
Autronica Fire and Security ApS

Industriholmen 17-19, DK-2650 Hvidovre

Annual Report for 2023

CVR No. 15 20 25 13

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 20/6 2024

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 ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Hvidovre, 20 June 2024

Executive Board

Kasper Bernbom Johansen
CEO

Board of Directors

Daniel Mark Thompson
Chairman

Michael Daniel Kovsky

Sindre Utne

Henrik Nielsen Strunge
Employee representative

Lars-Erik Tietze
Employee representative

Independent Auditor's report

To the shareholder of Autronica Fire and Security ApS

Opinion

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

We have audited the Financial Statements of Autronica Fire and Security ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Hellerup, 20 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company information

The Company	Autronica Fire and Security ApS Industriholmen 17-19 2650 Hvidovre Telephone: + 45 36 86 96 00 Email: 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 Michael Daniel Kovsky Sindre Utne Henrik Nielsen Strunge, employee representative Lars-Erik Tietze, employee representative
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 ApS 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 2023 shows a profit of DKK 4,538,628, and at 31 December 2023 the balance sheet of the Company shows equity of DKK 18,692,143.

In 2023, the Danish market has generally been challenged. 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.

Customer's decision time seems getting longer due to uncertainties in the market related to prices and budget increases. We have seen an increase in projects/new builds being postponed several quarters and/or even fully 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 ApS experienced a satisfying development of the Company's activities in 2023.

External environment

Autronica Fire and Security ApS 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 as the internal working environment.

Intellectual capital resources

Our philosophy is simple: Autronica Fire and Security ApS does not compromise its quality objective.

Autronica Fire and Security ApS 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 ApS works together with the customers as partners and endeavors to deliver the best and safest solutions, 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 ApS' 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 these processes are continuously reviewed and improved if it benefits Customer's and/or the Company.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Company's financial position have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		27,746,237	24,904,330
Distribution expenses		-10,750,642	-10,807,560
Administrative expenses	1	-10,961,455	-8,300,747
Profit/loss before financial income and expenses		6,034,140	5,796,023
Financial income		311,376	0
Financial expenses	2	-454,442	-86,502
Profit/loss before tax		5,891,074	5,709,521
Tax on profit/loss for the year	3	-1,352,446	-1,086,956
Net profit/loss for the year		4,538,628	4,622,565
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		4,538,628	4,622,565
		4,538,628	4,622,565

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		70,415	0
Property, plant and equipment	4	70,415	0
Deposits	5	739,863	739,863
Fixed asset investments		739,863	739,863
Fixed assets		810,278	739,863
Finished goods and goods for resale		8,423,811	11,174,590
Inventories		8,423,811	11,174,590
Trade receivables		13,994,609	14,304,521
Contract work in progress	6	3,012,713	7,590,478
Receivables from group enterprises		828,988	256,174
Other receivables		2,257	5,180
Deferred tax asset	7	1,074,596	999,547
Prepayments	8	178,238	225,375
Receivables		19,091,401	23,381,275
Cash at bank and in hand		9,834,780	6,637,310
Current assets		37,349,992	41,193,175
Assets		38,160,270	41,933,038

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		8,308,000	8,308,000
Retained earnings		10,384,143	5,845,515
Equity		18,692,143	14,153,515
Other provisions	9	442,000	434,000
Provisions		442,000	434,000
Trade payables		946,978	1,728,499
Contract work in progress	6	2,706,937	2,393,655
Payables to group enterprises		5,622,401	12,574,073
Corporation tax		1,345,710	1,018,752
Other payables		7,799,316	8,916,059
Deferred income	10	604,785	714,485
Short-term debt		19,026,127	27,345,523
Debt		19,026,127	27,345,523
Liabilities and equity		38,160,270	41,933,038
Contingent assets, liabilities and other financial obligations	11		
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Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	8,308,000	5,845,515	14,153,515
Net profit/loss for the year	0	4,538,628	4,538,628
Equity at 31 December	8,308,000	10,384,143	18,692,143

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1. Staff		
Wages and salaries	34,567,721	34,295,771
Pensions	3,026,006	2,656,919
Other social security expenses	1,053,693	904,331
	<u>38,647,420</u>	<u>37,857,021</u>
Average number of employees	<u>53</u>	<u>54</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
2. Financial expenses		
Interest paid to group enterprises	402,417	53,144
Other financial expenses	52,025	23,648
Exchange adjustments, expenses	0	9,710
	<u>454,442</u>	<u>86,502</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
3. Income tax expense		
Current tax for the year	1,376,762	1,018,752
Deferred tax for the year	-75,049	110,890
Adjustment of tax concerning previous years	50,733	-42,686
	<u>1,352,446</u>	<u>1,086,956</u>

Notes to the Financial Statements

4. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	122,680
Additions for the year	74,557
Cost at 31 December	<u>197,237</u>
Impairment losses and depreciation at 1 January	122,680
Depreciation for the year	4,142
Impairment losses and depreciation at 31 December	<u>126,822</u>
Carrying amount at 31 December	<u>70,415</u>
Depreciated over	<u>3 - 5 years</u>

5. Other fixed asset investments

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

6. Contract work in progress

	2023	2022
	DKK	DKK
Selling price of work in progress	36,457,827	43,562,998
Payments received on account	-36,152,051	-38,366,175
	<u>305,776</u>	<u>5,196,823</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,012,713	7,590,478
Prepayments received recognised in debt	-2,706,937	-2,393,655
	<u>305,776</u>	<u>5,196,823</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
7. Deferred tax asset		
Deferred tax asset at 1 January	999,547	1,110,437
Amounts recognised in the income statement for the year	<u>75,049</u>	<u>-110,890</u>
Deferred tax asset at 31 December	<u>1,074,596</u>	<u>999,547</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.

9. Other provisions

The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 442,000 (2022: DKK 434,000) have been recognised for expected warranty claims.

10. Deferred income

Deferred income contains of pre-invoiced sales.

	<u>2023</u>	<u>2022</u>
	DKK	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	4,188,111	3,856,369
Between 1 and 5 years	<u>5,543,312</u>	<u>6,665,931</u>
	<u>9,731,423</u>	<u>10,522,300</u>

Notes to the Financial Statements

2023	2022
DKK	DKK

11. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The company's bankers have as at 31 December 2023 issued bank guarantees totalling DKK 2,629,039 to suppliers and customers (2022: DKK 2,743,191).

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 and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
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

Controlling interest

Carrier Fire and Security Denmark Holding ApS, Hvidovre - Controlling shareholder
Carrier Global Corporation, USA - Ultimate Parent Company

Other related parties

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

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. Until 1 June 2023, the Executive Board was employed and remunerated by the group company Autronica Fire and Security AS, Norway, and the Company paid an overhead cost on the products purchased from the group company for this service. From 1 June 2023, the Executive Board is employed and remunerated from the Danish company.

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Autronica Fire and Security ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in 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 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.

Notes to the Financial Statements

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

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

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.

Notes to the Financial Statements

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 Carrier Transicold Scandinavia A/S and other danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3 - 5 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other 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.

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.

Notes to the Financial Statements

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.

Contract work in progress

Contract work in progress 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.

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.

Notes to the Financial Statements

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

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 liabilities

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.