

# Copeland Transportation Solutions ApS

Boeletvej 1  
DK-8680 Ry

CVR no. 34 46 55 25

## Annual report 2022/23

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

26 January 2024

Craig 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 of Copeland Transportation Solutions ApS for the financial year 1 October 2022 – 30 September 2023.

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 and financial position at 30 September 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 – 30 September 2023.

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.

Skanderborg, 26 January 2024  
Executive Board:

  
Craig Rossman (Jan 25, 2024 08:52 EST)

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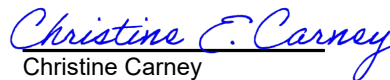
Craig Rossman

Board of Directors:

  
Craig Rossman (Jan 25, 2024 08:52 EST)

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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 2022 – 30 September 2023 comprising income statement, balance sheet, statement of changes in equity, cash flow statement 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 – 30 September 2023 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

## Independent auditor's report

- 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.
- 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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 26 January 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen  
State Authorised  
Public Accountant  
mne34459

Niklas R. Filipsen  
State Authorised  
Public Accountant  
mne47781

**Copeland Transportation Solutions ApS**  
Annual report 2022/23  
CVR no. 34 46 55 25

## Management's review

### Company details

Copeland Transportation Solutions ApS  
Boeletvej 1  
8680 Ry  
Denmark

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

### Auditor

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

## Management's review

### Financial highlights

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Key figures</b>					
Gross profit/loss	-22,240	424	-7,231	-22,658	17,108
Operating loss	-36,832	-13,175	-21,933	-51,999	-10,098
Profit/loss from financial income and expenses	-5,910	7,124	424	-1,364	-7,618
Loss for the year	-34,156	-5,127	-17,245	-41,623	-13,818
Current assets	52,858	118,616	56,743	49,590	41,124
Total assets	56,144	178,706	142,703	163,795	183,484
Equity	7,451	14,393	19,520	36,765	78,368
Current liabilities other than provisions	43,705	150,676	102,925	102,435	74,806
Investment in property, plant and equipment	0	0	251	473	432
<b>Ratios</b>					
Return on invested capital	-31.4%	-8.2%	-14.3%	-29.9%	-5.0%
Current ratio	120.9%	78.7%	55.1%	48.4%	55.0%
Return on equity	-312.7%	-30.2%	-58.6%	-72.3%	-16.2%
Solvency ratio	13.3%	8.1%	13.7%	22.4%	42.7%
Average number of full-time employees	9	9	13	34	38

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
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	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year-end}}$

## Management's review

### Operating review

#### Principal activities

Copeland Transportation Solutions ApS (the Company) provides monitoring solutions, electronics, and communications to the transportation industry within the cold chain. Products and offerings include refrigerated container (reefer) controls, boiler system 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

The income statement of the Company for 2022/23 shows a loss of DKK 34,156 thousand compared to a loss of DKK 5,127 thousand for 2021/22, and at 30 September 2023 equity stood at DKK 7,451 thousand compared to DKK 14,393 thousand at 30 September 2022. Operating loss for 2022/23 was realised at DKK 36,832 thousand compared to DKK 13,175 thousand for 2021/22. Realised operating loss was significantly below expectations set forth in the annual report for 2021/22, anticipating operating profit for 2022/23 to come in at DKK 14,800 thousand. Operating loss was negatively impacted by impairment losses on other intangible assets and goodwill of DKK 38,582 thousand based on impairment assessment by the Company.

The Company's operating profit before depreciation and amortisation progressed from DKK 12,695 thousand in 2021/22 to DKK 19,972 thousand in 2022/23.

During 2022/23, the Company received a capital contribution from the Parent Company totalling DKK 27,214 thousand to strengthen its capital resources.

The Company maintains two main channels to market: OEM (Original Equipment Manufacturer) customers supplying the shipping lines and direct to shipping lines (end-users) which, in many cases, are the same shipping lines as the OEM customers' supply. Shipping line profitability dropped significantly in 2023 from the highs in 2022 (on high freight rates supported by pandemic-related congestion). This affected primarily the OEM customer base as demand for new build reefers dropped, following a significantly higher 2022 demand, again congestion related. Nevertheless, our sales to our main OEM customer increased in the period on the introduction of a new product. Our end-user sales similarly increased as the shipping lines continued to invest in new vessel capacity and IOT devices and services.

#### Capital resources

Emerald Borrower 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.



## Management's review

### Operating review

#### *New products*

Being a 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 needs of the shipping lines. Subscription-based models that include recurring revenue are in particular development focus and represent current investments to derive returns in future years.

#### Outlook

Despite the dropping freight rates through 2023, 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 as well as invest significantly in new vessel capacity as regulations drive the adoption of less-polluting fuels. The Company has invested significantly in recent years 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 via the shipyards in the new 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 expect the completion of the transition to a new technology in 2024, which will allow our main OEM customer to position more competitively in the shipping line tenders.

An operating profit of DKK 23.1 million is budgeted for 2023/24 assuming no additional supply chain or geopolitical disruptions. We are extremely confident of our plans as we enter 2023/24 with approximately DKK 23.2 million in order backlog.

#### Intellectual capital

The Company possesses very large technical and application knowledge within its business areas. Knowledge and know-how has been built over many years. Furthermore, the background, education, and experience of the employees are essential for the intellectual capital of the Company.

The right combination of education and expertise within the employee group is therefore critical. Documenting the existing domain knowledge and know-how in the Company is vital to the overall success of the business. The performance of the individual employee related to the agreed objectives is therefore subject to ongoing evaluation.

#### Particular risks

##### *Operating risks*

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.

## Management's review

### Operating review

#### *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.

#### **Environmental matters**

The Company adheres to current environmental regulations for handling packaging and scrapped electronic items.

The entity follows the group principles on environmental matters, which can be obtained through Copeland Group's website:

<https://www.copeland.com/en-us/sustainability>

#### **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.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date of material importance to the annual report for 2022/23.

## Financial statements 1 October – 30 September

### Income statement

DKK'000	Note	2022/23	2021/22
<b>Gross profit/loss</b>	2,3,4	-22,240	424
Distribution costs	3	-8,140	-7,495
Administrative expenses	3	-6,452	-6,104
<b>Loss before financial income and expenses</b>		-36,832	-13,175
Financial income	5	522	7,124
Financial expenses		-6,432	0
<b>Loss before tax</b>		-42,742	-6,051
Tax on loss for the year	6	8,586	924
<b>Loss for the year</b>	7	-34,156	-5,127

## Financial statements 1 October – 30 September

### Balance sheet

DKK'000	Note	30/9 2023	30/9 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	8		
Completed development projects		3,019	7,923
Other intangible assets		0	3,245
Goodwill		0	48,452
		<u>3,019</u>	<u>59,620</u>
<b>Property, plant and equipment</b>	9		
Plant and machinery		267	463
Fixtures and fittings, tools and equipment		0	7
		<u>267</u>	<u>470</u>
<b>Total fixed assets</b>		<u>3,286</u>	<u>60,090</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		3,418	4,293
Work in progress		995	684
Finished goods and goods for resale		4,243	4,820
		<u>8,656</u>	<u>9,797</u>
<b>Receivables</b>			
Trade receivables		24,680	39,100
Receivables from group entities		490	64,774
Other receivables		2,071	3,910
Deferred tax asset	10	1,234	0
Prepayments	11	1,079	1,035
		<u>29,554</u>	<u>108,819</u>
<b>Cash at bank and in hand</b>		<u>14,648</u>	<u>0</u>
<b>Total current assets</b>		<u>52,858</u>	<u>118,616</u>
<b>TOTAL ASSETS</b>		<u><u>56,144</u></u>	<u><u>178,706</u></u>

## Financial statements 1 October – 30 September

### Balance sheet

DKK'000	Note	30/9 2023	30/9 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		91	80
Reserve for development costs		2,355	6,180
Retained earnings		<u>5,005</u>	<u>8,133</u>
<b>Total equity</b>		<u>7,451</u>	<u>14,393</u>
<b>Provisions</b>			
Provisions for deferred tax	10	0	11,699
Other provisions	12	<u>2,490</u>	<u>1,938</u>
<b>Total provisions</b>		<u>2,490</u>	<u>13,637</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Prepayments received from customers		<u>2,498</u>	<u>0</u>
<b>Current liabilities other than provisions</b>			
Banks		0	1
Prepayments received from customers		3,070	2,834
Trade payables		8,350	11,806
Payables to group entities		11,603	118,782
Corporation tax		3,530	4,128
Other payables		8,583	5,187
Deferred income	13	<u>8,569</u>	<u>7,938</u>
		<u>43,705</u>	<u>150,676</u>
<b>Total liabilities other than provisions</b>		<u>46,203</u>	<u>150,676</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>56,144</u>	<u>178,706</u>
<b>Staff costs</b>	3		
<b>Contractual obligations, contingencies, etc.</b>	14		
<b>Mortgages and collateral</b>	15		
<b>Related party disclosures</b>	16		

## 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 2022	80	6,180	8,133	14,393
Cash capital increase	11	0	27,203	27,214
Transfers, reserves	0	-3,825	3,825	0
Transferred over the distribution of loss	0	0	-34,156	-34,156
<b>Equity at 30 September 2023</b>	<b>91</b>	<b>2,355</b>	<b>5,005</b>	<b>7,451</b>

## Financial statements 1 October – 30 September

### Cash flow statement

DKK'000	Note	2022/23	2021/22
Loss for the year		-34,156	-5,127
Other adjustments	17	-2,331	-7,590
Depreciation, amortisation and impairment losses		56,804	25,870
Cash generated from operations before changes in working capital		20,317	13,153
Changes in working capital	18	20,661	-15,591
Cash generated from operations		40,978	-2,438
Interest income		522	7,124
Interest expense		-6,432	0
Corporation tax paid		-4,738	-2,399
<b>Cash flows from operating activities</b>		<b>30,330</b>	<b>2,287</b>
Financing:			
Changes in receivables/payables from/to group entities		-42,895	-2,287
Shareholders:			
Increase of share capital		27,214	0
<b>Cash flows from financing activities</b>		<b>-15,681</b>	<b>-2,287</b>
<b>Cash flows for the year</b>		<b>14,649</b>	<b>0</b>
Cash and cash equivalents at the beginning of the year		-1	-1
<b>Cash and cash equivalents at year-end</b>		<b>14,648</b>	<b>-1</b>

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies

The annual report of Copeland Transportation Solutions ApS for 2022/23 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### 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

#### Gross loss

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

#### 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 straight-line 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.



## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

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.

#### Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs, other intangible assets and goodwill.

#### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising and exhibitions are recognised as distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for the management and administration of the Group, including expenses for administrative staff, office premises and office expenses.

#### 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 on-account tax scheme, etc.

#### Tax on 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.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

### 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.

##### *Other intangible assets*

Other 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

##### *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.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

##### Property, plant and equipment

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 and 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.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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.

##### 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 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.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

##### 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.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

##### Prepayments and deferred income

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

##### Cash at bank and in hand

Cash at bank and in hand comprises bank deposits.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Dividends*

The expected dividends payment for the year is disclosed as a separate item under 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 developments 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.

##### 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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

##### 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.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. 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.

##### Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

##### Leases

The Company solely holds 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.

##### 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 Company's share of 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, installments on interest-bearing debt and distribution of dividends to owners.

## Financial statements 1 October – 30 September

### Notes

#### 2 Special items

Special items comprise significant income and costs of a special nature in relation to the Company's usual income-generating operating activities and other significant non-recurring costs.

During 2022/23 the Company has recognised an impairment loss of DKK 38,582 thousand related to other intangible assets and goodwill, which is considered special items in the income statement for 2022/23.

#### 3 Staff costs

	<u>2022/23</u>	<u>2021/22</u>
<b>Staff costs</b>		
Wages and salaries	4,480	5,675
Pensions	388	475
Other social security costs	<u>36</u>	<u>13</u>
	<u>4,904</u>	<u>6,163</u>
	<u>9</u>	<u>9</u>
Average number of full-time employees		
Staff costs are recognised in the financial statements as:		
Production costs	4,862	5,142
Distribution costs	<u>42</u>	<u>1,021</u>
	<u>4,904</u>	<u>6,163</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 2021/22 and 2022/23.

#### 4 Depreciation and amortisation

Depreciation and amortisation of intangible assets and property, plant and equipment are recognised in the financial statements as follows:

DKK'000	<u>2022/23</u>	<u>2021/22</u>
<b>Intangible assets</b>		
Production expenses	<u>56,601</u>	<u>25,500</u>
<b>Property, plant and equipment</b>		
Production expenses	<u>203</u>	<u>370</u>

#### 5 Financial income

Interest income from group entities	522	34
Other financial income	<u>0</u>	<u>7,090</u>
	<u>522</u>	<u>7,124</u>

## Financial statements 1 October – 30 September

### Notes

DKK'000		<u>2022/23</u>	<u>2021/22</u>	
<b>6 Tax on loss for the year</b>				
Current tax for the year		3,530	4,128	
Deferred tax for the year		-12,933	-5,214	
Adjustment of tax concerning previous years		817	162	
		<u>-8,586</u>	<u>-924</u>	
<b>7 Proposed distribution of loss</b>				
Retained earnings		<u>-34,156</u>	<u>-5,127</u>	
<b>8 Intangible assets</b>				
DKK'000	Completed development projects	Other intangible assets	Goodwill	Total
Cost at 1 October 2022	<u>30,460</u>	<u>180,145</u>	<u>161,466</u>	<u>372,071</u>
Cost at 30 September 2023	<u>30,460</u>	<u>180,145</u>	<u>161,466</u>	<u>372,071</u>
Amortisation and impairment losses at 1 October 2022	-22,537	-176,900	-113,014	-312,451
Impairment losses for the year	0	0	-38,582	-38,582
Amortisation for the year	<u>-4,904</u>	<u>-3,245</u>	<u>-9,870</u>	<u>-18,019</u>
Amortisation and impairment losses at 30 September 2023	<u>-27,441</u>	<u>-180,145</u>	<u>-161,466</u>	<u>-369,052</u>
<b>Carrying amount at 30 September 2023</b>	<u>3,019</u>	<u>0</u>	<u>0</u>	<u>3,019</u>

#### 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.



## Financial statements 1 October – 30 September

### Notes

#### 9 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 October 2022	4,511	580	5,091
Cost at 30 September 2023	4,511	580	5,091
Depreciation and impairment losses at 1 October 2022	-4,048	-573	-4,621
Depreciation	-196	-7	-203
Depreciation and impairment losses at 30 September 2023	-4,244	-580	-4,824
<b>Carrying amount at 30 September 2023</b>	<b>267</b>	<b>0</b>	<b>267</b>

#### 10 Deferred tax

DKK'000	30/9 2023	30/9 2022
Deferred tax at 1 October	11,699	16,913
Deferred tax adjustment for the year in the income statement	-12,933	-5,214
	-1,234	11,699

Deferred tax mainly relates to timing differences on accounting and tax recognition, e.g. related to intangible assets and timing variances on current assets. Deferred tax is expected to be realised as current tax in the coming years.

#### 11 Prepayments

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

#### 12 Other provisions

DKK'000	2022/23	2021/22
Warranty provisions at 1 October	1,938	1,480
Provisions for the year	552	458
	2,490	1,938

The provisions are expected to be settled as follows:

0-1 years	748	689
1-5 years	1,742	1,249
	2,490	1,938

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

## Financial statements 1 October – 30 September

### Notes

#### 13 Deferred income

Deferred income of DKK 9,511 thousand as of 30 September 2023 (30 September 2022: DKK 7,938 thousand) comprises payments received regarding income in subsequent years.

#### 14 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company was jointly taxed with other Danish companies in the Emerson Group until 1 June 2023 upon change in ultimate ownership. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes could result in an adjustment of the Company's liability.

From 1 June 2023, the Company settles all Danish corporation taxes individually and is not jointly liable for Danish corporation taxes within the Emerson Group subsequent to the date of change in group structure.

##### Operating lease obligations

Rent obligations (operating leases) falling due within seven years total DKK 5,494 thousand (30 September 2022: DKK 4,755 thousand) of which a total of DKK 872 thousand falls due to payment within 12 months (30 September 2022: DKK 616 thousand). Of the total obligation, DKK 1,541 thousand falls due subsequent to 5 years from the balance sheet date (30 September 2022: DKK 1,774 thousand).

#### 15 Mortgages and collateral

The Company has issued bank guarantees towards customers of DKK 913 thousand at 30 September 2023 (30 September 2022: DKK 1,493 thousand).

#### 16 Related party disclosures

##### 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.

## Financial statements 1 October – 30 September

### Notes

#### Related party transactions

DKK'000	<u>2022/23</u>
Sale of goods to group entities	12,523
Sale of services to group entities	1,878
Purchase of goods from group entities	57,433
Purchase of services from group entities	29,207

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 2021/22 and 2022/23.

Payables and receivables to/from group entities are disclosed in the balance sheet, and financial income from group entities are disclosed in note 5.

#### 17 Other adjustments

DKK'000	<u>2022/23</u>	<u>2021/22</u>
Financial income	-522	-7,124
Financial expenses	6,432	0
Tax on loss for the year	-8,793	-924
Other provisions	552	458
	<u>-2,331</u>	<u>-7,590</u>

#### 18 Change in working capital

Changes in inventories	1,141	2,086
Changes in receivables	16,215	-21,376
Change in trade and other payables	<u>3,305</u>	<u>3,699</u>
	<u>20,661</u>	<u>-15,591</u>

# Copeland Transportation Solutions ApS 202223 - FINAL - Annual report\_

Final Audit Report

2024-01-25

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## Niklas Rosenmaier Filipsen

KPMG P/S CVR: 25578198

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