BBHS A/S

Højnæsvej 75, DK-2610 Rødovre

Annual Report for 1 January - 31 December 2022

CVR No 35 03 53 38

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/7 2023

Peter Scheuer Jensen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BBHS A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Rødovre, 10 July 2023

Executive Board

Jonas Riddersholm Bargum
Managing Director

Board of Directors

Peter Scheuer Jensen Chairman	Morten Pankoke	Jens Sehested Krogh

Independent Auditor's Report

To the Shareholders of BBHS A/S

Adverse Opinion
In our opinion, because of the significance of the matters discussed in the Basis for adverse opinion paragraph, the Financial Statements do not give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BBHS A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Adverse Opinion
The Financial Statements are presented on the assumption that the Company is a going concern. As of the approval of these Financial Statements, the Company and its subsidiaries (the "Group"), including BBHS A/S, have signed contracts/orders related to sale of the Group's products and services generating cash inflows in 2023 of below DKK 10 million. Hence, as mentioned in Note 1, the Group's ability to continue as a going concern depends on the Group's ability to raise funds in the form of equity and/or debt to finance the Group's expected cash outflows for the remainder of 2023 of DKK 101 million as well as repayment of convertible loans of DKK 58 million maturing in January 2024, however, subordinated to CPHI-Holding A/S' senior secured bonds maturing in the second half of 2024. Furthermore, as described in note 1, the completion of the mandate to Vinga Corporate Finance AB to raise funds of up to further DKK 207 million (before transaction costs) is impacted by the ECAC certification of the Scanner in Exruptive A/S.

We consider the raise of sufficient funds in the form of equity and/or debt to finance the expected cash outflows unlikely to happen. Consequently, we give an adverse opinion as to presenting the Financial Statements on the assumption that the Company is a going concern.

Moreover, note 2 to the Financial Statements refer to the uncertainty connected with recognising and measuring the Company's property, plant and equipment amounting to DKK 46 million. The Company has prepared an impairment test to support the valuation of the carrying amount of property, plant and equipment. However, the cash flows included in the impairment test are significantly dependent on several future outcomes, which we consider as unlikely to occur. Based on this, we believe that property, plant and equipment can be negatively affected by an amount between DKK 16 million and DKK 31 million meaning that the result of the year and the equity should be reduced with between DKK 16 million and DKK 31 million.

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 adverse opinion.

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financials Statements Act.

As described in the Basis for Adverse Opinion section, we express an adverse opinion on the Financial Statements due to the fact that the Financial Statements have been presented as going concern to which we disagree. Further, we disagree with the valuation of property, plant and equipment. We conclude, for the same reason, that Management’s Review is not free from material misstatement in relation to the amounts and other elements affected by these circumstances.

Management’s responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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.

Hellerup, 10 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Kristian Pedersen
State Authorised Public Accountant
mne35412

Company Information

The Company	BBHS A/S Højnæsvej 75 DK-2610 Rødovre CVR No: 35 03 53 38 Financial period: 1 January - 31 December Municipality of reg. office: Rødovre
Board of Directors	Peter Scheuer Jensen, Chairman Morten Pankoke Jens Sehested Krogh
Executive Board	Jonas Riddersholm Bargum
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

The Company's objective is to operate in development, production and sales of highly efficient and working environmental gentle luggage handling systems and other related activities.

The Company is part of the CPHI-Holding A/S Group.

Development in the year

The income statement of the Company for 2022 shows a loss of TDKK 62,127, and at 31 December 2022 the balance sheet of the Company shows negative equity of TDKK 95,878.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue		**197**	**147**
Cost of sales	3	-15,373	-8,606
Gross profit/loss		**-15,176**	**-8,459**
Distribution expenses	3	-771	-1,041
Administrative expenses	3	-14,839	-6,985
Operating profit/loss		**-30,786**	**-16,485**
Other operating income		0	405
Profit/loss before financial income and expenses		**-30,786**	**-16,080**
Financial expenses	4	-31,341	-19,756
Profit/loss before tax		**-62,127**	**-35,836**
Tax on profit/loss for the year	5	0	549
Net profit/loss for the year		**-62,127**	**-35,287**

Distribution of profit

Proposed distribution of profit

Retained earnings	-62,127	-35,287
	-62,127	**-35,287**

Balance Sheet 31 December

Assets

	Note	2022	2021
		TDKK	TDKK
Property, plant and equipment - completed and in progress		45,944	28,439
Property, plant and equipment	6	**45,944**	**28,439**
Fixed assets		**45,944**	**28,439**
Trade receivables		0	73
Receivables from group enterprises		0	18,287
Other receivables		853	2,593
Corporation tax receivable from group enterprises		0	312
Prepayments		0	79
Receivables		**853**	**21,344**
Cash at bank and in hand		**2,124**	**147**
Currents assets		**2,977**	**21,491**
Assets		**48,921**	**49,930**

Balance Sheet 31 December

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		11,519	11,519
Retained earnings		-107,397	-45,270
Equity		**-95,878**	**-33,751**
Trade payables		2,587	13,851
Payables to group enterprises		138,450	66,080
Payables to owners and Management		0	2,455
Payables to group enterprises relating to corporation tax		2,514	0
Other payables		1,248	1,295
Short-term debt		**144,799**	**83,681**
Debt		**144,799**	**83,681**
Liabilities and equity		**48,921**	**49,930**
Going concern	1		
Uncertainty in recognition and measurement	2		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
2022					
Equity at 1 January	11,519	0	0	-45,270	-33,751
Net profit/loss for the year	0	0	0	-62,127	-62,127
Equity at 31 December	**11,519**	**0**	**0**	**-107,397**	**-95,878**
2021					
Equity 1 January	9,857	0	1,134	-25,449	-14,458
Net effect from change of accounting policy	0	0	-1,134	-3,614	-4,748
Adjusted equity at 1 January	9,857	0	0	-29,063	-19,206
Cash capital increase	1,662	19,080	0	0	20,742
Net profit/loss for the year	0	0	0	-35,287	-35,287
Transfer from share premium account	0	-19,080	0	19,080	0
Equity at 31 December	**11,519**	**0**	**0**	**-45,270**	**-33,751**

Notes to the Financial Statements

1 Going concern

The Group's financial and liquidity position is challenged and the future operation is significantly dependent on Management's ability to raise new funds in the form of equity or debt.

Management has prepared budgets for the Group covering the period from the date of approval of these Financial Statements until 31 December 2023 showing an expected cash outflow from operations of DKK 86 million regarding CPHI's operations, including the subsidiaries' activities where CPHI-Holding A/S will finance operating and development costs as well as construction obligations in each of the three subsidiaries BBHS A/S, Exruptive A/S and IntelligentTrackSystems A/S.

At the date of approval of these Financial Statements, the Group's liquidity amounted to DKK 12 million. Total debt maturing during the remaining part of 2023 amounts to DKK 15 million, which in combination with the expected cash outflows from operations results in a total liquidity requirement of approximately DKK 101 million until 31 December 2023. In addition, convertible loans of DKK 58 million mature in January 2024, however subordinated to CPHI-Holding A/S' senior secured bonds maturing in the second half of 2024.

CPHI has mandated Vinga Corporate Finance AB to raise up to DKK 250 million before related costs to obtain the financing facilities, of which DKK 43 million has been raised and DKK 34 million distributed to the Group as of June 2023. The cost for obtaining the financing activities amounts to between 15% and 20% of the raised capital. The completion of the mandate will be impacted by the ECAC certification of the Scanner in Exruptive A/S and the aim is that the capital raise will take place as close to the approval as possible. Management expects the approval to be obtained in Q3 2023.

The Company's stakeholders and external investors have made binding financing equity and/or debt commitments, which can be used if required for CPHI to continue as a going concern. Further, other of the Company's stakeholders and external investors have provided non-binding financing intentions.

In addition, Management is exploring the opportunities of refinancing existing loans maturing during 2023 and 2024 as well as exploring the opportunities of other financing resources.

Consequently, Management has considered the Group's cash flow, liquidity, and financial position in general, together with factors likely to affect the development and performance. On this basis, Management has concluded to prepare these Financial Statements under assumption of going concern. However, as the financing of the Group's required liquidity is not concluded as of the date of approval of these Financial Statements, material uncertainty exists that may cast significant doubt on CPHI's ability to continue as a going concern.

2 Uncertainty in recognition and measurement

The Company has recognised property, plant and equipment of total DKK 46 million.

The Company has assessed and calculated the recoverable amount of property, plant and equipment. However, the cash flows included in the impairment test are significantly dependent on several future outcomes.

Notes to the Financial Statements

2 Uncertainty in recognition and measurement (continued)

The measurement of property, plant and equipment is therefore subject to uncertainty.

	2022	2021
	TDKK	TDKK

3 Staff

	2022	2021
Wages and Salaries	7,145	4,033
Pensions	682	527
Other social security expenses	72	26
Other staff expenses	75	143
	7,974	**4,729**
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Cost of sales	5,629	2,248
Distribution expenses	769	1,034
Administrative expenses	1,576	1,447
	7,974	**4,729**
Average number of employees	**10**	**8**

4 Financial expenses

	2022	2021
Interest paid to group enterprises	30,301	0
Other financial expenses	1,040	19,756
	31,341	**19,756**

5 Tax on profit/loss for the year

	2022	2021
Current tax for the year	0	-549
	0	**-549**

Notes to the Financial Statements

6 Property, plant and equipment

	Property, plant and equipment - completed and in progress
	TDKK
Cost at 1 January	33,646
Additions for the year	18,806
Cost at 31 December	52,452
Impairment losses and depreciation at 1 January	5,206
Depreciation for the year	1,302
Impairment losses and depreciation at 31 December	6,508
Carrying amount at 31 December	**45,944**

	2022	2021
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	1,302	1,302
	1,302	**1,302**

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

For bonds, Intertrust AB has security in Company assets representing a nominal value of TDKK 37,000.

The Company has provided full guarantee against Intertrust AB to cover CPHI-Holding A/S' repayment of bonds.

The Company has made a commitment against Intertrust AB, whereby no assets without pre-approval from Intertrust AB can be pledged to other parties.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of CPHI-Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of BBHS A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2022 are presented in TDKK.

Changes in accounting policies

In prior years, the Financial Statements have been prepared in accordance with IFRS. From 2022, the Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The change from IFRS to the Danish Financial Statements Act has resulted in changes to recognition and measurement of the Company's development projects. Under IFRS, development projects are capitalised in the Balance Sheet if the criterias therefore are met, while the costs covering development projects are expensed in the Income Statement under the Danish Financial Statement Act for enterprises in reporting class B. The effect of the change amounts to TDKK 1,575, which has been recognised in the opening equity in 2021.

In addition, changes have been made in connection with the accounting treatment of leases contracts. Under IFRS, lease contracts were recognised in the balance sheet as right of use assets and lease liabilities. In accordance with the Danish Financial Statements Act, costs regarding lease are recognised in the income statement. The effect of the change of TDKK 3,173 has been recognised in the opening equity in 2021.

Correction of material misstatements

In connection with the preparation of the Annual Report for 2022, Management has identified a material misstatement in the Annual Report for 2021.

The material misstatement relates to the recognition of tax of TDKK 2,233 in the Annual Report for 2021, which should have been recognised at TDKK 549. Correction of the material misstatement has resulted in the year's result for 2021 has decreased by TDKK 1,684, the receivable corporation tax per 31 December 2021 has decreased by TDKK 1,684 and the equity per 31 December 2021 has decreased by TDKK 1,684.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Notes to the Financial Statements

8 Accounting Policies (continued)

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, and depreciation as well as research and development costs.

Notes to the Financial Statements

8 Accounting Policies (continued)

Distribution expenses

Distribution expenses include salaries for salesmen, advertising costs, distribution of goods as well as depreciation.

Administrative expenses

Administrative expenses include salaries, other staff costs, office expense, research and development costs as well as depreciation.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government grants for investments, research and development projects. Grants are recognised when there is a reasonable certainty that they will be received.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with its parent company and the Parent Company's Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

Notes to the Financial Statements

8 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Notes to the Financial Statements

8 **Accounting Policies** (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.