



Precision Technic Defence A/S

Lansen 13
9230 Svenstrup J
CVR No. 79218928

**Annual report 01.04.2021 -
31.03.2022**

The Annual General Meeting adopted the
annual report on 28.06.2022

Jeppe Müller
Chairman of the General Meeting

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Entity details

Entity

Precision Technic Defence A/S

Lansen 13

9230 Svenstrup J

Business Registration No.: 79218928

Registered office: Aalborg

Financial year: 01.04.2021 - 31.03.2022

Board of Directors

Jeppé Müller

Preben Edvard Kønig

Thomas Henrik Dresler Petersen

Executive Board

Jeppé Müller

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Precision Technic Defence A/S for the financial year 01.04.2021 - 31.03.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Svenstrup, 28.06.2022

Executive Board

Jeppe Müller

Board of Directors

Jeppe Müller

Preben Edvard Kønig

Thomas Henrik Dresler Petersen

Independent auditor's extended review report

To the shareholders of Precision Technic Defence A/S

Conclusion

We have performed an extended review of the financial statements of Precision Technic Defence A/S for the financial year 01.04.2021 - 31.03.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 commentary.

Aalborg, 28.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Management commentary

Primary activities

The company's most important activity is to develop and sell products to the defense industry - primarily the Danish Defense. Products includes clothing, protective equipment, electronics, vehicle and platform equipment, such as screens, navigation equipment and cameras. The company is an agency company and at the same time a system integrator.

In addition, a large part of the company's daily activity is to maintain the long-term frame contracts entered with the Defense Force and to win new contracts with the defense and public authorities in Denmark and within NATO.

In addition to that, the company provides service and training on the abovementioned equipment.

Development in activities and finances

The company has experienced a generally limited level of activity compared to previous years. This is primarily due to the COVID19 pandemic, which has led to major restrictions on the company's opportunities to complete its business. Furthermore, a purchase halt on a framework agreement for digital infrastructure for the Danish Armed Forces has led to deferred sales for this project. The company have not been able to reach the budget objective, mainly due to delays in order delivery. However, these deliveries are expected within the financial year of 2022/2023.

The final impact of the COVID19 pandemic is yet to be seen, but the company have experienced significant higher costs on materials, components and not least shipping.

Largest orders in the financial year

- Delivery of Tactical Gear pockets for the Danish Armed Forces on existing framework contract.
- Delivery of boots to the Danish Armed Forces on existing framework contract.
- Deliveries of Generic Soldier Architecture on existing framework agreements

Furthermore, the company has received a significant commission from TYR Tactical, LLC. on deliveries of ballistic vests and protective equipment for the Danish Armed Forces.

The annual report shows a profit before tax of DKK 7,820.719 against DKK 5,316,581 last year, which is considered satisfactory given the global marked situation. The equity ratio at the end of the year after disposition of the profit for the year amounts to DKK 21.918.901.

The implementation of the growth strategy was continued to the extent permitted by the situation. This has led to the hire of additional staff and the implementation of a new ISO certifications with the aim to ensure that the company is geared for the overall growth strategy.

The company sees an increasing growth potential with the new geo-political situation and the new political focus on re-building the defence forces. Furthermore, an increased need to offer various logistical support tasks is seen as part of product deliveries.

In the end of the financial year, the company was awarded a major contract for the Danish Defence Force. This contract will enable the company to implement plans to establish a new headquarter as well as new capabilities.

Corporate Social Responsibility

Precision Technic Defence A/S is a responsible company, which comply with all laws and regulations in the countries in which the company operates. The company is part of the Precision Technic Defence Group, and as such solemnly owned by Precision Global ApS.

Hence, the company comply with the Corporate strategies and policies regarding Code of Conduct as well as Corporate Social Responsibility.

The overall account for the annual actions and results on these matters can be found in the Corporate Annual Report. The company is TRACE certified, and as such comply with a practice on Anti Bribery and best practice.

Events after the balance sheet date

From the balance sheet date until today, no circumstances have arisen that upset the assessment of the annual report.

Income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss	1	14,545,590	12,403,381
Staff costs	2	(6,539,312)	(6,058,086)
Depreciation, amortisation and impairment losses		(245,703)	(191,028)
Operating profit/loss		7,760,575	6,154,267
Other financial income	3	559,383	191,508
Other financial expenses	4	(499,239)	(1,029,194)
Profit/loss before tax		7,820,719	5,316,581
Tax on profit/loss for the year	5	(1,707,661)	(991,252)
Profit/loss for the year		6,113,058	4,325,329
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	2,000,000
Retained earnings		6,113,058	2,325,329
Proposed distribution of profit and loss		6,113,058	4,325,329

Balance sheet at 31.03.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Development projects in progress	7	4,792,222	4,504,222
Intangible assets	6	4,792,222	4,504,222
Other fixtures and fittings, tools and equipment		97,078	176,716
Leasehold improvements		451,045	425,580
Property, plant and equipment	8	548,123	602,296
Fixed assets		5,340,345	5,106,518
Manufactured goods and goods for resale		1,764,126	1,677,970
Inventories		1,764,126	1,677,970
Trade receivables		14,379,845	3,974,026
Receivables from group enterprises		19,836,544	11,529,417
Other receivables		275,455	208,563
Income tax receivable		11,878	0
Prepayments		8,672,113	4,551,126
Receivables		43,175,835	20,263,132
Cash		2,173,573	1,564,629
Current assets		47,113,534	23,505,731
Assets		52,453,879	28,612,249

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		3,737,933	3,177,701
Retained earnings		17,680,968	12,128,142
Proposed dividend		0	2,000,000
Equity		21,918,901	17,805,843
Deferred tax		1,022,000	971,080
Provisions		1,022,000	971,080
Other payables		477,723	470,990
Non-current liabilities other than provisions	9	477,723	470,990
Current portion of non-current liabilities other than provisions	9	0	37,858
Bank loans		13,599,635	3,778,892
Prepayments received from customers		7,604,888	129,461
Trade payables		1,785,937	3,062,221
Payables to group enterprises		0	33,179
Payables to shareholders and management		173,438	173,438
Joint taxation contribution payable		1,668,619	902,339
Other payables		4,202,738	1,246,948
Current liabilities other than provisions		29,035,255	9,364,336
Liabilities other than provisions		29,512,978	9,835,326
Equity and liabilities		52,453,879	28,612,249
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	3,177,701	12,128,142	2,000,000	17,805,843
Ordinary dividend paid	0	0	0	(2,000,000)	(2,000,000)
Transfer to reserves	0	560,232	(560,232)	0	0
Profit/loss for the year	0	0	6,113,058	0	6,113,058
Equity end of year	500,000	3,737,933	17,680,968	0	21,918,901

Notes

1 Gross profit/loss

The company has received ordinary salary compensation, which amounts to 55 t.DKK in the year 2021/22.

2 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	5,627,955	5,430,219
Pension costs	777,830	720,536
Other social security costs	98,978	72,231
Other staff costs	322,549	105,100
	6,827,312	6,328,086
Staff costs classified as assets	(288,000)	(270,000)
	6,539,312	6,058,086
Average number of full-time employees	11	10

3 Other financial income

	2021/22 DKK	2020/21 DKK
Financial income from group enterprises	239,999	189,773
Exchange rate adjustments	319,384	1,735
	559,383	191,508

4 Other financial expenses

	2021/22 DKK	2020/21 DKK
Other interest expenses	186,389	103,790
Exchange rate adjustments	54,177	678,978
Other financial expenses	258,673	246,426
	499,239	1,029,194

5 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Current tax	1,656,741	902,339
Change in deferred tax	50,920	88,913
	1,707,661	991,252

6 Intangible assets

	Development projects in progress DKK
Cost beginning of year	4,504,222
Additions	288,000
Cost end of year	4,792,222
Carrying amount end of year	4,792,222

7 Development projects

The development projects are expected to be completed in the financial year of 2022/2023. There are indications of future positive cash flows from the development projects which exceeds the capitalized development costs on the balance sheet date.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	333,587	787,794
Additions	0	191,530
Cost end of year	333,587	979,324
Depreciation and impairment losses beginning of year	(156,871)	(362,214)
Depreciation for the year	(79,638)	(166,065)
Depreciation and impairment losses end of year	(236,509)	(528,279)
Carrying amount end of year	97,078	451,045

9 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due after more than 12 months 2021/22 DKK	Outstanding after 5 years 2021/22 DKK
Other payables	37,858	477,723	413,876
	37,858	477,723	413,876

10 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	788,534	1,116,427

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Precision Global ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of nominal DKK 5.000 t.kr. on trade receivables, inventories, tools and equipment and intangible rights.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling

the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.