

Copeland Transportation Solutions ApS

Boeletvej 1
DK-8680 Ry

CVR no. 34 46 55 25

Annual report 1 October 2023 - 30 September 2024

The annual report was presented and approved at
the Company's annual general meeting on

27 February 2025

Craig Michael Rossman
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for Copeland Transportation Solutions ApS for the financial year 1 October 2023 - 30 September 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities, cash flows and financial position at 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Ry, 27 February 2025
Executive Board:

Craig Rossman
Director

Board of Directors:

Craig Rossman
Chairman

Christine Carney

Independent auditor's report

To the shareholder of Copeland Transportation Solutions ApS

Opinion

We have audited the financial statements of Copeland Transportation Solutions ApS for the financial year 1 October 2023 - 30 September 2024, comprising income statement, balance sheet, statement of changes in equity, cash flows and notes, including 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 Company's assets, liabilities and financial position at 30 September 2024 and of the results of the Company's operations and cash flows for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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.

Aarhus, 27 February 2025

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised Public Accountant
mne34459

Dennis Valdeck Hansen
State Authorised Public Accountant
mne49092

Copeland Transportation Solutions ApS
Annual report 1 October 2023 - 30 September 2024
CVR no. 34 46 55 25

Management's review

Company details

Copeland Transportation Solutions ApS
Boeletvej 1
DK-8680 Skanderborg

CVR no.:	34 46 55 25
Established:	23 March 2012
Registered office:	Skanderborg
Financial year:	1 October - 30 September

Board of Directors

Craig Rossman, Chairman
Christine Carney

Executive Board

Craig Rossman, Director

Audit

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2023/24	2022/23	2021/22	2020/21	2019/20
Gross profit/loss	18,113	24,876	424	-7,231	-22,658
Profit/loss before financial income and expenses	12,004	-36,832	-13,175	-21,933	-51,999
Profit/loss from financial income and expenses	-1,351	-5,910	7,124	424	-1,364
Profit/loss for the year	9,157	-34,156	-5,127	-17,245	-41,623
Total assets	52,099	56,144	178,706	142,703	163,795
Investments in property, plant and equipment	22	0	0	251	473
Equity	16,608	7,451	14,393	19,520	36,765
Return on invested capital	75.3%	-31.4%	-8.2%	-14.3%	-29.9%
Current ratio	155.5%	120.9%	78.7%	55.1%	48.4%
Return on equity	76.1%	-312.7%	-30.2%	-58.6%	-72.3%
Solvency ratio	31.9%	13.3%	8.1%	13.7%	22.4%
Average number of full-time employees	9	9	9	13	34

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Profit/loss before financial income and expenses} \times 100}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Figures for 2021/22, 2020/21 and 2019/20 do not reflect the change in the accounting policies from based on function to based on type of expenditure.

Management's review

Operating review

Principal activities

Copeland Transportation Solutions ApS (the Company) provides monitoring solutions, electronics and communications to the transportation industry within cold chain. Products and offerings include refrigerated container (reefer) controls, remote monitoring modems and refrigerated container monitoring solutions for containers, including usage on board container vessels and in-ship terminals. The Company operates within a broader Copeland Group with shared services and broadly linked solution offerings across the entire cold chain. The Company leverages technology and expertise developed in-house as well as across the cold chain business to safeguard food through every part of its life cycle. The cold chain solutions include electronics and hardware as well as compressors and enterprise solutions that ensure full cold chain data availability, analysis and insight.

Development in activities and financial position

Profit for the year (including comparison with forecasts previously announced)

The Company's income statement for 2023/24 shows a profit of DKK 9,157 thousand as against a loss of DKK 34,156 thousand in 2022/23. Equity in the Company's balance sheet at 30 September 2024 stood at DKK 16,608 thousand as against DKK 7,451 thousand at 30 September 2023.

The Company maintains two main channels to market: OEM (Original Equipment Manufacturer) customers supplying the shipping lines and direct to shipping lines (end-users). Shipping line profitability recovered in 2024 from the decline seen in 2023 as the lines raised rates on supply management of disruptions such as rerouting via the Cape of Good Hope to avoid the Suez and the higher rates for Panama transits on drought concerns. Nevertheless, our OEM sales to our primary customer remained flat as quality issues (unrelated to the Company) with their new product line affected market adoption. Overall, our sales to this customer declined as they worked down inventory built up on the GenSet line during the COVID pandemic. Our end-user sales similarly declined during the period as, although the shipping lines continue to invest in new vessel capacity and IOT devices and services, our main customer for powerline modems made a strategic decision to shift to wireless modems, reducing our sales in this line significantly. The increase in our overall REFCON projects business, driven by the adoption of the new wireless system in the aftermarket, offset the reduced newly built ship deliveries, and we continue to grow the wireless modem business, despite continued supply constraints and delays in introducing our new product to insource supply.

During 2023/24, we exited the supply agreement with our boiler OEM customer, and we are no longer active in this segment.

The Company's operating profit before depreciation and amortisation declined from DKK 19,972 thousand in 2022/23 to DKK 14,003 thousand in 2023/24.

The Company delivered DKK 39 million less in trade sales with decrease in high margin products. RMMW profitability, budgeted at 16% margin decreased due to high increase in cost and additional PPV, ending up at a negative margin for the year -7.5%.

The budget projected strong growth driven by the REFCON product launches and the expansion of ProAct subscriptions. However, the expected returns were delayed due to slower-than-anticipated market adoption. Although the market is in a growth phase and offers significant opportunities, only three of the top ten shipping lines have begun fleet-wide integrations. Despite the shortfall, the market remains highly attractive, with strong potential for future revenue growth as more shipping lines adopt our wireless and subscription solutions, including a projected 100k tender opportunity in FY25.

Additional challenges included the limited availability of RMMW wireless modems and rising production costs, which led to declining margins and further contributed to the operational profit falling short of budget expectations. These factors accelerated the need to develop an in-house solution, enabling us to better control production and lead times, improve cost efficiency, and reduce risks associated with external supply chains.

Management's review

Operating review

The Company has changed its accounting policies regarding presentation from based on function to based on type of expenditure. The changes in accounting policies were made in order to give a more true and fair view of the Company's activities, results and financial position. The changes in accounting policies do not affect results for the year with regard to recognition and measurement.

New products

Being part of the broader Copeland Group of companies, the Company has the opportunity to continuously manage a broad pipeline of new product development activities. The Company launched updated versions of wireless communication products directed at the end-user market, enabling operating cost reductions in both shipping terminals and vessels. The updated product offering has been generating sales and is forecast to continue to grow through the five-year strategic planning period. Over the coming years, Management expects significant sales of this product as part of the vision towards cloud-based remote monitoring of refrigerated freight. Further, developments will continue into the future to meet the ever-changing technology requirements of the shipping lines. Subscription-based models that include recurring revenue are in particular in development focus and represent current investments to derive returns in future years.

In our OEM business, we anticipate the launch of the new lower-priced controller early in 2025 to complete the refresh of their technology as they move to the industry-standard low-pressure refrigerant, offering them a pathway to broader adoption of this product line.

Capital resources

Emerald JV Holdings LP has issued an unconditional letter of support and guarantees to provide the necessary liquidity to ensure the Company's continued operations. On this basis, the financial statements are presented on a going concern basis.

Outlook

The shipping industry continues to adopt digital technologies to enable more cost-effective operations as well as to provide more value-added services to their customers. In parallel, they continue to invest significantly in new vessel capacity as international regulations drive the adoption of less-polluting fuel. In recent years, the Company has invested significantly ahead of the industry adoption, and we are starting to see accelerated adoption of our new vessel infrastructure both at the end-users directly as well as via the shipyards in the newly build vessels. Additionally, our IOT device and services business continues to grow, providing a solid base of recurring revenue for these services. In our OEM customer base, we anticipate resolution of the quality issues and a renewed drive for adoption of their new product line with the introduction of the lower-priced controller we supply.

The operating profit for 2024/25 is projected to show a deficit of DKK 3.1 million, driven by the significantly increased production costs of the legacy wireless modem needed to meet the demands of our existing customer base, given the delay in launching our new product. This investment is essential to preserve the market position of our ProAct solution as we transition to the new in-house modem, positioning us to capitalize on the upcoming tender opportunity and increase our recurring revenue base for the business in 2026 and beyond.

Management's review

Operating review

Research and development activities

The Company has developed a deeper pipeline of products through an effective business development and marketing effort. The Company has developed a suite of enterprise software services, called ProAct. These services are focused on reducing customers' operating costs from refrigerated containers by applying analytics to data collected from the containers. This work is in conjunction with a number of Copeland entities globally, including Xian, China, Kennesaw, US, and Sidney, US. In order to meet the technical requirements of ProAct Transport, the Company is developing new wireless hardware devices to support the communication and data flow to the ProAct Transport applications.

Financial instruments

The Company's goals and policies for management of financial risks

Since export sales account for a considerable part of revenue, the Company is exposed to certain foreign exchange rate risks, primarily fluctuations in the USD rate. These risks are associated with trade sales and therefore can be managed on a case-by-case basis. Further, the Copeland Corporate Treasury function provides guidance on exchange risks and positions to allow the Company to minimise risk.

It is company policy to always ensure payments from external customers via bank guarantees, documentary credits or regular credit rating of the customer.

The Company does not carry any cash pool liabilities nor any floating-rate interest in foreign currencies, and therefore, the risks are limited to trading risks.

The Company's risk exposure

The general risks are related to global development in investments and operation of refrigerated sea containers, due to the strong dependency on the global operation of the container shipping lines. Within container controls and boiler controls, the Company is additionally strongly influenced by the performance of a few significant key customers.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023/24.

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2023/24	2022/23
Gross profit/loss		18,113	24,876
Staff costs	2	-4,110	-4,904
Depreciation of property, plant and equipment and impairment on intangible assets		-1,999	-56,804
Profit/loss before financial income and expenses		12,004	-36,832
Other financial income	3	674	522
Other financial expenses		-2,025	-6,432
Profit/loss before tax		10,653	-42,742
Tax on profit/loss for the year	4	-1,496	8,586
Profit/loss for the year	5	9,157	-34,156

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	30/9 2024	30/9 2023
ASSETS			
Fixed assets			
Intangible assets	6		
Completed development projects		1,181	3,019
Property, plant and equipment	7		
Plant and machinery		107	267
Fixtures, fittings, tools and equipment		21	0
		<u>128</u>	<u>267</u>
Total fixed assets		<u>1,309</u>	<u>3,286</u>
Current assets			
Inventories			
Raw materials and consumables		2,842	3,418
Work in progress		1,017	995
Finished goods and goods for resale		1,545	4,243
		<u>5,404</u>	<u>8,656</u>
Receivables			
Trade receivables		19,068	24,680
Receivables from group entities		20,034	490
Deferred tax assets	8	1,074	1,234
Other receivables		2,528	2,071
Prepayments	9	1,179	1,079
		<u>43,883</u>	<u>29,554</u>
Cash at bank and in hand		<u>1,503</u>	<u>14,648</u>
Total current assets		<u>50,790</u>	<u>52,858</u>
TOTAL ASSETS		<u><u>52,099</u></u>	<u><u>56,144</u></u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	30/9 2024	30/9 2023
EQUITY AND LIABILITIES			
Equity			
Contributed capital		91	91
Reserve for development costs		921	2,355
Retained earnings		15,596	5,005
Total equity		16,608	7,451
Provisions			
Other provisions	10	1,938	2,490
Total provisions		1,938	2,490
Liabilities other than provisions			
Non-current liabilities other than provisions			
Prepayments received from customers		900	2,498
Current liabilities other than provisions			
Prepayments received from customers		1,953	3,070
Trade payables		10,870	8,350
Payables to group entities		6,338	11,603
Corporation tax		2,379	3,530
Other payables, including taxes payable		6,099	8,583
Deferred income	11	5,014	8,569
		32,653	43,705
Total liabilities other than provisions		33,553	46,203
TOTAL EQUITY AND LIABILITIES		52,099	56,144

Financial statements 1 October – 30 September

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 October 2023	91	2,355	5,005	7,451
Transfers, reserves	0	-1,434	1,434	0
Transferred over the profit appropriation	0	0	9,157	9,157
Equity at 30 September 2024	91	921	15,596	16,608

Financial statements 1 October – 30 September

Cash flow statement

DKK'000	Note	2023/24	2022/23
Profit/loss for the year		9,157	-34,156
Depreciation of property, plant and equipment and impairment on intangible assets		1,999	56,804
Other adjustments of non-cash operating items	12	2,295	-2,124
Cash generated from operations before changes in working capital		13,451	20,524
Changes in working capital	13	-21,138	-22,234
Cash generated from operations		-7,687	-1,710
Interest income		674	522
Interest expense		-2,025	-6,432
Corporation tax paid		-2,487	-4,945
Other cash flows from (used in) operating activities		-1,598	0
Cash flows from operating activities		-13,123	-12,565
Acquisition of property, plant and equipment	7	-22	0
Cash flows from investing activities		-22	0
Cash capital increase		0	27,214
Cash flows from financing activities		0	27,214
Cash flows for the year		-13,145	14,649
Cash and cash equivalents at the beginning of the year		14,648	-1
Cash and cash equivalents at year end		1,503	14,648

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Copeland Transportation Solutions ApS for 2023/24 has been prepared in accordance with the provisions applying to reporting class C medium-sized under the Danish Financial Statements Act.

Changes in accounting policies

The Company has changed its accounting policies regarding presentation from based on function to based on type of expenditure. The changes in accounting policies were made in order to give a more true and fair view of the Company's activities, results and financial position. The changes in accounting policies do not affect results for the year with regard to recognition and measurement.

The comparative figures have been restated to reflect the changed accounting policies.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

When sales contracts that consist of several separate components are concluded, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognised as revenue when the criteria applicable to the sale of goods and services have been met.

A contract is allocated by the individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the goods relies on standard terms of delivery.

Income from the sale of services, comprising service contracts, is recognised in revenue on a straightline basis as delivered as the services are delivered in the form of an indefinite number of actions over a specific period of time.

Income from the sale of licences is recognised at the time of delivery. As regards sale of licences on a long-term contract where the customers pay fees for a long period, income is recognised in the relevant period.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Financial statements 1 October – 30 September

Notes

1 Accounting policies

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the onaccount tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3-5 years, which is fixed on the basis of experience gained by Management and longest for strategically acquired projects.

Financial statements 1 October – 30 September

Notes

1 Accounting policies

Acquired intangible assets

Acquired intangible assets comprise trademarks, customer relationships, non-competition agreements and backlog acquired in corporate acquisition and are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life to match the expected earnings profile.

Expected useful lives are fixed on the basis of experience gained by Management. The expected useful lives are as follow:

Acquired patents 8-14 years

Software 3-5 years

Trademarks 11 years

Customer relationships 10-11 years

Non-competition agreements 1-3 year

Patents, licences and trademarks

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over 15 years, thus matching expected earnings profile.

The useful life and residual value for intangible assets are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5-10 years
Fixtures, fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 October – 30 September

Notes

1 Accounting policies

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages and salaries.

Leases

All other leases are accounted for as operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 October – 30 September

Notes

1 Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Other provisions comprise anticipated costs related to warranties. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

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1 Accounting policies

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

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2 Staff costs

DKK'000	<u>2023/24</u>	<u>2022/23</u>
Wages and salaries	3,638	4,480
Pensions	419	388
Other social security costs	53	36
	<u>4,110</u>	<u>4,904</u>
Average number of full-time employees	<u>9</u>	<u>9</u>

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration to the Executive Board and Board of Directors for 2022/23 and 2023/24.

3 Financial income

DKK'000	<u>2023/24</u>	<u>2022/23</u>
Interest income from group entities	666	522
Other interest income	8	0
	<u>674</u>	<u>522</u>

4 Tax on profit for the year

DKK'000	<u>2023/24</u>	<u>2022/23</u>
Current tax for the year	2,425	3,530
Deferred tax adjustment for the year	160	-12,933
Adjustment of tax concerning previous years	-1,089	817
	<u>1,496</u>	<u>-8,586</u>

5 Proposed profit appropriation/distribution of loss

DKK'000	<u>2023/24</u>	<u>2022/23</u>
Retained earnings	9,157	-34,156
	<u>9,157</u>	<u>-34,156</u>

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6 Intangible assets

	Completed development projects
DKK'000	
Cost at 1 October 2023	30,460
Cost at 30 September 2024	30,460
Amortisation and impairment losses at 1 October 2023	-27,441
Amortisation	-1,838
Amortisation and impairment losses at 30 September 2024	-29,279
Carrying amount at 30 September 2024	1,181

Completed development projects

Completed development projects relate to the development of new technology launched in 2018/19 and earlier. The development projects are amortised over five years and entail a higher degree of market penetration.

7 Property, plant and equipment

	Plant and machinery	Fixtures, fittings, tools and equipment	Total
DKK'000			
Cost at 1 October 2023	4,511	580	5,091
Additions	0	22	22
Cost at 30 September 2024	4,511	602	5,113
Depreciation and impairment losses at 1 October 2023	-4,244	-580	-4,824
Depreciation for the year	-160	-1	-161
Depreciation and impairment losses at 30 September 2024	-4,404	-581	-4,985
Carrying amount at 30 September 2024	107	21	128

8 Deferred tax

	30/9 2024	30/9 2023
DKK'000		
Deferred tax at 1 October	1,234	-11,699
Deferred tax adjustment for the year in the income statement	-160	12,933
	1,074	1,234

Deferred income of DKK 4,790 thousand as of 30 September 2024 (30 September 2023: DKK 8,569 thousand) comprises payments received regarding income in subsequent years.

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9 Prepayments

DKK'000	30/9 2024	30/9 2023
Prepayments	1,179	1,079

Prepayments comprise prepayment of costs incurred relating to subsequent financial years with regard to insurance, etc.

10 Other provisions

DKK'000	30/9 2024	30/9 2023
Other provisions at 1 October 2023	2,490	1,938
Provisions for the year	-552	552
Other provisions at 30 September 2024	1,938	2,490

The provisions are expected to be activated as follows:

0-1 years	127	748
1-5 years	1,811	1,742
Other provisions at 30 September 2024	1,938	2,490

Other provisions comprise warranty commitments typically relating to warranty for products sold.

11 Deferred income

Deferred income of DKK 4,790 thousand as of 30 September 2024 (30 September 2023: DKK 8,569 thousand) comprises payments received regarding income in subsequent years.

12 Other adjustments

DKK'000	30/9 2024	30/9 2023
Other financial income	-674	-522
Financial expenses	2,025	6,432
Tax on profit/loss for the year	1,496	-8,586
Provisions	-552	552
	2,295	-2,124

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13 Changes in working capital

DKK'000	30/9 2024	30/9 2023
Change in inventories	3,252	1,141
Change in receivables	-14,489	80,499
Change in trade and other payables	-9,901	-103,874
	<u>-21,138</u>	<u>-22,234</u>

14 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with a total lease obligation of DKK 333 thousand at 30 september 2024 (30 september 2023: DKK 0 thousand) of which a total of DKK 125 thousand falls due to payment within 12 months (30 september 2023: DKK 0 thousand).

The Company has entered into rental leases with a total lease obligation of DKK 933 thousand at 30 september 2024 (30 september 2023: DKK 5,494 thousand) of which a total of DKK 427 thousand falls due to payment within 12 months (30 september 2023: DKK 872 thousand). Of the total obligation, DKK 505 thousand falls due subsequent to 1-5 years from the balance sheet date (30 september 2023: DKK 3,081 thousand).

15 Mortgages and collateral

The Company has issued bank guarantees towards customers of DKK 890 thousand at 30 September 2024 (30 September 2023: DKK 913 thousand).

16 Related parties disclosure

Copeland Transportation Solutions ApS' related parties comprise the following:

Control

Copeland Europe GmbH, Am Borsigturm 31, 13507 Berlin, Germany holds the majority of the contributed capital in the Company.

Copeland Transportation Solutions ApS is part of the consolidated financial statements of Copeland UK Holding, Unit 17, Theale Lakes Business Park Moulden Way, Sulhamstead, Reading, Berkshire, United Kingdom, RG7 4GB, which is the smallest and largest group, in which the Company is included as a subsidiary. The consolidated financial statements of Copeland UK Holding are available at the Company's address.

Related party transactions

DKK'000	2023/24
Sale of goods to group entities	-20,589,791
Sale of services to group entities	-1,911,303
Purchase of goods from group entities	43,799,170
Purchase of services from group entities	46,709,203