Composhield A/S

Møgelgårdsvej 6, 8520 Lystrup

CVR no. 25 54 08 91

Annual report 2021

Approved at the Company's annual general meeting on 31 March 2022

Chair of the meeting:

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Michael Nørup

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Composhield A/S for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Aarhus, 31 March 2022
Executive Board:

Michael Nørup

Board of Directors:

Kenneth Mark Ripich
Chair

Michael Forde Ripich

Lisette Nørup

Michael Nørup

Independent auditor's report

To the shareholder of Composhield A/S

Opinion

We have audited the financial statements of Composhield A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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 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 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 the 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.

Independent auditor's report

- 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 note 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, 31 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik P. Jensen

Henrik Pungvig Jensen
State Authorised Public Accountant
mne24825

Management's review

Business review

The company´s main activity is research, development, manufacturing, sales and marketing of protection technologies with main focus on mobile. Furthermore to provide assistance and guidance for design, implementation and integration of complete survivability solutions for new developed vehicles, buildings and secure rooms in general.

Financial review

The income statement for 2021 shows a profit of DKK 2,800 thousand against a profit of DKK 11,960 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 19,542 thousand. Due to the Pandemic, and thereby paused or delayed programs at our customers and end-users, we have been working with a very flexible and adjusted setup. In this situation we have managed to make the necessary changes in due time and thus managed to adapt to the situation created to minimize the impact.

Based on the volatile situation and impact the result for 2021 is considered very satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

At the end of 2021 the Covid-19 Pandemic is still ongoing. During 2021 we experienced several impacts from both, closed countries and factories, that disrupted the whole value chain from end-users to suppliers. The countries very different approach in regard to closure and other measurements to battle the Covid-19, means our expectation is that only during, or at the end of 2022, we expect to see a more normal business environment surface again. We therefore take a conservative approach to 2022.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Gross profit	10,418	22,481
2	Staff costs	-6,618	-8,183
	Amortisation, depreciation and impairment losses	-500	-671
	Profit before net financials	3,300	13,627
3	Financial income	9	8
	Reversal of prior year impairment losses on investments	440	1,581
4	Financial expenses	-258	-321
	Profit before tax	3,491	14,895
5	Tax for the year	-691	-2,935
	Profit for the year	2,800	11,960

Recommended appropriation of profit		
Proposed dividend recognised under equity	0	10,000
Retained earnings	2,800	1,960
	2,800	11,960

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
6	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	1,546	1,019
	Leasehold improvements	138	179
		1,684	1,198
7	**Investments**		
	Investments in subsidiaries	521	1,581
	Deposits	519	527
		1,040	2,108
	Total fixed assets	2,724	3,306
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	2,744	2,701
		2,744	2,701
	Receivables		
	Trade receivables	8,889	29,836
	Work in progress	1,682	365
	Receivables from group entities	254	231
	Deferred tax assets	255	533
	Other receivables	421	688
	Prepayments	222	442
		11,723	32,095
	Cash	11,504	4,477
	Total non-fixed assets	25,971	39,273
	TOTAL ASSETS	28,695	42,579

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,000	1,000
	Retained earnings	18,542	15,742
	Dividend proposed for the year	0	10,000
	Total equity	19,542	26,742
	Liabilities other than provisions		
8	**Non-current liabilities other than provisions**		
	Other payables	0	397
		0	397
	Current liabilities other than provisions		
	Prepayments on work in progress	86	0
	Trade payables	8,082	10,637
	Payables to group entities	0	1,538
	Joint taxation contribution payable	412	105
	Other payables	573	3,160
		9,153	15,440
		9,153	15,837
	TOTAL EQUITY AND LIABILITIES	28,695	42,579

1 Accounting policies
9 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2021	1,000	15,742	10,000	26,742
Transfer through appropriation of profit	0	2,800	0	2,800
Dividend distributed	0	0	-10,000	-10,000
Equity at 31 December 2021	1,000	18,542	0	19,542

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Composhield A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Omission of a cash flow statement

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in the foreign currency are measured at the exchange rate at the transaction date.

Income statement

Revenue

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

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

Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. 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 expected useful lives of the assets are as follows:

Development costs	20 years
Patents and rights	20 years
Other assets, fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

The residual value of intangible assets, other assets, fixtures and fittings, tools and equipment and leasehold improvements is expected to account for DKK 0.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, exchange gains and losses and amortisation of financial assets and liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Intangible assets including development projects, patents and rights are measured at cost less accumulated depreciation. Cost covers acquistion price for consumable materials, services and direct salaries plus indirect cost which can be related to the development work.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable 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 and development costs. Other development costs are recognised in the income statement as incurred.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Assets with a cost of less than DKK 30,700 per unit are expensed in the year of acquistion.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Work in progress

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties or compensation will be enforced if the contract is subsequently terminated.

The selling price is measured by reference to the percentage of completion at the balance sheet date and total expected income from contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contracts costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed total contract revenue, the anticipated loss on the contract is recognised as an expense and a provision immediately.

When income and expenses on a contruction contract cannot be determined reliably, contract revenue is recognised only to the extent of contract costs deemed recoverable.

When the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised under liabilities.

Payments from customers are recognised under liabilities.

Selling costs and costs incurred in the securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes and deferred tax

The company is jointly taxed with OD&M ApS which also acts as the administrative company.

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, 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 intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2021	2020
2	**Staff costs**		
	Wages/salaries	9,511	16,642
	Pensions	499	552
	Other social security costs	218	332
	Transferred to ongoing projects	-3,610	-9,343
		6,618	8,183
	Average number of full-time employees	18	39
3	**Financial income**		
	Interest receivable, group entities	8	4
	Other interest income	0	4
	Exchange gain	1	0
		9	8
4	**Financial expenses**		
	Interest expenses, group entities	0	12
	Other interest expenses	0	53
	Exchange losses	102	227
	Other financial expenses	156	29
		258	321
5	**Tax for the year**		
	Estimated tax charge for the year	412	1,992
	Deferred tax adjustments in the year	278	943
	Tax adjustments, prior years	1	0
		691	2,935

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2021	5,052	1,434	6,486
Additions in the year	986	0	986
Disposals in the year	-398	0	-398
Cost at 31 December 2021	5,640	1,434	7,074
Impairment losses and depreciation at 1 January 2021	4,033	1,255	5,288
Amortisation/depreciation in the year	454	41	495
Reversal of amortisation/depreciation and impairment of disposals	-393	0	-393
Impairment losses and depreciation at 31 December 2021	4,094	1,296	5,390
Carrying amount at 31 December 2021	1,546	138	1,684
Depreciated over	5 years	5 years	

7 Investments

Name	Domicile	Interest
Subsidiaries		
Container Shelter System A/S	Denmark	100.00%
Composhield Ohio, Inc.	USA	100.00%
Associates		
Composhield Ohio, Inc. ownership share in AMTANK Amor, LLC		49.00%

8 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company has entered with a lease obligation for premises of DKK 404 thousand.

Lease obligation for cars is DKK 93 thousand at 31 December 2021, of which the total amount relates to year 2022. Final lease agreements ends september 2022. The lease obligation is calculated based on remaining payments, but limited to the contractual amount.

After the lease period, the company must designate a third party who buys two flex-leased company cars or alternatively extend the lease agreement.

The company has provided a company charge of DKK 8,000 thousand as collateral for amounts owed to banks, secured upon operating equipment, inventories of raw materials and finished goods, unsecured claims derived from the sale of goods and services and intellectual property rights.

The company grants 0-48 months' warranty on products sold.

The company has made a line of credit for 1 million USD to subsidiary.

The company has entered an agreement with a subsidiary concerning leasing of production equipment with an annual expense of DKK 93 thousand. The agreement can be cancelled by the company with 1 month notice.

The Company is jointly taxed with other Danish companies in the Group. As a jointly taxed Company, not wholly-owned, the Company has limited and secondary liability for Danish withholding tax on dividends, interest and royalties within the joint taxation unit.