Container Shelter System A/S

Møgelgårdsvej 6, DK-8520 Lystrup, Denmark

CVR no. 27 28 66 74

Annual report 2020

Approved at the Company's annual general meeting on 30 April 2021

Chairman of the meeting:

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Michael Nørup

Contents

Statement by board of Directors and the Executive board

Today, the board of Directors and the Executive board have discussed and approved the annual report of Container Shelter System A/S for the financial year 1 January - 31 December 2020.

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 financial position at 31 December 2020 and of the results of its operations for the financial year 1 January – 31 December 2020.

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, 30 April 2021
Executive Board:

Michael Nørup

Board of Directors:

Kenneth Mark Ripich Chairman	Michael Forde Ripich	Michael Nørup

Independent auditor's report

To the shareholders of Container Shelter System A/S

Opinion

We have audited the financial statements of Container Shelter System A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 30 April 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik P. Jensen

Henrik Pungvig Jensen
State Authorised
Public Accountant
mne24825

Management' review

Management commentary

Business review

The company´s main activities consist of the research, development, manufacturing, marketing and sales of protective solutions for semi-mobile applications.

The term semi-mobile applications is primarily covering camp facilities and interim protection, established in the form of prefabricated units, possibly containers, that are shipped and erected on site, or in the form of permanent existing buildings, which are temporarily adapted for the purpose, and where requirements to the aesthetic designs are negligible.

The solutions offer a high protection against both ballistic and blast threats ranging from handguns over automatic rifles to grenades and IED´s.

Development in activities and economic conditions

The management of the company considers the company's result in 2020 to be satisfactory.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2020	2019
	Gross margin	91	87
2	Financial income	12	0
	Profit/loss before tax	103	87
3	Tax for the year	1.463	0
	Profit/loss for the year	1.566	87
	Recommended appropriation of profit/loss		
	Transferred to reserves under equity	1.566	87
		1.566	87

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Non-current assets		
	Intangible fixed assets		
4	Development projects	0	0
		0	0
	Property, plant and equipment		
5	Other assets, fixtures and fittings, tools and equipment	0	0
		0	0
	Total non-current assets	0	0
	Current assets		
	Receivables		
	Amounts owed by group entities	1.538	0
		1.538	0
	Cash	87	48
	Total current assets	1.625	48
	TOTAL ASSETS	1.625	48
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	8.367	8.367
	Profit and loss account	-6.786	-8.352
	Total equity	1.581	15
	Current liabilities		
	Other payables	44	33
	Total current liabilities	44	33
	Total liabilities	44	33
	TOTAL EQUITY AND LIABILITIES	1.625	48

1 Accounting policies
7 Staff costs
8 Contractual obligations and contingencies, etc.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Container Shelter System A/S for 2020 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.

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

Income statement

Revenue:

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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 margin:

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

External expenses

External expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

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 Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

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.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

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

Depreciation on development projects takes place from the time at which the development stage has been concluded.

Depreciation is made under the straight-line method over the expected useful lives of the assets.

Development costs 20 years

In relation to the future earnings of the intangible assets, which is expected to be over a certain period of time, the depreciation period is extended to 20 years.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Intangible assets are valued to DKK 0.

Property, plant and equipment

Other assets, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In 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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Other assets, fixtures and fittings, tools and equipment 5 years

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell 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 expenses, respectively.

Assets with a cost of less than DKK 14,100 per unit are expensed in the year of acquisition.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Impairment of non-current assets

The carrying amount of intangible assets, property, plan and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual 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 determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

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

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.

Equity

Income tax and deferred tax

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.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and 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 base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Cash and cash equivalents

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

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK'000	2020	2019
2 Financial income		
Interest income, group entities	12	0
	12	0
3 Tax for the year		
Adjustment of the deferred tax charge for the year	-1.463	0
	-1.463	0

4 Intangible assets

DKK'000	Development projects
Cost at 1 January 2020	46.870
Additions	0
Cost at 31 December 2020	46.870
Depreciation and impairment losses at 1 January 2020	46.870
Depreciation	0
Depreciation and impairment losses at 31 December 2020	46.870
Carrying amount at 31 December 2020	0

5 Property, plant and equipment

DKK'000	Other assets, fixtures and fittings, tools and equipment
Cost at 1 January 2020	2.110
Additions	0
Disposals	-199
Cost at 31 December 2020	1.911
Depreciation and impairment losses at 1 January 2020	2.110
Depreciation	-199
Depreciation and impairment losses at 31 December 2020	1.911
Carrying amount at 31 December 2020	0

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Notes

6 **Share capital**

DKK'000	2020	2019
The share capital comprises:		
Share capital, 83.666 shares of DKK 100 nominal value each	8.367	8.367
	8.367	8.367

7 **Staff costs**

The company has no employees.

8 **Contractual obligations and contingencies, etc.**

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.