
Autronica
Fire and Security A/S

Industriholmen 17-19, DK-2650 Hvidovre

Annual Report for 2022

CVR No 15 20 25 13

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/7 2023

Daniel Mark Thompson
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Autronica Fire and Security A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

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

Hvidovre, 12 July 2023

Executive Board

Kasper Bernbom Johansen
CEO

Board of Directors

Daniel Mark Thompson
Chairman

Sindre Utne

Michael Daniel Kovsky

Henrik Nielsen Strunge
Staff Representative

Lars-Erik Tietze
Staff Representative

Independent Auditor's Report

To the Shareholder of Autronica Fire and Security A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Autronica Fire and Security A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 12 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen

State Authorized Public Accountant

mne23327

Thomas Lauritsen

State Authorized Public Accountant

mne34342

Company Information

The Company

Autronica Fire and Security A/S
Industriholmen 17-19
DK-2650 Hvidovre

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E-mail: info.autronica.dk@carrier.com
Website: www.autronicafire.com

CVR No: 15 20 25 13
Financial period: 1 January - 31 December
Municipality of reg. office: Hvidovre

Board of Directors

Daniel Mark Thompson, Chairman
Sindre Utne
Michael Daniel Kovsky
Henrik Nielsen Strunge
Lars-Erik Tietze

Executive Board

Kasper Bernbom Johansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Gorrissen Federspiel
Axeltorv 2
DK - 1609 København V

Bankers

Nordea Commercial Banking Sjælland
Vesterbrogade 8
DK-0900 København C

Management's Review

Key activities

Autronica Fire and Security A/S is a trading and engineering company undertaking sales, installation, service and administration within the areas of Fire Detection, Voice Alarm and Fire Suppression Systems.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 4,622,565, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 14,153,515.

Also in 2022, the Danish market has generally been challenged. There has been a significant inflation increase, primarily due to the war in Ukraine. In addition to this, we have seen large increases in the price of raw materials, which has led to direct increases in material prices for the construction industry. Projects have been postponed and/or stopped.

Despite this, the company has managed to navigate the market purposefully and ensure acceptable order intake and reasonable turnover.

In any case, the situation and its impact on the Company are constantly kept under close review by the local management. The market situation is followed closely, and appropriate measures are being implemented to protect the Company.

Taking the market situation into consideration, Autronica Fire and Security A/S experienced a satisfying development of the Company's activities in 2022.

Capital resources

Currently, we believe that there is no doubt about the Company's ability to continue as a going concern, for a reasonable period of time up to at least 31 December 2023 and the Board of Directors considers the capital base of the Company to be fully sufficient.

External environment

Autronica Fire and Security A/S operate as a Company that in every respect is aware of and pays attention to the environment. The Company naturally complies with all acts and provisions that apply to the external as well the working environment.

Management's Review

Intellectual capital resources

Our philosophy is simple: Autronica Fire and Security A/S does not compromise its quality objective. Autronica Fire and Security A/S represent innovation, quality and service; not only in respect of the Company's products, but also in respect of project processing. Autronica Fire and Security A/S works together with the customers as partners and endeavors to deliver the best and safest solution, which corresponds to the customer's needs. This philosophy places heavy demands on the intellectual capital resources in respect to employees, business processes and distributors.

Autronica Fire and Security A/S' quality system (Carrier Excellence) and the ISO 9001:2015 certification must document the Company's business processes and ensure that these work in the most optimal way - and continuously are improved.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit/loss		24,904,330	15,661,507
Distribution expenses	2	-10,807,560	-11,487,877
Administrative expenses	2	-8,300,747	-6,403,129
Operating profit/loss		5,796,023	-2,229,499
Other operating expenses		0	-230,605
Profit/loss before financial income and expenses		5,796,023	-2,460,104
Financial expenses	3	-86,502	-283,906
Profit/loss before tax		5,709,521	-2,744,010
Tax on profit/loss for the year	4	-1,086,956	814,307
Net profit/loss for the year		4,622,565	-1,929,703

Distribution of profit

Proposed distribution of profit

Retained earnings		4,622,565	-1,929,703
		4,622,565	-1,929,703

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Deposits		739,863	739,863
Fixed asset investments	5	739,863	739,863
Fixed assets		739,863	739,863
Inventories		11,174,590	9,655,535
Trade receivables		14,304,521	16,746,437
Contract work in progress	6	7,590,478	5,891,476
Receivables from group enterprises		256,174	477,036
Other receivables		5,180	3,500
Deferred tax asset	7	999,547	1,110,437
Prepayments	8	225,375	298,857
Receivables		23,381,275	24,527,743
Cash at bank and in hand		6,637,310	121,900
Currents assets		41,193,175	34,305,178
Assets		41,933,038	35,045,041

Balance Sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		8,308,000	8,308,000
Retained earnings		5,845,515	1,222,950
Equity		14,153,515	9,530,950
Provision for guarantee	9	434,000	318,158
Provisions		434,000	318,158
Trade payables		1,728,499	1,439,528
Contract work in progress, liabilities	6	2,393,655	1,189,633
Payables to group enterprises		12,574,073	12,845,414
Corporation tax		1,018,752	0
Other payables		8,916,059	9,046,497
Deferred income	10	714,485	674,861
Short-term debt		27,345,523	25,195,933
Debt		27,345,523	25,195,933
Liabilities and equity		41,933,038	35,045,041
Subsequent events	1		
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	8,308,000	1,222,950	9,530,950
Net profit/loss for the year	0	4,622,565	4,622,565
Equity at 31 December	<u>8,308,000</u>	<u>5,845,515</u>	<u>14,153,515</u>

Notes to the Financial Statements

1 Subsequent events

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

	<u>2022</u> DKK	<u>2021</u> DKK
2 Staff		
Wages and Salaries	34,295,771	35,386,538
Pensions	2,656,919	2,710,547
Other social security expenses	904,331	885,878
	<u>37,857,021</u>	<u>38,982,963</u>
Average number of employees	<u>54</u>	<u>55</u>

3 Financial expenses

Interest paid to group enterprises	53,144	568
Other financial expenses	23,648	12,401
Exchange adjustments	9,710	270,937
	<u>86,502</u>	<u>283,906</u>

4 Tax on profit/loss for the year

Current tax for the year	1,018,752	0
Deferred tax for the year	110,890	-489,934
Adjustment of tax concerning previous years	-42,686	-324,373
	<u>1,086,956</u>	<u>-814,307</u>

5 Fixed asset investments

	<u>Deposits</u> DKK
Cost at 1 January	<u>739,863</u>
Cost at 31 December	<u>739,863</u>
Carrying amount at 31 December	<u>739,863</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
6 Contract work in progress		
Selling price of work in progress	43,562,998	40,778,143
Payments received on account	<u>-38,366,175</u>	<u>-36,076,300</u>
	<u>5,196,823</u>	<u>4,701,843</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	7,590,478	5,891,476
Prepayments received recognised in debt	<u>-2,393,655</u>	<u>-1,189,633</u>
	<u>5,196,823</u>	<u>4,701,843</u>
7 Deferred tax asset		
Deferred tax asset at 1 January	1,110,437	620,503
Amounts recognised in the income statement for the year	<u>-110,890</u>	<u>489,934</u>
Deferred tax asset at 31 December	<u>999,547</u>	<u>1,110,437</u>

The Company has recognised the tax assets, which are due to temporary differences, as the Company and/or the joint taxation group historically has realised positive taxable income and expect to do this in the years to come. Based on that the Company expect to utilize the tax asset.

In addition, the Company has an estimated tax asset from loss on disposal of property in an amount of DKK 54.734. As the mentioned tax asset only can be used to offset against gain on property, this tax asset has been write-down to DKK 0 in the Financial Statements.

8 Prepayments

Prepayments comprise of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
9 Provision for guarantee		
Provision for guarantee	<u>434,000</u>	<u>318,158</u>
	<u>434,000</u>	<u>318,158</u>

Provision comprises expected warranty claims. The estimate of warranty are based on actual costs of repairs under warranty from prior year.

Notes to the Financial Statements

10 Deferred income

Deferred income contains of pre-invoiced sales.

	<u>2022</u> DKK	<u>2021</u> DKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3,856,369	2,885,946
Between 1 and 5 years	6,665,931	5,068,571
	<u>10,522,300</u>	<u>7,954,517</u>

Other contingent liabilities

The company's bankers have as at 31 December 2022 issued bank guarantees totalling DKK 2,743,191 to suppliers and customers (2021: DKK 2,969,240).

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with Carrier Transicold Scandinavia A/S as administration company. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

12 Related parties

	<u>Basis</u>
Controlling interest	
Carrier Fire and Security Denmark Holding A/S, Hvidovre Carrier Global Corporation, USA	Controlling shareholder Ultimate Parent Company

Other related parties

Board of Directors and other Companies in which the Board of Directors have significant interests.

Notes to the Financial Statements

12 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Transactions with closely related parties are made at market conditions. The Executive Board is employed and remunerated by the group company Autronica Fire and Security AS, Norway. The company pays an overhead cost on the products purchased from the group company for this service.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
Carrier Global Corporation	USA

The Group Annual Report of Carrier Global Corporation may be obtained at the following address:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, Florida 33418
USA

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Autronica Fire and Security A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences

Notes to the Financial Statements

13 Accounting Policies (continued)

between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation. Finally, provisions for losses on contract work are recognised.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sales, other operating income.

Notes to the Financial Statements

13 Accounting Policies (continued)

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its parents company, Carrier Fire and Security Denmark Holding A/S as well as the other subsidiaries and other Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Fixed asset investments

Fixed asset investments consist of rental deposits which are recognised and measured at amortised cost. Depreciation are not depreciated.

Inventories

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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

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

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

Receivables

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

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Notes to the Financial Statements

13 Accounting Policies (continued)

Equity

Provisions

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

Warranty commitments include liabilities for improvement of work within the warranty period of 1-5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.