

Carrier Refrigeration Denmark A/S

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

Annual Report for 2020/21

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on / -2022.

Chairman
DocuSigned by: 29/4
Scott Dargan
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Contents

	Page
Management's Statement on the Annual Report	1
Independent Auditor's Report	2
Company Information	4
Financial Highlights	6
Review	7
Income Statement 1 December 2020 - 30 November 2021	8
Balance Sheet at 30 November 2021	9
Statement of changes in the Equity	11
Cash Flow Statement 1 December 2020 - 30 November 2021	12
Notes to the Annual Report	13

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 2020 - 30 November 2021.

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 2021, and the results of operations and cash flows of the Company for 2020/21.

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

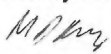
We recommend that the Annual Report be adopted at the Annual General Meeting.

29/4
Viby, 2022

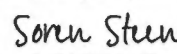
Executed and signed by:


Søren Steen Thomsen
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Supervised by:


Michael Kovsky
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Chairman

DocuSigned by:


Søren Steen Thomsen
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DocuSigned by:


Marlene Casin
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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 2021, and of the results of the Company operations and cash flows for the financial year 1 December 2020 - 30 November 2021 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 2020 - 30 November 2021, 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 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.

Aarhus, 29/4 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerskab
Cvr. nr. 33 77 12 31

Michael Nielsson
State Authorized Public Accountant
mne15151

Company Information

The Company	<p>Carrier Refrigeration Denmark A/S Industrivej 21 DK-8260 Viby J</p> <p>Telephone +45 8655 0255 E-mail: ccsdinfo@carrier.com Website: www.carrier.dk</p> <p>CVR No.: 83 69 37 11</p> <p>Financial period: 1 December - 30 November</p> <p>Municipality of reg. office: Aarhus</p>
Shareholder	<p>The share capital, DKK 1.000,000, is 100% owned by Carrier Transicold Scandinavia A/S Industrivej 30, DK-6330 Padborg.</p>
Ultimate parent company	<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 www.carrier.com.</p>
Supervisory Board	<p>Michael Kovsky, Chairman Marine Casin Søren Steen Thomsen</p>
Executive Board	<p>Søren Steen Thomsen</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C</p>

Company Information

Lawyer

Plesner
Amerika Plads 37
DK-2100 København Ø

Bankers

Nordea Bank DK A/S
Østjylland Erhvervsafdeling
Rådhusørvet 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 2020 - 30/11 2021	1/12 2019 - 30/11 2020	1/12 2018 - 30/11 2019	1/12 2017 - 30/11 2018	1/12 2016 - 30/11 2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	3 822	3 621	4 296	1 307	3 739
Financial income and expenses	- 96	- 134	- 97	- 248	- 283
Profit/loss before tax	3 726	3 487	4 198	1 059	3 456
Net profit/loss for the year	2 993	3 854	3 272	821	2 696
Balance sheet					
Balance sheet total	66 606	81 140	77 887	78 531	61 569
Equity	15 478	20 485	19 831	16 559	15 737
Cash flows					
<i>Cash flows</i>					
Cash flows from:					
- operating activities	20 386	-4 821	8 277	-8 068	9 747
- investing activities	0	0	- 182	- 135	- 76
- including investment in intangible assets	0	0	0	0	0
- including investment in property, plant and equipment	0	0	- 182	- 186	- 76
- financing activities	-27 223	-4 245	-1 497	10 856	-4 480
Change in cash and cash equivalents for the year	-6 837	-9 066	6 598	2 654	5 191
Number of employees	60	58	58	58	59
Ratios					
Return on assets	5,7%	4,5%	5,5%	1,7%	6,1%
Solvency ratio	23,2%	25,2%	25,5%	21,1%	25,6%
Return on equity	16,6%	19,1%	18,0%	5,1%	18,7%

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 2019 - 30 November 2020 gross profit amounted to DKK 26.767k and during the period 1 December 2020 - 30 November 2021 increased to DKK 30.974k.

The result for the financial year 2020/21 is in line with the expectations as at the publication of last year's financial report.

Profit before tax increased from DKK 3.487k in 2019/20 to 3.726k in 2020/21.

Net profit after tax DKK 2.993k.

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 2021/22 at the same level as 2020/21 around 3.000k.

Subsequent events

No events have occurred after the balance sheet date that have a material impact on the assessment of the financial statements. However, see Note 1 in Annual report in regards of a description of Covid-19.

Income Statement 1 December - 30 November

	Note	2020/21	2019/20
		DKK	DKK
Gross profit/loss	2,3	30 973 934	26 767 046
Distribution expenses	2,3	-15 263 617	-13 095 479
Administrative expenses	2,3	-11 888 023	-10 050 449
Profit/loss before financial income and expenses		3 822 294	3 621 118
Financial expenses	4	-96 491	-133 544
Profit/loss before tax		3 725 803	3 487 465
Tax	5	- 732 661	366 540
Net profit/loss for the year		2 993 142	3 854 114

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	8 000 000
Retained earnings		2 993 142	-4 145 886
		2 993 142	3 854 114

Balance Sheet 30 November

Assets

	Note	2021 DKK	2020 DKK
Trademarks and similar rights		0	0
Goodwill		1 649 192	2 184 094
Intangible assets	6	1 649 192	2 184 094
Other fixtures and fittings, tools and equipment		10 693	119 050
Property, plant and equipment	7	10 693	119 050
Deposits		598 350	598 350
Financial assets	8	598 350	598 350
Fixed assets		2 258 235	2 901 494
Inventories (goods for resale)		7 069 211	3 900 899
Trade receivables		27 820 391	31 968 775
Ongoing work in progress		16 100 686	30 777 604
Deposit group enterprises		8 000 000	0
Receivables from group enterprises		1 068 616	506 045
Other receivables		23 576	14 415
Corporation tax	5	78 147	0
Prepayments	9	398 690	444 140
Receivables		53 490 108	63 710 979
Cash at bank and in hand		3 788 751	10 626 426
Current assets		64 348 070	78 238 304
Assets		66 606 305	81 139 798

Balance Sheet 30 November

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		1 000 000	1 000 000
Retained earnings		14 477 983	11 484 841
Proposed dividend for the year		0	8 000 000
Equity		15 477 983	20 484 841
Deferred tax	5	1 631 921	743 850
Other provisions	10	3 889 534	3 697 127
Provisions		5 521 455	4 440 977
Prepayments received from customers		12 287 667	2 108 221
Trade payables		5 191 372	9 915 492
Payables to group enterprises		18 108 931	20 769 649
Loan with group enterprises		0	8 000 000
Corporation tax	5	0	800 865
Other payables		9 329 313	13 957 502
Deferred income	11	689 584	662 251
Short-term debt		45 606 867	56 213 981
Debt		45 606 867	56 213 981
Liabilities and equity		66 606 305	81 139 798
Unusual events	1		
Contingent assets, liabilities and other financial obligations	12		
Related parties and ownership	13		
Accounting policies	14		

Statement of changes in the Equity

	Share capital	Retained earnings	Proposed dividend	Total
	DKK	DKK	DKK	DKK
Equity at 1 December	1 000 000	11 484 841	8 000 000	20 484 841
Net profit/loss for the year	0	2 993 142	0	2 993 142
Paid dividend for the year	0	0	-8 000 000	-8 000 000
Equity at 30 November	1 000 000	14 477 983	0	15 477 983

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	2020/21 DKK '000	2019/20 DKK '000
Net profit/loss for the year before financial income and expenses		3 822	3 621
Amortisation and depreciation	3	643	1 081
Change in inventories		-3 168	408
Change in receivables incl. contract work		18 862	-13 808
Change in provisions, trade payables and other payables		1 047	4 011
Cash flows from operating activities before financial income and expenses		21 206	-4 687
Financial expenses		-96	-134
Cash flows from ordinary activities		21 110	-4 821
Corporation tax paid / received		- 724	0
Cash flows from operating activities		20 386	-4 821
Change in payables to group enterprises		-19 223	-1 045
Paid dividend		-8 000	-3 200
Cash flows from financing activities		-27 223	-4 245
Change in cash and cash equivalents		-6 837	-9 066
Cash at 1 December		10 626	19 692
Cash 30 November		3 789	10 626
Cash are specified as follows:			
Cash at bank and in hand		3 789	10 626
Cash at 30 November		3.789	10.626

Notes to the Annual Report

1 Unusual events

The consequences of Covid-19 which many governments worldwide deciding to close down the countries which will have major impact on the world economy.

The company has so far not been negatively affected by Covid-19. Furthermore the company's management doesn't consider that Covid-19 will have significantly affect on the company, since the company's customers (supermarkets, etc.) still have to use the company's products and services.

	2020/21	2019/20
	DKK	DKK
2 Staff		
Wages and salaries	41 218 509	37 881 045
Pensions	2 698 465	2 704 337
Other social security expenses	447 710	392 514
	<u>44 364 684</u>	<u>40 977 896</u>
Wages and salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	28 689 188	27 635 249
Distribution expenses	9 491 098	7 823 434
Administrative expenses	6 184 398	5 519 213
	<u>44 364 684</u>	<u>40 977 896</u>
Average number of employees	<u>60</u>	<u>58</u>
3 Depreciation and amortization intangible and tangible fixed assets		
Depreciation and amortization of intangible and tangible fixed assets is expensed under the following headings:		
Consumption of goods (gross profit/loss)	63 707	80 051
Administrative expenses	579 554	1 001 145
	<u>643 260</u>	<u>1 081 196</u>
4 Financial expenses		
Interest paid to group enterprises	2 151	304
Other financial expenses	94 340	133 240
	<u>96 491</u>	<u>133 544</u>

Notes to the Annual Report

5 Tax

	Corporation tax	Provision for deferred tax	Tax according to income statement
	<u> </u>	<u> </u>	<u> </u>
Provision 1 December	800 865	743 850	0
Tax paid to parent company relating to 2019/20	- 723 602	0	0
Adjustment previous years	- 77 263	0	- 77 263
Tax on profit/loss for the year	- 78 147	888 071	809 924
	<u>- 78 147</u>	<u>1 631 921</u>	<u>732 661</u>

6 Intangible assets

	Trademarks and similar rights	Goodwill
	<u> </u>	<u> </u>
	DKK	DKK
Cost at 1 December	7 897 500	26 076 085
Cost at 30 November	<u>7 897 500</u>	<u>26 076 085</u>
Impairment losses at 1 December	0	8 008 000
Impairment losses at 30 November	<u>0</u>	<u>8 008 000</u>
Amortisation at 1 December	7 897 500	15 883 991
Amortisation for the year	0	534 902
Amortisation at 30 November	<u>7 897 500</u>	<u>16 418 893</u>
Carrying amount at 30 November	<u>0</u>	<u>1 649 192</u>

Notes to the Annual Report

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 December	1 016 305
Cost at 30 November	1 016 305
Impairment losses and depreciation at 1 December	897 255
Depreciation for the year	108 357
Impairment losses and depreciation at 30 November	1 005 612
Carrying amount at 30 November	10 693

	2020/21	2019/20
	DKK	DKK
8 Financial assets		
Cost at 1 December	598 350	598 350
Carrying amount at 30 November	598 350	598 350

9 Prepayments

Prepayments comprise of prepaid expenses concerning insurance, subscriptions etc.

10 Other provisions

Guarantee provisions	3 889 534	3 697 127
Additions for the year	3 889 534	3 697 127

The provisions are expected to mature as follows:

Within 1 year	2 227 431	2 127 134
Between 1 and 5 years	1 662 102	1 569 993
	3 889 534	3 697 127

Notes to the Annual Report

11 Deferred income

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

12 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations amount to DKK 1.737 k of which DKK 949 k is due within 1 year.

The company has one signed lease which are non-callable until July 31 2026 and another signed lease with 12 month's notice. The total rent obligation is DKK 4.215k of which DKK 1.232 k is payable in 2021/22.

The company has issued guarantees in relation to completed projects of DKK 3.279 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

13 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Carrier Transicold Scandinavia A/S, Industrivej 30, DK-6330 Padborg	Controlling shareholder
Ardmore Holdings s.ár.l. Avenue J. F. Kennedy 46A 1855 Luxembourg	Parent company of Carrier Transicold Scandinavia A/S
Carrier Global Corporation, 13995 Pasteur Boulevard Palm Beach Gardens, Florida 33418, USA	Ultimate parent company
Other related parties	
Ernst Gunter Von Starck Oddelená 2398/9, 169 00 Praha 6, Czech	Chairman of the Supervisory Board
Marine Casin 61 rue du Château, 92100 Boulogne-Billancourt, France	Member of the Supervisory Board
Søren Steen Thomsen P.S. Krøyers Vej 17 8270 Højbjerg, Denmark	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. Transactions have been made at market conditions.

Notes to the Annual Report

14 Accounting policies

Basis of Preparation

The Annual Report of Carrier Refrigeration Denmark A/S for the period 1 December 2020 - 30 November 2021 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 2020/21 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 30.700 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

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

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

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