

# Carrier Refrigeration Denmark A/S

Industrivej 21, 8260 Viby J  
CVR No. 83 69 37 11

*Annual Report for 2021/22*

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

Chairman

26/5

DocuSigned by:

Scott Dargan

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**Management's Statement on the Annual Report**

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Carrier Refrigeration Denmark A/S for the financial year 1 December 2021 - 30 November 2022.

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

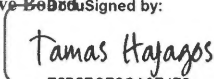
In our opinion the Annual Report gives a true and fair view of the financial position as of 30 November 2022, and the results of operations and cash flows of the Company for 2021/22.

The management review contains in our opinion a true account of the matters dealt with in the review.

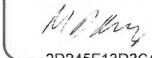
We recommend that the Annual Report be adopted at the Annual General Meeting.


26/5  
Viby, 2023


~~Executive Board~~ DocuSigned by:

  
Tamas Zoltan Hajagos  
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~~Supervisory Board~~

  
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Michael Daniel Kovsky  
Chairman

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Tamas Zoltan Hajagos

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## Independent Auditor's Report

To the Shareholders of Carrier Refrigeration Denmark A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 November 2022, and of the results of the Company operations and cash flows for the financial year 1 December 2021 - 30 November 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Carrier Refrigeration Denmark A/S for the financial year 1 December 2021-30 November 2022, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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' 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 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 Statement 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.

**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 judgment 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 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 disclose 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.

Aarhus, 26/5 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerskab

Cvr. nr. 33 77 12 31

Michael Nielsson

State Authorized Public Accountant

mne15151

## ***Company Information***

<b>The Company</b>	<p>Carrier Refrigeration Denmark A/S Industrivej 21 DK-8260 Viby J</p> <p>Telephone +45 8655 0255 E-mail: <a href="mailto:ccsdkinfo@carrier.com">ccsdkinfo@carrier.com</a> Website: <a href="http://www.carrier.dk">www.carrier.dk</a></p> <p>CVR No.: 83 69 37 11</p> <p>Financial period: 1 December - 30 November</p> <p>Municipality of reg. office: Aarhus</p>
<b>Shareholder</b>	<p>The share capital, DKK 1.000,000, is 100% owned by Carrier Transicold Scandinavia A/S Industrivej 30, DK-6330 Padborg.</p>
<b>Ultimate parent company</b>	<p>Carrier Global Corporation, 13995 Pasteur Boulevard Palm Beach Gardens, Florida 33418, USA</p> <p>The consolidated financial report, of which the Company is part, can be obtained on inquiry to the above company or on the website <a href="http://www.carrier.com">www.carrier.com</a>.</p>
<b>Supervisory Board</b>	<p>Michael Danial Kovsky, Chairman Marine Casin Tamas Zoltan Hajagos</p>
<b>Executive Board</b>	<p>Tamas Zoltan Hajagos</p>
<b>Auditors</b>	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C</p>

## Company Information

### Bankers

Nordea Bank DK A/S  
Østjylland Erhvervsafdeling  
Rådhusstorvet 13-19  
DK-8700 Horsens

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	1/12 2021 - 30/11 2022	1/12 2020 - 30/11 2021	1/12 2019 - 30/11 2020	1/12 2018 - 30/11 2019	1/12 2017 - 30/11 2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Key figures</b>					
<b>Profit/loss</b>					
Profit/loss before financial income and expenses	2 421	3 822	3 621	4 296	1 307
Financial income and expenses	- 205	- 96	- 134	- 97	- 248
Profit/loss before tax	2 216	3 726	3 487	4 198	1 059
Net profit/loss for the year	1 728	2 993	3 854	3 272	821
<b>Balance sheet</b>					
Balance sheet total	71 744	66 606	81 140	77 887	78 531
Equity	17 206	15 478	20 485	19 831	16 559
<b>Cash flows</b>					
<i>Cash flows</i>					
Cash flows from:					
- operating activities	-9 386	20 386	-4 821	8 277	-8 068
- investing activities	- 78	0	0	- 182	- 135
- including investment in intangible assets	0	0	0	0	0
- including investment in property, plant and equipment	- 90	0	0	- 182	- 186
- financing activities	15 590	-27 223	-4 245	-1 497	10 856
Change in cash and cash equivalents for the year	6 126	-6 837	-9 066	6 598	2 654
<b>Number of employees</b>	<b>57</b>	<b>60</b>	<b>58</b>	<b>58</b>	<b>58</b>
<b>Ratios</b>					
Return on assets	3,4%	5,7%	4,5%	5,5%	1,7%
Solvency ratio	24,0%	23,2%	25,2%	25,5%	21,1%
Return on equity	10,6%	16,6%	19,1%	18,0%	5,1%

For definitions, see under accounting policies.



## **Review**

### **Main activities**

The Company's main activities are sale and installation of refrigeration cabinets and systems to the Danish market. In addition the Company provides service on cabinets and systems delivered by the Company.

Carrier Refrigeration Denmark A/S is part of the worldwide group Carrier Global Corporation whose refrigeration division is known under the brand name Carrier.

### **Development in the year**

#### **Profit/Loss for the year**

During the period 1 December 2020 - 30 November 2021 gross profit amounted to DKK 30.973k and during the period 1 December 2021 - 30 November 2022 decreased to DKK 28.666k.

The result for the financial year 2021/22 is not in line with the expectations as at the publication of last year's financial report.

We expected profit of DKK 3.000k., but ended up with 1.728k. This was due to price increases from the suppliers and low service profitabil

Profit before tax decreased from DKK 3.726k in 2020/21 to 2216k in 2021/22.

Net profit after tax DKK 1.728k.

Management considers the result for the year satisfactory.

#### **Special risks**

The Company is not exposed to special risks apart from those which are normal within the industry.

#### **Expectations for the coming year**

Management expects similar activities and a positive result for 2022/23 at the same level as 2021/22 around 2.000k.

#### **Subsequent events**

No events have occurred after the balance sheet date that have a material impact on the assessment of the financial statements.

## Income Statement 1 December - 30 November

	Note	2021/22	2020/21
		DKK	DKK
<b>Gross profit/loss</b>	<b>1,2</b>	<b>28 665 633</b>	<b>30 973 934</b>
Distribution expenses	1,2	-15 732 027	-15 263 617
Administrative expenses	1,2	-10 512 465	-11 888 023
<b>Profit/loss before financial income and expenses</b>		<b>2 421 141</b>	<b>3 822 294</b>
Financial expenses	3	-205 476	-96 491
<b>Profit/loss before tax</b>		<b>2 215 665</b>	<b>3 725 803</b>
Tax	4	- 487 939	- 732 661
<b>Net profit/loss for the year</b>		<b>1 727 726</b>	<b>2 993 142</b>
 <b>Distribution of profit</b>			
<b>Proposed distribution of profit</b>			
Proposed dividend for the year		0	0
Retained earnings		1 727 726	2 993 142
		<b>1 727 726</b>	<b>2 993 142</b>

## Balance Sheet 30 November

### Assets

	Note	2022 DKK	2021 DKK
Trademarks and similar rights		0	0
Goodwill		1 114 319	1 649 192
<b>Intangible assets</b>	5	<b>1 114 319</b>	<b>1 649 192</b>
Other fixtures and fittings, tools and equipment		73 823	10 693
<b>Property, plant and equipment</b>	6	<b>73 823</b>	<b>10 693</b>
Deposits		585 885	598 350
<b>Financial assets</b>	7	<b>585 885</b>	<b>598 350</b>
<b>Fixed assets</b>		<b>1 774 027</b>	<b>2 258 235</b>
<b>Inventories (goods for resale)</b>		<b>6 097 597</b>	<b>7 069 211</b>
Trade receivables		21 906 412	27 820 391
Ongoing work in progress		22 969 785	16 100 686
Deposit group enterprises		0	8 000 000
Receivables from group enterprises		8 611 330	6 600 159
Other receivables		90 949	23 576
Corporation tax	4	0	78 147
Prepayments	8	379 548	398 690
<b>Receivables</b>		<b>53 958 025</b>	<b>59 021 651</b>
<b>Cash at bank and in hand</b>		<b>9 914 770</b>	<b>3 788 751</b>
<b>Current assets</b>		<b>69 970 392</b>	<b>69 879 613</b>
<b>Assets</b>		<b>71 744 419</b>	<b>72 137 848</b>

## Balance Sheet 30 November

### Liabilities and equity

	Note	2022 DKK	2020 DKK
Share capital		1 000 000	1 000 000
Retained earnings		16 205 709	14 477 983
Proposed dividend for the year		0	0
<b>Equity</b>		<b>17 205 709</b>	<b>15 477 983</b>
Deferred tax	4	1 125 445	1 631 921
Other provisions	9	6 211 024	3 889 534
<b>Provisions</b>		<b>7 336 469</b>	<b>5 521 455</b>
Prepayments received from customers		261 665	12 287 667
Trade payables		10 183 035	10 722 915
Payables to group enterprises		15 709 667	18 108 931
Loan with group enterprises		12 000 000	0
Corporation tax	4	916 268	0
Other payables		7 284 584	9 329 313
Deferred income	10	847 023	689 584
<b>Short-term debt</b>		<b>47 202 242</b>	<b>51 138 410</b>
<b>Debt</b>		<b>47 202 242</b>	<b>51 138 410</b>
<b>Liabilities and equity</b>		<b>71 744 419</b>	<b>72 137 848</b>
Contingent assets, liabilities and other financial obligations	11		
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## Statement of changes in the Equity

	Share capital	Retained earnings	Proposed dividend	Total
	DKK	DKK	DKK	DKK
Equity at 1 December	1 000 000	14 477 983	0	15 477 983
Net profit/loss for the year	0	1 727 726		1 727 726
Paid dividend for the year	0	0	0	0
<b>Equity at 30 November</b>	<b>1 000 000</b>	<b>16 205 709</b>	<b>0</b>	<b>17 205 709</b>

The share capital consists of 4.000 shares of a nominal value of DKK 250. No shares carry any special rights.

## Cash Flow Statement

	Note	2021/22 DKK '000	2020/21 DKK '000
Net profit/loss for the year before financial income and expenses		2 421	3 822
Amortisation and depreciation	2	561	643
Change in inventories		972	-3 168
Change in receivables incl. contract work		-1 003	18 862
Change in provisions, trade payables and other payables		-12 132	1 047
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-9 181</b>	<b>21 206</b>
Financial income			
Financial expenses		-205	-96
<b>Cash flows from ordinary activities</b>		<b>-9 386</b>	<b>21 110</b>
Corporation tax paid / received		0	- 724
<b>Cash flows from operating activities</b>		<b>-9 386</b>	<b>20 386</b>
Purchase of property, plant and equipment		- 90	0
Deposits		12	0
<b>Cash flows from investing activities</b>		<b>- 78</b>	<b>0</b>
Change in payables to group enterprises		15 590	-19 223
Paid dividend		0	-8 000
<b>Cash flows from financing activities</b>		<b>15 590</b>	<b>-27 223</b>
<b>Change in cash and cash equivalents</b>		<b>6 126</b>	<b>-6 837</b>
Cash at 1 December		3 789	10 626
<b>Cash 30 November</b>		<b>9 915</b>	<b>3 789</b>
Cash are specified as follows:			
Cash at bank and in hand		9 915	3 789
<b>Cash at 30 November</b>		<b>9.915</b>	<b>3.789</b>

## Notes to the Annual Report

	2021/22	2020/21
	DKK	DKK
<b>1 Staff</b>		
Wages and salaries	38 817 973	41 218 509
Pensions	2 835 862	2 698 465
Other social security expenses	432 512	447 710
	<u>42 086 347</u>	<u>44 364 684</u>
Wages and salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	27 392 010	28 689 188
Distribution expenses	9 945 156	9 491 098
Administrative expenses	4 749 181	6 184 398
	<u>42 086 347</u>	<u>44 364 684</u>
<b>Average number of employees</b>	<u>57</u>	<u>60</u>
<b>2 Depreciation and amortization intangible and tangible fixed assets</b>		
Depreciation and amortization of intangible and tangible fixed assets is expensed under the following headings:		
Consumption of goods (gross profit/loss)	15 056	63 707
Administrative expenses	547 122	579 554
	<u>562 178</u>	<u>643 260</u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	138 132	2 151
Other financial expenses	67 344	94 340
	<u>205 476</u>	<u>96 491</u>

## Notes to the Annual Report

### 4 Tax

	Corporation tax	Provision for deferred tax	Tax according to income statement
Provision 1 December	- 78 147	1 631 921	0
Tax paid to parent company relating to 2020/21	0	0	0
Adjustment previous years	0	0	0
Tax on profit/loss for the year	994 415	- 506 476	487 939
	<b>916 268</b>	<b>1 125 445</b>	<b>487 939</b>

### 5 Intangible assets

	Trademarks and similar rights	Goodwill
	DKK	DKK
Cost at 1 December	7 897 500	26 076 085
Cost at 30 November	7 897 500	26 076 085
Impairment losses at 1 December	0	8 008 000
Impairment losses at 30 November	0	8 008 000
Amortisation at 1 December	7 897 500	16 418 893
Amortisation for the year	0	534 873
Amortisation at 30 November	7 897 500	16 953 766
<b>Carrying amount at 30 November</b>	<b>0</b>	<b>1 114 319</b>



## Notes to the Annual Report

### 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 December	1 016 305
Additions for the year	90 436
Cost at 30 November	<u>1 106 741</u>
Impairment losses and depreciation at 1 December	1 005 614
Depreciation for the year	27 304
Impairment losses and depreciation at 30 November	<u>1 032 918</u>
<b>Carrying amount at 30 November</b>	<b><u>73 823</u></b>

	2021/22	2020/21
	DKK	DKK
<b>7 Financial assets</b>		
Cost at 1 December	598 350	598 350
Additions for the year	102.533	0
Disposals for the year	-114.998	0
<b>Carrying amount at 30 November</b>	<b><u>585 885</u></b>	<b><u>598 350</u></b>

### 8 Prepayments

Prepayments comprise of prepaid expenses concerning insurance, subscriptions etc.

### 9 Other provisions

Guarantee provisions	<u>6 211 024</u>	<u>3 889 534</u>
Additions for the year	<b><u>6 211 024</u></b>	<b><u>3 889 534</u></b>
The provisions are expected to mature as follows:		
Within 1 year	4 507 818	2 227 431
Between 1 and 5 years	<u>1 703 205</u>	<u>1 662 102</u>
	<b><u>6 211 024</u></b>	<b><u>3 889 534</u></b>

## Notes to the Annual Report

### 10 Deferred income

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

### 11 Contingent assets, liabilities and other financial obligations

#### Rental agreements and leases

Lease obligations amount to DKK 1.462 k of which DKK 760 k is due within 1 year.

The company has one signed lease which are non-callable until July 31 2026 and another which are non-callable until July 31 2027. The total rent obligation is DKK 5.324k of which DKK 1.002 k is payable in 2022/23.

The company has issued guarantees in relation to completed projects of DKK 3.219 k.

#### Supply Chain Financing

In connection with a separate agreement on Supply Chain Financing, a mortgage ban has been imposed on selected debtors.

#### Joint taxation

The group companies are jointly and severally liable for tax on the jointly taxed income of the group. Moreover, the group companies are jointly and severally liable for withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any later corrections to company tax or income tax can result in an increase of the companies liable.

## Notes to the Annual Report

### 12 Related parties and ownership

	<b>Basis</b>
<b>Controlling interest</b>	
Carrier Transicold Scandinavia A/S, Industrivej 30, DK-6330 Padborg	Controlling shareholder
Ardmore Holdings s.ár.l. 6, rue Jean Monnet, Grand-Duchy of Luxembourg L-2180, Grand Duchy of Luxembourg	Parent company of Carrier Transicold Scandinavia A/S
Carrier Global Corporation, 13995 Pasteur Boulevard Palm Beach Gardens, Florida 33418, USA	Ultimate parent company
<b>Other related parties</b>	
Michael Daniel Kovsky Teerikukontie 29 00700 Helsinki Finland	Chairman of the Supervisory Board
Marine Casin 61 rue du Château, 92100 Boulogne-Billancourt, France	Member of the Supervisory Board
Tamas Zoltan Hajagos Vízi Menta Utca 8., 1037 Budapest 03, Ungarn	Member of the Executive and Supervisory Boards

#### Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration. Transactions have been made at market conditions.

## Notes to the Annual Report

### 13 Accounting policies

#### **Basis of Preparation**

The Annual Report of Carrier Refrigeration Denmark A/S for the period 1 December 2021 - 30 November 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to middle size enterprises of reporting class C.

The Annual Report for 2021/22 is in DKK.

The accounting policies applied remain unchanged from previous years.

#### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

## Notes to the Annual Report

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

### Corporation tax and deferred tax

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

The current tax is calculated using the current tax percentage of 22%.

The current tax receivable is recognised in the balance sheet as a receivable if too much has been paid, but current tax liabilities are recognised as short-term liabilities if they have not been paid.

Deferred tax is recognised in the balance sheet as the tax of temporary differences. The deferred tax is calculated using the tax rate which, based on the tax legislation at year end, is valid at the date when it is expected to be realised. Deferred tax assets are recognised at the value at which they are expected to be realised.

The Company is jointly taxed with the parent company Carrier Transicold Scandinavia A/S and the Danish affiliated companies hereof.

The tax effect of the joint taxation is allocated to each company in proportion to its taxable income (full allocation).

### Income Statement

#### Gross profit

Gross profit is made up of revenue and other operating income less cost of sales.

## Notes to the Annual Report

### Revenue

Revenue from the sale of goods and service is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end.

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

Ongoing work in progress is recognized as the completion whereby revenue equals the selling price of the work performed (Production Method). This method applies when the total income and expenses of the contract and 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.

### Cost of sales

Production costs include the costs incurred to obtain revenue for the year. This includes salaries, depreciation and amortization of tangible fixed assets and other direct costs.

### 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 on property, plant and equipment, etc.

### Administrative expenses

Administrative expenses include costs for management, administrative staff, office expenses, amortization of intangible and tangible fixed assets etc.

### Financial income and expenses

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

## Balance Sheet

### Goodwill

Acquired goodwill is measured at cost less accumulated depreciation and amortization. The depreciation, which is stated as cost less impairment distributed linearly over the estimated useful life determined on the basis of management experience within the individual business areas. Depreciation over a period exceeding 5 years occurs when the acquisition time of an expected earnings-related effects beyond.

Trademarks and similar rights are measured at cost less accumulated depreciation and recoverable amount if this is lower.

Trademarks and similar rights are amortized over the remaining patent term or a shorter economic life.

## Notes to the Annual Report

### Equipment

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. Interest is not recognised.

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 between 3-5 years

Assets costing less than DKK 31.000 are expensed in the year of acquisition.

Depreciation is recognised in the income statement under cost of sales, distribution expenses and administrative expenses, respectively.

Profit and loss in connection with current replacement of property, plant and equipment is recognised under other operating income/other operating expenses.

### Impairment of fixed assets

The carrying amounts of intangibles, 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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis.

### Inventories

Inventories are measure at the lower of cost under FIFO method and the 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.

The cost of goods for resale and consumables equals landed cost.

Obsolete goods are written down.

## Notes to the Annual Report

### Work in progress

Larger work in progress is measured by the value of the work performed calculated on the basis of completion. Completion is calculated as the proportion of costs incurred in relation to expected total cost of the project. When it is probable that the total of the cost of the project will exceed total revenues on a project, the expected loss is recognized in the income statement.

When the selling price cannot be reliably measured work in progress is measured at cost price or a lower net realisable value.

Progress billings are deducted from the value of sales. The individual projects are classified as receivables when the net value is positive and as liabilities when the advance payments exceed the selling price.

Cost of sales work and contracts are recognized in the income statement as they are incurred.

Other work in progress is measured at cost. Cost comprises direct materials and wages. 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.

### 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.

### Prepayments

Prepayments comprise of prepaid expenses concerning insurance, subscriptions etc.

### Equity

#### Dividend

Dividend distribution proposed by management for the year is disclosed as a separate equity item.

### Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period of as much as 2 years and for specific customers 5 years. In addition, the company allocates specific known cases. Provisions are measured and recognised based on experience with guarantee work.

### Debts

Other debts are measured at amortised cost, substantially corresponding to nominal value



## Notes to the Annual Report

### Deferred income

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

### Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

#### Explanation of financial ratios

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

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## Michael Nielsson

PRICEWATERHOUSECOOPERS STATS AUTORISERET

REVISIONSPARTNERSELSKAB CVR: 33771231

Statsautoriseret revisor

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