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Exruptive A/S

Højnæsvej 75, DK-2610 Rødovre

Annual Report for 1 January - 31 December 2023

CVR No 35 63 02 87

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 19 July 2024

DocuSigned by:

Peter Schreder Jensen

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Peter Schreder Jensen
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Exruptive A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Rødovre, 11 July 2023

Executive Board

Søren Kofoed Ibsen
Managing Director

Board of Directors

DocuSigned by:
Peter Scheuer Jensen
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Peter Scheuer Jensen
Chairman

Signed by:
Morten Pankoke
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Morten Pankoke

DocuSigned by:
Jens Krogh
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Jens Sehested Krogh

DocuSigned by:
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Jonas Riddersholm Bargum

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Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Exruptive A/S

Adverse Opinion

We have audited the financial statements of Exruptive A/S for the financial year January 1 - December 31, 2023, which comprise the income statement, balance sheet, and notes, including the applied accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, due to the significance of the matter described in the section "Basis for Adverse Opinion," the financial statements do not provide a true and fair view of the company's assets, liabilities, and financial position as of December 31, 2023, or of the results of the company's operations for the financial year January 1 - December 31, 2023, in accordance with the Danish Financial Statements Act.

Basis for Adverse Opinion

The financial statements are prepared on a going concern basis. As disclosed in Note 1, the company's continued operation is contingent on obtaining additional financing in the form of equity or an extension and maintenance of its current credit facilities in line with its financing needs. The company's management has been in negotiations with various lenders and investors. These negotiations are still ongoing, and there are several positive indications regarding the provision of liquidity, with several agreements already signed. However, these agreements have not yet been executed, and there is still uncertainty about the timing and actual implementation of these agreements. Therefore, we do not have sufficient documentation to confirm that the necessary liquidity to ensure the company's continued operation will be provided.

Consequently, we have qualifications about the financial statements being prepared on a going concern basis.

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's Responsibilities for the Audit of the Financial Statements" of our audit 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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Independent Auditor's Report

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that provide a true and fair view in accordance with the Danish Financial Statements Act. This responsibility includes designing, implementing, and maintaining internal control relevant to 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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- 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Commentary

Management is responsible for the management commentary.

Our opinion 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 audit of the financial statements, it is our responsibility to read the management commentary and consider whether it is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to contain material misstatement.

Our responsibility also includes considering whether the management commentary includes the required information in accordance with the Danish Financial Statements Act.

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Independent Auditor's Report

As outlined in the section "Basis for Adverse Opinion," our opinion on the financial statements is modified due to the financial statements being prepared on a going concern basis, while negotiations with lenders and investors have not yet resulted in the necessary liquidity provision to ensure the company's continued operation. For the same reason, we have concluded that we do not agree with the information in the management commentary regarding amounts and other elements affected by the fact that the financial statements have been prepared on a going concern basis.

Copenhagen, July 11, 2024

CHRISTENSEN KJÆRULFF
INCORPORATED STATE AUTHORISED PUBLIC ACCOUNTANTS
CVR-nr. 15 91 56 41

Anders Ingemann Hansen
State Authorised Public Accountant
mne32726

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Company Information

The Company	Exruptive A/S Højnæsvej 75 DK-2610 Rødovre CVR No: 35 63 02 87 Financial period: 1 January - 31 December Municipality of reg. office: Rødovre
Board of Directors	Peter Scheuer Jensen, Chairman Morten Pankoke Jens Sehested Krogh Jonas Riddersholm Bargum
Executive Board	Søren Kofoed Ibsen
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 DK-2100 København Ø

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Management's Review

Key activities

Exruptive A/S' principal activities are development, manufacturing, marketing and the sale of intelligent security solutions, etc. for the optimization of security handling at airports, etc. and related business.

The Company is a wholly owned subsidiary of the CPHI-Holding A/S group focused on high-efficiency luggage solutions from BBHS A/S, as well as innovative solutions within wayfinding, tracking and big data provided by IntelligentTrackSystems A/S.

Development in the year

The income statement of the Company for 2023 shows a loss of TDKK 76,465, and at 31 December 2023 the balance sheet of the Company shows negative equity of TDKK 186,257.

The result is somewhat lower than expected, mostly driven by delays from cash constraints.

Subsequent events

During 2023 and early 2024 the Group's financial and liquidity situation has been highly challenged. With regards to the 2022 Financial statements auditors expressed an adverse opinion to management's assessment of the Group as a Going Concern.
The Group's financial and liquidity position is challenged, and the future operation is significantly dependent on Management's ability to raise new funds in the form of equity or debt. Management has prepared budgets for the Group covering the period from the date of approval of these Financial Statements until 31 December 2024 showing an expected cash outflow from operations of DKK 45 - 55 million regarding CPHI's operations, including the subsidiaries' activities where CPHI-Holding A/S will finance operating and development costs as well as construction obligations in each of the three subsidiaries BBHS A/S, Exruptive A/S and IntelligentTrackSystems A/S.

At the date of approval of these Financial Statements, the Group's liquidity amounted to DKK 8 million. Total debt maturing during the remaining part of 2024 amounts to DKK 275 (Ca 40 mio wc + ca 235 mio Vinga) million, which in combination with the expected cash outflows from operations results in a total liquidity and financing requirement of approximately DKK 320 million until 31 December 2024. In addition, convertible loans of DKK 43 million mature in 2025, however subordinated to CPHI-Holding A/S' senior secured bonds maturing in the second half of 2024.

CPHI has mandated Vinga Corporate Finance AB to refinance to DKK 235 million before related costs to obtain the financing facilities. The cost for obtaining the financing activities amounts to between 10% and 15% of the raised capital. Management expects the approval to be obtained in Q3 2024.
Company's stakeholders and external investors have made binding financing equity and/or debt commitments, which can be used if required for CPHI to continue as a going concern. The company expect sufficient cash inflow from both equity investments and from project financing in order to continue the business.

In addition, Management is exploring the opportunities of refinancing existing loans maturing during 2024 and 2025 as well as exploring the opportunities of other financing resources.

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

The company found that some VAT errors on intercompany Interest allocations also in 2022. The company has taken measures to correct these errors both in the comapny and in CPHI and balance sheet effects are recognised for both 2022 and 2023. Net Profit and loss Effect – also across the Group - is zero (0,-). We refer to the section about material misstatements.

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

Unusual circumstances

The adverse qualification of the Financials Statements 2022 did challenge stakeholders and investors appetite for additional investing in CPHI Group and BBHS during 2023 also going into 2024. This adversely and directly affected the Groups ability to meet the interest payment on bonds.

However, the company has secured legally binding agreement of Capital Injections, for final closing in July 2024. Based on past learnings the company assess that the cash inflow will start late July or early August, which will be after the adoption of the financial statements. Further, the Company now continues to make massive effort to provide sufficient funds to reduce risks of future cash constraints and pause of momentum.

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Income Statement 1 January - 31 December

	Note	2023 TDKK	2022 TDKK
Revenue		**0**	**7**
Cost of sales	3	-17.258	-5.501
Gross profit/loss		**-17.258**	**-5.494**
Distribution expenses		-53	-157
Development expenditure		-4.285	-8.501
Administrative expenses	3	-16.170	-12.568
Operating profit/loss		**-37.766**	**-26.720**
Other operating income		773	6.087
Profit/loss before financial income and expenses		**-36.993**	**-20.633**
Financial income		37	31
Financial expenses	4	-39.507	-30.470
Profit/loss before tax		**-76.463**	**-51.072**
Tax on profit/loss for the year	5	0	0
Net profit/loss for the year		**-76.463**	**-51.072**

Distribution of profit

Proposed distribution of profit

Retained earnings	-76.463	-51.072
	-76.463	**-51.072**

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Balance Sheet 31 December

Assets

	Note	2023 TDKK	2022 TDKK
Other receivables		0	465
Receivables		**0**	**465**
Cash at bank and in hand		**1**	**1.519**
Currents assets		**1**	**1.984**
Assets		**1**	**1.984**

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Balance Sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1.069	1.069
Retained earnings		-187.325	-110.862
Equity		**-186.256**	**-109.793**
Other payables		201	201
Long-term debt		**201**	**201**
Trade payables		8.197	1.724
Payables to group enterprises		174.810	106.036
Other payables		3.049	3.816
Short-term debt		**186.056**	**111.576**
Debt		**186.257**	**111.776**
Liabilities and equity		**1**	**1.984**

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Contingent assets, liabilities and other financial obligations	6
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
2022			
Equity at 1 January	1.069	-59.790	-58.721
Net profit/loss for the year	0	-51.072	-51.072
Equity at 31 December	**1.069**	**-110.862**	**-109.793**
2023			
Equity at 1 January	1.069	-110.862	-109.793
Net profit/loss for the year	0	-76.463	-76.463
Equity at 31 December	**1.069**	**-187.325**	**-186.256**

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Notes to the Financial Statements

1 Going concern

The Group's financial and liquidity position is challenged, and the future operation is significantly dependent on Management's ability to raise new funds in the form of equity or debt. Management has prepared budgets for the Group covering the period from the date of approval of these Financial Statements until 31 December 2024 showing an expected cash outflow from operations of DKK 45 - 55 million regarding CPHI's operations, including the subsidiaries' activities where CPHI-Holding A/S will finance operating and development costs as well as construction obligations in each of the three subsidiaries BBHS A/S, Exruptive A/S and IntelligentTrackSystems A/S.

At the date of approval of these Financial Statements, the Group's liquidity amounted to DKK 8 million. Total debt maturing during the remaining part of 2024 amounts to about DKK 275 million, which in combination with the expected cash outflows from operations results in a total liquidity and financing requirement of approximately DKK 320 million until 31 December 2024. In addition, convertible loans of DKK 43 million mature in 2025, however subordinated to CPHI-Holding A/S' senior secured bonds maturing in the second half of 2024.

CPHI has mandated Vinga Corporate Finance AB to refinance to DKK 235 million before related costs to obtain the financing facilities. The cost for obtaining the financing activities amounts to between 10% and 15% of the raised capital. Management expects the approval to be obtained in Q3 2024.

Company's stakeholders and external investors have made binding financing equity and/or debt commitments, which can be used if required for CPHI to continue as a going concern. The company expect sufficient cash inflow from both equity investments and from project financing in order to continue the business.

In addition, Management is exploring the opportunities of refinancing existing loans maturing during 2024 and 2025 as well as exploring the opportunities of other financing resources.

Consequently, Management has considered the Group's cash flow, liquidity, and financial position in general, together with factors likely to affect the development and performance. On this basis, Management has concluded to prepare these Financial Statements under assumption of going concern.

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

However, as the financing of the Group's required liquidity is not concluded as of the date of approval of these Financial Statements, material uncertainty exists that may cast significant doubt on CPHI's ability to continue as a going concern

2 Uncertainty in recognition and measurement

The company has not recognised any significant assets other than cash, hence no significant uncertainty related to recoverable amounts.

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Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
3 Staff		
Wages and Salaries	5.384	5.216
Pensions	773	748
Other social security expenses	25	27
Other staff expenses	430	172
	6.612	**6.163**
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Cost of sales	4.031	5.107
Administrative expenses	1.590	255
R&D	991	801
	6.612	**6.163**
Average number of employees	**10**	**13**

4 Financial expenses		
Interest paid to group enterprises	39.497	30.362
Other financial expenses	10	108
	39.507	**30.470**

5 Tax on profit/loss for the year		
Current tax for the year	0	0
	0	**0**

Current tax for the year relates to the Danish Tax Credit Scheme.

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Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

For bonds, Intertrust AB has security in Company assets representing a nominal value of TDKK 1,984.

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

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

With CPHI-Holding A/S, company reg. no 21 74 54 48 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

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Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Exruptive A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2023 are presented in TDKK.

Correction of material misstatements in previous year

In connection with preparation of the Annual Report for 2023, Management has identified a material misstatement in the Annual Report for 2022.
The misstatement relates to Errors in Group Internal Invoices including VAT on Financing activities. Correction has no effect on the profit and loss for 2022 nor the recognized Equity as per 31 December 2022. However, a transfer from Intercompany liabilities of TDKK 6,515 to VAT liability has been recognized in the Balance sheet as per December 2022.

Changes in accounting policies

Changes in accounting policies is described under description of "Other Income" to which we refer.

Apart from above no other changes were made.

Recognition and measurement

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

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

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

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

Translation policies

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between

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Notes to the Financial Statements

the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Income Statement

Revenue

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

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

Cost of sales

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

Distribution expenses

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

Development expenditure

Development expenditure research and development costs.

Administrative expenses

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

Other operating income and expenses

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

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Notes to the Financial Statements

7 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on profit/loss for the year

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

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

Balance Sheet

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Receivables

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

Deferred tax assets and liabilities

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises”

According to the rules of joint taxation, BBHS A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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7 Accounting Policies (continued)

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Current tax receivables and liabilities

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

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Notes to the Financial Statements

7 Accounting Policies (continued)

Financial liabilities

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

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.