

Satcom1 Integration Services ApS

Baldershøj 13, 2635 Ishøj, Denmark


CVR No.37 12 00 49

Annual Report for 1 January - 31 December 2019.

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17 September 2020.

Adrian Paul Connell

Chairman of the General Meeting

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Management's Statement

The Executive Board have today considered and adopted the Annual Report of Satcom1 Integration Services ApS for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position. We recommend that the annual report be approved at the annual general meeting.

Ishøj, 17 September 2020

Board of Directors

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Adrian Connell

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Adrian Paul Connell

Chairman

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Mette Hansen

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Mette Hansen

DocuSigned by:

Gindrup, Kim

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Kim Koch Gindrup

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Helgerud, Morten

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Morten Leopold Helgerud

Independent Auditor's Report

To the owners of Satcom1 Integration Services ApS

Opinion

We have audited the financial statements of Satcom1 Integration Services ApS for the financial year 1 January – 31 December 2019, 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 December 2019 and of the results of its operations for the financial year 1 January – 31 December 2019 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's 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, 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 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 the 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 skepticism 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 17 September 2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 96 35 56

Jan Larsen

State Authorised Public Accountant

MNE number: 16541

Company Information

The company	Satcom1 Integration Services ApS Baldershøj 13, 2635 Ishøj, Denmark CVR No.37 12 00 49 Established: 23/09/2015 Financial period: 1 January - 31 December Municipality of reg. office: Ishøj
Board of Directors	Adrian Paul Connell Kim Koch Gindrup Mette Hansen Morten Leopold Helgerud
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 København S
Bankers	Danske Bank - Copenhagen Swift Code - DABADKKK, Account Number - 3274008156 IBAN - DK7830003274008156 , Currency - DKK

Management's review

Principal activity

The Satcom 1 Integration Systems ApS's principal activity is to run a business in the provision of products, solutions and technologies that control the energy efficiency, security and safety of homes with a range of connected devices and software, as well as wholesale sales of security and low voltage products.

Financial review

The income statement of the Company for 2019 shows a profit of DKK 4,439,480, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 8,291,637.

The Sales for 2019 was DKK 67,334.37 thousand compared to DKK 30,307.72 thousand for 2018.

The Operating profit for the company was DKK 5,142,602. The result for 2019 represents DKK 4,439,480 compared to loss of DKK -3,027,419 for 2018 and is at expected level. The development is mainly due to a change in the product mix. After the result of the year the solvency ratio is 32.67% compared to 15.18% in 2018.

Uncertainty relating to recognition and measurement

Satcom 1 Integration Systems ApS's abides with Resideo's group strong financial and ethical controls to minimize any revenue recognition issues. Stringent controls remain in place and are reviewed annually, including FCPA training which is established as a mandatory requirement for all Resideo employees.

Subsequent events

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. We have a significant supplier base in China affected by the outbreak, and the reduction in parts supply will affect our plants in Europe. The effects of the novel coronavirus on our suppliers and our operations may have a significant adverse impact on our revenues and profitability at least through the second quarter of 2020.

Accounting Policies

Basis of accounting

Financial Statements of Satcom1 Integration Services ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2019 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.

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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 transaction date rates are recognised in financial income and expenses in the income statement.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognized in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income Statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Accounting Policies

Income Statement (contd.)

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, etc., as well as operation and administration.

Cost of sales also includes research and development costs that do not qualify for capitalisations well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognised.

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. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, revenue is not disclosed in the annual report. Gross profit or loss comprises revenue, cost of sales, and other external expenses.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the entity staff.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Financial income and financial expenses comprise interest, realised and unrealised exchange rate adjustments as well as value adjustment of securities.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance Sheet

Current assets

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 in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

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

Accounting Policies

Current assets (contd.)

Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity and liability

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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

Corporation tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on- account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other 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.

Income Statement

for the year ended 31 December 2019

	Notes	2019	2018
		DKK	DKK
Gross profit/loss		6,559,503	-2,019,429
Staff expenses	2	-1,416,901	-1,063,917
Operating profit/loss		5,142,602	-3,083,346
Financial Income		977,491	1,472,651
Financial Expenses		-782,673	-1,416,724
Profit/loss before tax		5,337,420	-3,027,419
Tax benefit/(expense) for the year	3	-897,940	0
Profit/loss for the year		4,439,480	-3,027,419
<i>Distribution of profit/loss</i>			
Retained earnings		4,439,480	-3,027,419
		4,439,480	-3,027,419

Balance Sheet

at 31 December 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		DKK	DKK
ASSETS			
Current assets			
Inventories			
Finish goods and goods for resale		55,333	0
Total Inventories		<u>55,333</u>	<u>0</u>
Receivables			
Trade receivables		9,383,143	11,044,589
Receivables from group enterprises		7,624,451	3,581,586
Deferred tax assets		936	0
Other receivables		3,749,447	2,786,344
Prepayments	4	42,775	170,767
Total receivables		<u>20,800,752</u>	<u>17,583,286</u>
Cash at hand and in bank		4,522,424	7,060,053
Total current assets		<u>25,378,509</u>	<u>24,643,339</u>
TOTAL ASSETS		<u><u>25,378,509</u></u>	<u><u>24,643,339</u></u>

Balance Sheet

at 31 December 2019

	Notes	2019 DKK	2018 DKK
EQUITY AND LIABILITIES			
Equity			
Share capital		100,000	100,000
Retained earnings		8,191,637	3,752,157
Total Equity		8,291,637	3,852,157
Current liabilities			
Trade payables		255,656	548,881
Payables to group enterprises		6,904,413	10,779,814
Corporation tax		898,876	0
Other payables		9,027,927	6,679,520
Deferred income		0	2,782,967
Total current liabilities		17,086,872	20,791,182
Total liabilities		17,086,872	20,791,182
TOTAL EQUITY AND LIABILITIES		25,378,509	24,643,339
Contingent assets, liabilities and other financial obligations	5		
Related parties and ownership	6		

Statement of Changes in Equity

at 31 December 2019

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2019	100,000	3,752,157	3,852,157
Net profit for the year	0	4,439,480	4,439,480
Equity at 31 December 2019	100,000	8,191,637	8,291,637

	Number	Nominal Value
		DKK
Shares at DKK 1	100,000	100,000
		100,000

The share capital consists of 100,000 shares at DKK1.

Analysis of changes in the share capital over the past 5 years

DKK	2019	2018	2017	2016
Opening balance	100,000	50,000	50,000	0
Capital increase	0	50,000	0	50,000
Closing balance	100,000	100,000	50,000	50,000

Notes to the annual report

at 31 December 2019

1 Event after balance sheet date

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. We have a significant supplier base in China affected by the outbreak, and the reduction in parts supply will affect our plants in Europe. The effects of the novel coronavirus on our suppliers and our operations may have a significant adverse impact on our revenues and profitability at least through the second quarter of 2020.

2 Staff expenses

	2019	2018
	DKK	DKK
Wages and salaries	1,212,875	1,056,494
Pensions	204,026	0
Other social security expenses	0	7,423
	1,416,901	1,063,917
Average number of employees	5	5

3 Tax on profit / loss for the year

Current tax for the year	898,876	0
Deferred tax for the year	-936	0
Total	897,940	0

4 Prepayments

Prepayments include rent paid in advance.

5 Contingent assets, liabilities and other financial obligations

	2019	2018
	DKK	DKK
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	168,528	0
Between 1 and 5 years	369,202	0
	537,730	0

There are no contingent liabilities in the current year.

The Company is a part of joint taxation group and is jointly taxed with the Danish subsidiaries in the Resideo group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes. The companies are jointly liable for taxes in the joint taxation.

Notes to the annual report

at 31 December 2019

6 Related parties and ownership

Consolidated Financial Statements

The Company is owned 100% by Ademco 2 S.r.l., which is owned by Pittway Homes Systems, S.L. and Satcom1 Integration Services ApS is included in the Group Annual Report as a subsidiary. Pittway Homes Systems, S.L. is owned by Resideo technologies Inc

Controlling interest	Registered address	Basis
Ademco 2 S.r.l.	Via Philips 12 cap 20900, Monza, Italy	Parent

The company's financial statements are included by full consolidation in the financial statements of Resideo Technologies Inc., a company registered in the USA, which is the smallest and largest group to consolidate these financial statements. The financial statements of Resideo Technologies Inc. are publicly available and can be obtained from Resideo technologies Inc. 251 Little Falls Drive , Wilmington DE 19808, United States.