

Ten Cate Active Protection ApS

Damsbovej 10
5492 Vissenbjerg
Denmark

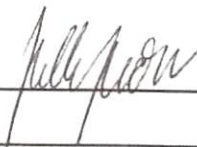
CVR no. 33 06 30 91

Annual report 2020

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

18 May 2021

Helle Specht
chairman

A handwritten signature in black ink, appearing to read 'Helle Specht', is written over a horizontal line.

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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 Ten Cate Active Protection ApS for the financial year 1 January – 31 December 2020.

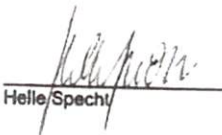
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

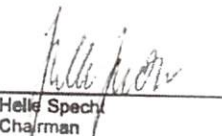
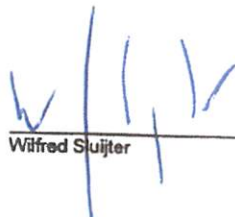
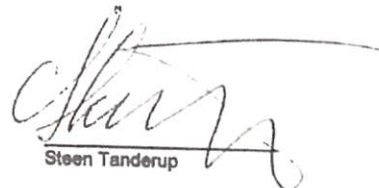
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vissenbjerg, 18 May 2021
Executive Board:


Helle Specht

Board of Directors:


Helle Specht
Chairman
Wilfred Sluiter
Steen Tanderup

Independent auditor's report

To the shareholders of Ten Cate Active Protection ApS

Opinion

We have audited the financial statements of Ten Cate Active Protection ApS for the financial year 1 January – 31 December 2020 comprising 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 Company's assets, liabilities and financial position 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 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 users made on the basis of these financial statements.

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.



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Independent auditor's report

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.

Kolding, 18 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

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Management's review

Company details

Ten Cate Active Protection ApS
Damsbovej 10
5492 Vissenbjerg
Denmark

Telephone: +45 65 48 16 00
Fax: +45 65 48 16 08

CVR no.: 33 06 30 91
Established: 12 July 2010
Registered office: Vissenbjerg
Financial year: 1 January – 31 December

Board of Directors

Helle Specht, Chairman
Wilfred Sluijter
Steen Tanderup

Executive Board

Helle Specht

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
DK-6000 Kolding
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities of the Company

The principal activity of the Company is development of military protection systems and sale of related services.

Development in activities and financial position

The Company's income statement for 2020 shows a loss of DKK 1,008,097 as against a profit of DKK 465,847 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 4,672,807 as against DKK 5,680,904 at 31 December 2019.

Profit/loss for the year

Development activities are progressing with a dedicated effort outside of the EU.

Outlook

The Company expects to continue its development activities in 2021 in close co-operation with our affiliated companies. Following a system approval from the US army, more direct marketing of the system vis-à-vis OEM vehicle suppliers and military end users of the system will be carried out.

The Company is expected to report break-even results for 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date significantly affecting the Company's financial position. The Company has not been materially affected by the COVID-19 outbreak.

The TenCate group has been acquired by Agilitas Private Equity LLP. Closure in change of ownership was effectuated in March 2021.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit/loss		-188,174	1,171,482
Depreciation, amortisation and impairment losses	3	-1,104,337	-552,168
Profit/loss before financial income and expenses		-1,292,511	619,314
Other financial income		66	20
Other financial expenses		0	-22,094
Profit/loss before tax		-1,292,445	597,240
Tax on profit/loss for the year	2	284,348	-131,393
Profit/loss for the year		-1,008,097	465,847
Proposed profit appropriation/distribution of loss			
Retained earnings		-1,008,097	465,847

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	3		
Acquired patents		3,865,180	4,969,517
Total fixed assets		3,865,180	4,969,517
Current assets			
Receivables			
Receivables from group entities		645,761	1,609,865
Other receivables		22,832	38,000
		668,593	1,647,865
Cash at bank and in hand		1,116,955	283,678
Total current assets		1,785,548	1,931,543
TOTAL ASSETS		5,650,728	6,901,060

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		147,939	147,939
Retained earnings		4,524,868	5,532,965
Total equity		<u>4,672,807</u>	<u>5,680,904</u>
Provisions			
Provisions for deferred tax		837,236	1,075,823
Total provisions		<u>837,236</u>	<u>1,075,823</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		41,768	41,417
Other payables		98,917	102,916
		<u>140,685</u>	<u>144,333</u>
Total liabilities other than provisions		<u>140,685</u>	<u>144,333</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,650,728</u></u>	<u><u>6,901,060</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	147,939	5,532,965	5,680,904
Transferred over the distribution of loss	0	-1,008,097	-1,008,097
Equity at 31 December 2020	147,939	4,524,868	4,672,807

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ten Cate Active Protection ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Reporting currency

The financial statements are presented in Danish kroner.

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 at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale 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 reliably measured and payment is expected to be received.

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', and 'Other external costs' are aggregated in the item designated 'Gross profit/loss'.

Other external costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financial income and expenses include interest income and expenses as well as allowances and surcharges under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Tax on profit/loss 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 entity and its Danish group entities are jointly taxed. Danish income tax is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the management company according to current rates applicable to interest allowances, and jointly taxed companies with insufficient tax payments are, as a maximum, to pay a surcharge according to current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Patents

Patents are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent.

Impairment of fixed assets

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

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

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is 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 the receivables and the present value of projected 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.

Cash at bank and in hand

Cash at bank and in hand comprises cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

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

Liabilities other than provisions

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

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Tax on profit/loss for the year

DKK	2020	2019
Adjusted deferred tax for the year	<u>-284,348</u>	<u>131,393</u>

3 Intangible assets

DKK	Acquired patents
Cost at 1 January 2020	<u>5,521,685</u>
Cost at 31 December 2020	<u>5,521,685</u>
Amortisation and impairment losses at 1 January 2020	-552,168
Amortisation for the year	<u>-1,104,337</u>
Amortisation and impairment losses at 31 December 2020	<u>-1,656,505</u>
Carrying amount at 31 December 2020	<u>3,865,180</u>

4 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed entity.

Any subsequent corrections to the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

5 Related party disclosures

Ten Cate Active Protection ApS' related parties comprise the following:

Control

Ten Cate Danmark A/S holds the majority of the contributed capital in the Company.

Ten Cate Active Protection ApS is part of the consolidated financial statements of Tennessee Acquisition B.V. Holland, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Tennessee Acquisition B.V., Holland, can be obtained by contacting the company.