corruption training has been provided to all new authorized third-party sales channels and their key employees and to sales-channels who last completed the training three years ago. Like in previous years, the company also in 2023 issued an annual Supplier and Service Provider Bulletin reminding all suppliers, service providers and third-party sales channels that Teledyne prohibits employees and their families from accepting gifts or gratuities from service providers and from providing gifts or gratuities to customers and business partners on the company's behalf. The company's ethics resource and whistleblower mechanism, www.teledyne.ethicspoint.com, is promoted in all trainings and communications to employees, sales channels and suppliers regarding ethics and anti-bribery and corruption,

As a result of the company's continued focus on anti-bribery and corruption, Teledyne RESON A/S has not in 2023 been exposed to bribery or corruption. The company will in 2024 continue its anti-corruption program, including annual training, performance of anti-corruption surveys and issue of supplier and service provide bulletins.

Trade Compliance

Teledyne RESON A/S has a strong compliance program that meet the EU Commission recommendation on internal compliance programs for dual-use trade controls. By applying our trade compliance policies, procedures and systems, we ensure that products, software and technology are only exported after proper export reviews

and in accordance with applicable export control regulation. We ensure that all business partners, including all customers, end-users and suppliers, are continuously screened against the various sanctions lists of the United Nations, European Union or United States of America. All staff involved in international transactions receive annual export control training relevant for their function.

In 2023, the company had specific focus on ensuring that products are not being diverted to sanctioned countries and users in conflict with the international sanction regime.

Statutory report on the underrepresented gender

	2023	2022	2021	2020	2019
Supreme management body					
Total number of members	3	3	3	3	3
Underrepresented gender (%)	33.00	33.00	33.00	33.00	33.00

Gender distribution in management

The gender distribution in Teledyne RESON A/S' management at the end of 2023 is specified in the below tables (which also include comparison numbers for the previous financial years). As the company's board of directors consist of only 3 members, of which one is a woman, the company's gender distribution is considered equal at board level and accordingly no target for a higher percentage of the underrepresented gender is required at board level. For the lower management levels, targets for the underrepresented gender is included in the tables below together with an indication of the year in which the company expect to meet such target.

	2023	2022	2021	2020	2019
Other management levels					
Total number of members	7	8	7	8	6
Underrepresented gender (%)	29.00	25.00	14.00	25.00	17.00
Target figures (%)	40.00	40.00	40.00	40.00	40.00
Year of expected achievement of target figures	2028	2028	2028	2028	2028

Equal representation of the genders

Teledyne RESON A/S is working 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 encourage 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 gender. The company has focus on the opportunities for underrepresented gender at management levels. In relation to job postings and hirings, the company seeks, whenever possible, to have at least one candidate from each gender for the final interview process for a job.

We are a technology company, where a large amount of our employees has a technical and engineering educational background. Those educations are underrepresenting the female gender, but despite of this, we have achieved a balance where possible. We are pleased that we in 2023 have managed to increase the percentage of the underrepresented gender (women) in our R&D team.

Statutory report on data ethics policy

Teledyne RESON A/S' policy on data ethics is integrated into Teledyne's IT Security Policy, Use of Generative Artificial Intelligence Tools Policy, Data Privacy Policy and Code of Conduct. The IT Security Policy contains requirements for the handling of IT systems and data in Teledyne; the Use of Generative Artificial Intelligence Tools Policy contains guidelines for permitted and prohibited AI tools and uses; the Data Privacy Policy supports the regulatory GDPR requirements, including data collection and processing; and the Code of Conduct depicts the requirements for accurate and correct technical data.

Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of the annual report.

Income statement for 2023

		2023	2022
	Notes	DKK'000	DKK '000
Revenue	2	403,252	468,821
Production costs		(290,550)	(337,445)
Gross profit/loss		112,702	131,376
Distribution costs		(33,079)	(34,605)
Administrative expenses	3	(23,567)	(36,206)
Other operating income		7,149	1,584
Operating profit/loss		63,205	62,149
Other financial income	5	3,077	8,542
Other financial expenses	6	(5,094)	(2,407)
Profit/loss before tax		61,188	68,284
Tax on profit/loss for the year	7	(13,585)	(15,019)
Profit/loss for the year	8	47,603	53,265

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	10	24,594	29,881
Acquired licences		8,451	11,135
Goodwill		1,003	3,802
Intangible assets	9	34,048	44,818
Land and buildings		8,263	8,613
Plant and machinery		4,784	1,394
Other fixtures and fittings, tools and equipment		4,035	2,396
Property, plant and equipment	11	17,082	12,403
Investments in group enterprises		16,763	16,763
Deposits		951	880
Financial assets	12	17,714	17,643
Fixed assets		68,844	74,864
Raw materials and consumables		38,884	44,129
Work in progress		12,369	11,570
Manufactured goods and goods for resale		18,331	24,451
Inventories		69,584	80,150
Trade receivables		61,244	77,971
Contract work in progress		2,166	15,901
Receivables from group enterprises		119,533	95,240
Deferred tax	13	0	5,725
Other receivables		4,261	2,064
Tax receivable		0	113
Prepayments	14	7,392	2,658
Receivables		194,596	199,672
Cash		29,878	32,679
Current assets		294,058	312,501
Assets		362,902	387,365

Equity and liabilities

		2023	2022
	Notes	DKK'000	DKK'000
Contributed capital	15	109,796	109,796
Reserve for development expenditure		19,182	23,306
Retained earnings		13,617	91,890
Proposed dividend		130,000	60,000
Equity		272,595	284,992
Deferred tax	13	2,721	0
Other provisions	16	1,437	1,628
Provisions		4,158	1,628
Prepayments received from customers		5,678	14,440
Contract work in progress		26,463	0
Trade payables		34,136	63,523
Payables to group enterprises		4,206	8,439
Tax payable		544	0
Other payables	17	11,695	10,839
Deferred income	18	3,427	3,504
Current liabilities other than provisions		86,149	100,745
Liabilities other than provisions		86,149	100,745
Equity and liabilities		362,902	387,365
Events after the balance sheet date	1		
Staff costs	4		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2023

	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	23,306	91,890	60,000	284,992
Ordinary dividend paid	0	0	0	(60,000)	(60,000)
Transfer to reserves	0	(4,124)	4,124	0	0
Profit/loss for the year	0	0	(82,397)	130,000	47,603
Equity end of year	109,796	19,182	13,617	130,000	272,595

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

	2023 DKK'000	2022 DKK'000
Denmark	8,297	39,557
Exports	394,955	429,264
Total revenue by geographical market	403,252	468,821
Underwater Acoustics	403,252	468,821
Total revenue by activity	403,252	468,821

3 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	553	526
Tax services	87	161
Other services	48	45
	688	732

4 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	94,132	86,998
Pension costs	7,947	7,264
Other social security costs	6,869	5,702
	108,948	99,964
Staff costs classified as assets	(4,030)	(5,411)
	104,918	94,553
Average number of full-time employees	128	129

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

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	2,108	8,353
Other interest income	969	189
	3,077	8,542

6 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Exchange rate adjustments	4,757	1,988
Other financial expenses	337	419
	5,094	2,407

7 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	5,139	6,506
Change in deferred tax	8,446	8,513
	13,585	15,019

8 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	130,000	60,000
Retained earnings	(82,397)	(6,735)
	47,603	53,265

9 Intangible assets

	Completed development projects DKK'000	Acquired licences DKK'000	Goodwill DKK'000
Cost beginning of year	110,514	37,579	68,979
Additions	5,565	0	0
Cost end of year	116,079	37,579	68,979
Amortisation and impairment losses beginning of year	(80,633)	(26,444)	(65,177)
Amortisation for the year	(10,852)	(2,684)	(2,799)
Amortisation and impairment losses end of year	(91,485)	(29,128)	(67,976)
Carrying amount end of year	24,594	8,451	1,003

10 Development projects

The Company has in 2023 capitalised TDKK 5,565 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	9,098	33,809
Additions	0	4,112	3,485
Cost end of year	16,321	13,210	37,294
Depreciation and impairment losses beginning of year	(7,708)	(7,704)	(31,413)
Depreciation for the year	(350)	(722)	(1,846)
Depreciation and impairment losses end of year	(8,058)	(8,426)	(33,259)
Carrying amount end of year	8,263	4,784	4,035

12 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	16,763	880
Additions	0	71
Cost end of year	16,763	951
Carrying amount end of year	16,763	951

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Teledyne RESON Inc.	USA	Inc.	100	55,435	5,188

13 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	(6,405)	(8,351)
Property, plant and equipment	1,095	1,405
Inventories	(298)	(266)
Receivables	508	815
Provisions	460	485
Tax losses carried forward	1,919	11,637
Deferred tax	(2,721)	5,725

	2023	2022
Changes during the year	DKK'000	DKK'000
Beginning of year	5,725	14,239
Recognised in the income statement	(8,446)	(8,514)
End of year	(2,721)	5,725

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 Other payables

	2023	2022
	DKK'000	DKK'000
Wages and salaries, personal income taxes, social security costs, etc payable	5,711	4,845
Holiday pay obligation	3,974	3,537
Other costs payable	2,010	2,457
	11,695	10,839

18 Deferred income

Short-term deferred income include deferred revenue.

19 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	1,401	1,137

20 Contingent liabilities

The company has bank guarantees and payment bonds worth TDKK 5,976 (TDKK 6.327 as of 31 December 2022) 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.

21 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.

22 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. Address: 1049 Camino Dos Rios, Thousand Oaks, CA 91360, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
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The Group Annual Report of Teledyne Technologies Inc. may be obtained at the following address:
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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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 intangible assets acquired 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:

	Useful life
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.