



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 237 788
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SURVITEC GROUP NORWAY AS
Forretningsadresse:	Gangstøvikvegen 66 6009 ÅLESUND

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
-------------------------	-------------------------

Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Pricewaterhousecoopers AS
Dato for fastsettelse av årsregnskapet:	20.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	6	159 942	191 276
Sum kostnader		159 942	191 276
Driftsresultat		-159 942	-191 276
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	5	23 517 654	31 683 080
Other financial income		21 201 980	523 819
Sum finansinntekter		44 719 634	32 206 899
Rentekostnad til foretak i samme konsern	5	62 136 969	67 807 348
Other financial expenses		21 669 410	520 136
Sum finanskostnader		83 806 378	68 327 484
Netto finans		-39 086 744	-36 120 585
Ordinært resultat før skattekostnad		-39 246 686	-36 311 861
Tax on ordinary result	7		
Ordinært resultat etter skattekostnad		-39 246 686	-36 311 861
Årsresultat	2	-39 246 686	-36 311 861
Årsresultat etter minoritetsinteresser		-39 246 686	-36 311 861
Totalresultat		-39 246 686	-36 311 861
Overføringer og disponeringer			
To uncovered loss		-39 246 686	-36 311 861
Sum overføringer og disponeringer		-39 246 686	-36 311 861



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7		
Finansielle anleggsmidler			
Lån til foretak i samme konsern	5		474 281 056
Investments in shares	4		
Sum finansielle anleggsmidler			474 281 056
Sum anleggsmidler		0	474 281 056
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables	5	771 422 870	22 933 886
Sum fordringer		771 422 870	22 933 886
Investeringer			
Aksjer og andeler i foretak i samme konsern	4		
Markedsbaserte aksjer	4		
Marketable bonds	4		
Sum omløpsmidler		771 422 870	22 933 886
SUM EIENDELER		771 422 870	497 214 942
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	2, 3	7 504 750	7 504 750
Overkurs	2, 3	431 324 239	431 324 239
Sum innskutt egenkapital		438 828 989	438 828 989



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Udekket tap	2	1 216 766 167	1 177 519 481
Sum opptjent egenkapital		-1 216 766 167	-1 177 519 481
Sum egenkapital		-777 937 178	-738 690 492
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7		
Annen langsiktig gjeld			
Other long term liabilities	5	5 910 400	1 108 780 455
Sum annen langsiktig gjeld		5 910 400	1 108 780 455
Sum langsiktig gjeld		5 910 400	1 108 780 455
Kortsiktig gjeld			
Leverandørgjeld		74 220	
Tax payable	7		
Other current debt	5	1 543 375 428	127 124 978
Sum kortsiktig gjeld		1 543 449 648	127 124 978
Sum gjeld		1 549 360 048	1 235 905 433
SUM EGENKAPITAL OG GJELD		771 422 870	497 214 942



Annual Report 2020
Survitec Group Norway AS

Income statement
Balance sheet
Cash flow statement
Notes to the Accounts

Org.no.: 912 237 788



Income statement Survitec Group Norway AS

	Note	2020	2019
Operating expenses			
Other operating expenses	6	159 942	191 276
Total operating expenses		159 942	191 276
Operating result		-159 942	-191 276
Financial income and expenses			
Interest income from group companies	5	23 517 654	31 683 080
Other financial income		21 201 980	523 819
Interest expense to group companies	5	62 136 969	67 807 348
Other financial expenses		21 669 410	520 136
Net financial items		-39 086 744	-36 120 585
Operating result before tax		-39 246 686	-36 311 861
Ordinary result after tax		-39 246 686	-36 311 861
Annual net profit	2	-39 246 686	-36 311 861
Brought forward			
To uncovered loss		39 246 686	36 311 861
Net brought forward		-39 246 686	-36 311 861



Balance sheet
Survitec Group Norway AS

Assets	Note	2020	2019
Non-current assets			
Financial fixed assets			
Loan to group companies	5	0	474 281 056
Total financial fixed assets		0	474 281 056
Total non-current assets		0	474 281 056
Current assets			
Debtors			
Other short-term receivables	5	771 422 870	22 933 886
Total receivables		771 422 870	22 933 886
Total assets		771 422 870	497 214 942



Balance sheet Survitec Group Norway AS

Equity and liabilities	Note	2020	2019
Restricted equity			
Share capital	2, 3	7 504 750	7 504 750
Share premium reserve	2, 3	<u>431 324 239</u>	<u>431 324 239</u>
Total restricted equity		438 828 989	438 828 989
Retained earnings			
Uncovered loss	2	<u>-1 216 766 167</u>	<u>-1 177 519 481</u>
Total retained earnings		-1 216 766 167	-1 177 519 481
Total equity		-777 937 178	-738 690 492
Liabilities			
Other long-term liabilities			
Other long term liabilities	5	<u>5 910 400</u>	<u>1 108 780 455</u>
Total of other long term liabilities		5 910 400	1 108 780 455
Current debt			
Trade creditors		74 220	0
Other current debt	5	<u>1 543 375 428</u>	<u>127 124 978</u>
Total current debt		1 543 449 648	127 124 978
Total liabilities		1 549 360 048	1 235 905 433
Total equity and liabilities		771 422 870	497 214 942

Birkenhead/Ålesund, 09.06.2021
The board of Survitec Group Norway AS

Jan Eskil Hollen
chairman of the board

Suketu Kishor Devani
member of the board

Johan Alfons Maria Denis
member of the board



Indirect cash flow Survitec Group Norway AS

	Note	2020	2019
Cash flows from operating activities			
Profit/loss before tax		-39 246 686	-36 311 861
Net financial income and expenses		39 086 744	36 120 585
Change in accounts payable		74 220	0
Change in other accrual items		-15 095 359	-7 965 137
Net cash flows from operating activities		-15 181 081	-8 156 413
Cash flows from investment activities			
Payment of loans (current/non-current)		-259 112 570	-22 962 706
Net cash flows from investment activities		-259 112 570	-22 962 706
Cash flows from financing activities			
Net financial items		-39 086 744	-36 120 585
Payment loan Group companies		313 380 395	67 239 704
Net cash flows from financing activities		274 293 651	31 119 119
Net change in cash and cash equivalents		0	0
Cash and cash equivalents at the start of the period		0	0
Cash and cash equivalents at the end of the period		0	0



Note 1 Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and generally accepted accounting principles in Norway.

Consolidation

The company is consolidated by Survitec Group Ltd. Consolidated accounts can be received by contacting the company's offices.

Use of estimates

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Receivables

Receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.



Note 2 Equity capital

	Share capital	Share premium	Uncovered loss	Total
01.01.	7 504 750	431 324 239	-1 177 519 481	-738 690 492
Result for the year			-39 246 686	-39 246 686
31.12.	7 504 750	431 324 239	-1 216 766 167	-777 937 178

Note 3 Share capital

The share capital in Survitec Group Norway AS as at 31.12 consists of the following share classes:

	Number	Par value	Posted
Ordinary shares	68 225 000	0,11	7 504 750

Survitec Group Ltd owns 100% of the shares. All shares carry equal rights.

Survitec Group Norway AS is included in the group financial statements of Survitec Group Limited, located in Birkenhead, UK. The group financial statements can be found at www.survitecgroup.com.

Note 4 Shares in subsidiaries

Subsidiaries	Office	Ownership/ Voting rights	Equity as of 31.12	Result 2020	Booked value
Survitec Norway AS	Ålesund	100 %	-6 059 370	1 852 662	0
Survitec Sweden AB*)	Gøteborg	100 %	2 981 312	579 487	0
SFS Norway AS*)	Oslo	100 %	92 181 000	66 522 000	0
SSS Norway*)	Oslo	100 %	1 153 000	-53 924 000	0
Total	0		90 255 942	15 030 149	0

* The figures are for fiscal year 2019, as the financial statements for 2020 have not been completed at the time of the annual accounts of Survitec Group Norway AS is determined.



Note 5 Intercompany balances

	31/12/2020	31/12/2019
Other long-term receivables		
Loan to subsidiaries	0	474 281 056
Other short-term receivables		
Loan to subsidiaries	771 422 870	22 933 886
Other long-term liabilities		
Loan from group companies	-5 910 400	-1 108 780 455
Other short-term liabilities		
Loan from group companies	-1 543 375 428	-126 985 929
Interest expense		
Interests to Survitec Group Ltd	60 434 154	65 283 993
Interests to SFS Norway AS	1 702 814	2 523 355
	62 136 969	67 807 348
Interest income		
Interests from Survitec Sweden AB	-81 224	-65 679
Interests from Survitec Norway AS	-1 392 070	-1 655 837
Interests from SSS Norway AS	-22 044 360	-29 961 563
	-23 517 654	-31 683 080

Note 6 Employee benefits

The company has no employees and is therefore not subject to the mandatory occupational pension act.

No remuneration has been paid to the Board in 2020.

Auditor

Remuneration to the auditor for 2020 is 73 222 for statutory audit. VAT is included.



Note 7 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Ordinary profit/loss before tax	-39 246 686	-36 311 861
Permanent differences	11 720	3 450
Cut interest deduction	38 619 314	36 124 268
Allocation of loss to be brought forward	615 652	184 143
Taxable income	0	0
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2020	2019	Difference
Accumulated loss to be brought forward	-2 772 078	-2 156 426	615 652
Cut interest deduction	-150 537 186	-111 917 872	38 619 314
Not included in the deferred tax calculation	153 309 265	114 074 298	-39 234 967
Deferred tax assets (22 %)	0	0	0

Deferred tax not included in the balance sheet.



Note 8 Going concern and Covid-19

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below. The Group and the Company have a net liability position as at 31 December 2020 (31 December 2019: net liability position).

As of 28 August 2020, the Group successfully completed all aspects of its negotiated restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated with a new money facility amounting to £75,000,000 (the "New Money Facility") which was made available to the Survitec Group by the Lenders of which £35,000,000 was drawn, completing the first phase of the implementation of the Restructuring. The remaining £40,000,000 facility was not drawn and expired on 28 February 2021.

The Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned newco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, the Group) on 28 August 2020.

The COVID-19 pandemic had been an evolving situation throughout 2020 and into 2021. Through the revision and rephrasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on the markets in which it operates and thus, at 31 December 2020, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to go forward.

In March 2021, the Group successfully completed a refinancing of its existing debt. The total amount borrowed was £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to support the Group's transformation programmes and mergers and acquisition strategy.

In reviewing the appropriateness of the Going Concern assumption, Management has prepared forecasts covering the 15 month period to 30 June 2022 ("the Going Concern period"). These forecasts include the impact of the refinancing in March 2021, the planned acquisition of Hansen Protection ASA in April 2021 and the continued COVID-19 impact. The forecasts demonstrate that the Group is expected to generate profits and cash during the Going Concern period and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due over a period of at least 12 months from the date of signing of these financial statements. The forecast improvements are driven by the underlying strength of the business, with resulting EBITDA projected to increase as a result of increased sales, reduced overheads and a reduction in restructuring costs.

The forecasts have been further sensitised to reflect severe but plausible downside scenarios. The forecasts indicate minimum headroom on the Group's new facilities through to 30 June 2022 of £6,300,000. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, mitigations would be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors.

Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until 2022/23, the Group continues to deliver wide ranging transformational programmes to drive profitability improvements ahead of future revenue growth by developing a single scalable, efficient, operating model.

Having given consideration to the matters outlined above, the Directors confirm that they have a reasonable expectation that the Group and as such Survitec Group AS have sufficient liquidity to continue as a going-concern, and to successfully implement the business plan prepared by the management team, over a period of at least twelve months from the date of signing of these financial statements.

Survitec Group Norway AS is dependent upon the backing of Survitec Group Limited (SGL) funding. SGL has confirmed in writing its intention to provide financial support for the continuing operations of Survitec Group Norway AS so as to meet its liabilities as they fall due and carry on its business without significant curtailment of operations in twelve months from the date of signing of the audit report for the year ended 31 December 2020.



Note 9 Subsequent events

On 5 May 2021, Survitec Group Norway AS acquired 100% of the share capital of Hansen Protection ASA. An investment in subsidiaries of NOK 246,403,969 has arisen as a result of this purchase of shares which will be reflected within the statutory financial statements for the year ending 31 December 2021 and is a non-adjusting event within these financial statements.



Balance sheet
Survitec Group Norway AS

Equity and liabilities	Note	2020	2019
Restricted equity			
Share capital	2, 3	7 504 750	7 504 750
Share premium reserve	2, 3	431 324 239	431 324 239
Total restricted equity		438 828 989	438 828 989
Retained earnings			
Uncovered loss	2	-1 216 766 167	-1 177 519 481
Total retained earnings		-1 216 766 167	-1 177 519 481
Total equity		-777 937 178	-738 690 492
Liabilities			
Other long-term liabilities			
Other long term liabilities	5	5 910 400	1 108 780 455
Total of other long term liabilities		5 910 400	1 108 780 455
Current debt			
Trade creditors		74 220	0
Other current debt	5	1 543 375 428	127 124 978
Total current debt		1 543 449 648	127 124 978
Total liabilities		1 549 360 048	1 235 905 433
Total equity and liabilities		771 422 870	497 214 942

Birkenhead/Ålesund, 09.06.2021
The board of Survitec Group Norway AS

Jan Eskil Hollen
chairman of the board

Suketu Kishor Devani
member of the board

Johan Alfons Maria Denis
member of the board



Balance sheet
Survitec Group Norway AS

Assets	Note	2020	2019
Non-current assets			
Financial fixed assets			
Loan to group companies	5	<u>0</u>	<u>474 281 056</u>
Total financial fixed assets		<u>0</u>	<u>474 281 056</u>
Total non-current assets		<u>0</u>	<u>474 281 056</u>
Current assets			
Debtors			
Other short-term receivables	5	<u>771 422 870</u>	<u>22 933 886</u>
Total receivables		<u>771 422 870</u>	<u>22 933 886</u>
Total assets		<u>771 422 870</u>	<u>497 214 942</u>



Survitec Group Norway AS

Org. nr. 912 237 788

Annual Report 2020

The nature and location of the business.

The company was founded on 4 July 2013. The company is a holding company with 100% ownership in the companies Survitec Norway AS and Survitec Sweden AB, Survitec Safety Solutions Norway AS and Survitec Fire Solutions Norway AS. The company is part of the Survitec group with headquarters in the UK. As a subgroup, Survitec Group Norway AS does not prepare consolidated financial statements. The consolidated financial statements are prepared and reported in the UK.

Going concerns

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below. The Group and the Company have a net liability position as at 31 December 2020 (31 December 2019: net liability position).

As of 28 August 2020, the Group successfully completed all aspects of its negotiated restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated with a new money facility amounting to £75,000,000 (the "New Money Facility") which was made available to the Survitec Group by the Lenders of which £35,000,000 was drawn, completing the first phase of the implementation of the Restructuring. The remaining £40,000,000 facility was not drawn and expired on 28 February 2021. The Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned newco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, the Group) on 28 August 2020.

The COVID-19 pandemic had been an evolving situation throughout 2020 and into 2021. Through the revision and rephrasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on the markets in which it operates and thus, at 31 December 2020, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to going forward.

In March 2021, the Group successfully completed a refinancing of its existing debt. The total amount borrowed was £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to support the Group's transformation programmes and mergers and acquisition strategy.

In reviewing the appropriateness of the Going Concern assumption, Management has prepared forecasts covering the 15-month period to 30 June 2022 ("the Going Concern period"). These forecasts include the impact of the refinancing in March 2021, the planned acquisition of Hansen Protection ASA in April 2021 and the continued COVID-19 impact. The forecasts demonstrate that the Group is expected to generate profits and cash during the Going Concern period and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due over a period of at least 12 months from the date of signing of these financial statements. The forecast improvements are driven by the underlying strength of the business, with resulting EBITDA projected to increase as a result of increased sales, reduced overheads and a reduction in restructuring costs.

The forecasts have been further sensitized to reflect severe but plausible downside scenarios. The forecasts indicate minimum headroom on the Group's new facilities through to 30 June 2022 of £6,300,000. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, mitigations would be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors.

Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until 2022/23, the Group continues to deliver wide ranging transformational programmed to drive profitability improvements ahead of future revenue growth by developing a single scalable, efficient,



operating model.

Having given consideration to the matters outlined above, the Directors confirm that they have a reasonable expectation that the Group and as such Survitec Group AS have sufficient liquidity to continue as a going-concern, and to successfully implement the business plan prepared by the management team, over a period of at least twelve months from the date of signing of these financial statements.

Survitec Group Norway AS is dependent upon the backing of Survitec Group Limited (SGL) funding. SGL has confirmed in writing its intention to provide financial Support for the continuing operations of Survitec Group Norway AS so as to meet its liabilities as they fall due and carry on its business without significant curtailment of operations in twelve months from the date of signing of the audit report for the year ended 31 December 2020.

Statement of the annual accounts

The annual accounts for 2020 are for the period 1 January to 31 December 2020 ("calendars"). As a holding company in a group, the company has limited costs in addition to interest costs. The company has no turnover either in 2020, 2019 or in 2018. Annual results for 2020 show a loss of 39,2 million NOK compared with a loss of NOK 36.3 million for the previous year. The company's income consists of interest on loans to the subsidiary in Norway and Sweden. Interest expenses are long-term expenses incurred by the parent company in the UK.

Financial risk

Financial assets and liabilities, which consist of loan and receivables from companies in the same group, are exposed to risk and opportunities for interest rate and exchange rate changes. However, the majority of the loans are set off against receivables, so that any effects are reduced.

Market risk

The company has investments in subsidiaries that trade. They operate in competitive markets, which is an ongoing risk for the subsidiaries and could lead to a loss of sales to their competitors. The subsidiaries manage the risk by offering customers a high standard of service, investing in new products, responding quickly to customers' needs and maintaining strong relationships with them. The markets in which the subsidiaries operate respond to global and industry-specific trends, such as defense spending, global oil prices and regulatory requirements. The subsidiaries respond to such risks through a combination of new product development, a broadly highly regulated product and a geographical portfolio and management of the cost base. Most of the subsidiaries' products are of a safety-critical nature, where performance may be necessary in hazardous conditions. The company invests in design and development, quality controls and standards to ensure that the products meet all regulatory requirements and performs reliably when necessary.

Liquidity risk

There is a liquidity risk related to the subsidiaries' ability to service debt to Survitec Group Norway AS and Survitec Group Norway AS's ability to service debt to its parent company Survitec Group Ltd. However, Survitec Group Ltd will not require Survitec Group Norway AS to service this debt, initially for a period of 12 months from 9 June 2021.

Work environment and staff

The company has no employees and is thus not involved in research and development activities.



Birkenhead/ Ålesund

Jan Eskil Hollen
Chairman of the Board
Director / General Manager

Johan Denis
Director

Suketu Kishor Devani
CEO Marine



To the General Meeting of Survitec Group Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Survitec Group Norway AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*PricewaterhouseCoopers AS, Langelandsvegen 35, NO-6010 Ålesund
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Survitec Group Norway AS



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - Survitec Group Norway AS



Ålesund, 9 June 2021
PricewaterhouseCoopers AS

Kai Arne Halvorsen
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Halvorsen, Kai Arne	BANKID_MOBILE	2021-06-16 14:19

This document package contains:

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.



Skatteetaten

Vår dato
22.04.2020

Din/Deres dato
25.03.2020

Saksbehandler
Vibeke Horne

800 80 000
Skatteetaten.no

Din/Deres referanse
AR366275666

Telefon
32212250

Org.nr
974761076

Vår referanse
2020/5301316

Postadresse
Postboks 9200 Grønland
0134 OSLO

SURVITEC GROUP NORWAY AS
Gangstøvikvegen 66
6009 ÅLESUND

Att. Monica Ulstein

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Survitec Group Norway AS, org.nr. 912 237 788

Vi viser til deres brev mottatt 25.mars 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Survitec Group Norway AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Survitec Group Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Survitec Group Norway AS er eid av et utenlandsk selskap og inngår i et internasjonalt konsern. Selskapets virksomhet består av å investere i og eie aksjer, finansielle instrumenter og andeler i andre selskaper, samt annen virksomhet som står i naturlig forbindelse med dette. Selskapet opererer i en internasjonal bransje. Ledelsen i selskapet er utenlandsk og kommunikasjonen i konsernet skjer på engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,



f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad.

I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er eid av et utenlandsk selskap som inngår i et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Registration number: 00905173

Survitec Group Limited

Annual Report and Financial Statements

for the year ended 31 December 2020





Survitec Group Limited

Contents

	Page(s)
Company Information	1
Strategic Report	2 to 6
Directors' Report	7 to 11
Statement of Directors' Responsibilities in respect of the financial statements	12
Independent Auditors' Report to the Members of Survitec Group Limited	13 to 16
Income Statement	17
Statement of Comprehensive Income	18
Statement of Financial Position	19 to 20
Statement of Changes in Equity	21
Notes to the Financial Statements	22 to 75



Survitec Group Limited

Company Information

Directors	S K Devani R C A Leclercq R M Krisanda M B V Whittaker
Company secretary	J Henley-Price
Registered office	The Aspect, Fourth Floor 12 Finsbury Square London England EC2A 1AS
Solicitors	Latham & Watkins 99 Bishopsgate London EC2M 3XF
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH



Survitec Group Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic report for the year ended 31 December 2020.

The Vision for the Company is aligned to that of Survitec Acquisition Company Limited ('the Group'). The Vision is "To be the world's most trusted company for critical safety and survival solutions" and our Purpose is "We exist to save lives".

The Group Strategy is to:

Build sales and commercial capabilities to create long term customer partnerships, based on value;
Generate organic growth through innovative products and services, digital platforms and geographical expansion;
Defend and extend leading positions to increase installed base of product and to grow aftermarket activity;
Foster employee engagement through training, development and performance management, driving cultural change;
Deliver operational excellence at the right cost through creation of scalable platforms; and
Identify, execute and integrate strategic M&A

Survitec Group Limited is committed to helping the Group deliver on its strategy.

Section 172(1) statement

Directors' Duties

Please see the strategic report in Survitec Acquisition Company Limited (the parent company of the Company) for details on Directors' Duties.

Streamlined Energy and Carbon Reporting

Please refer to the Directors' Report in Survitec Acquisition Company Limited for detail on the Streamlined energy & carbon reporting (SECR) policy of the Group, of which the Company is a member.

Fair review of the business

The principal activities of Survitec Group Limited (also referred to as the 'Company') are the design, manufacture and servicing of marine life saving equipment, specialised submarine escape equipment, anti-G suits and a range of immersion, abandonment and transportation suits for the shipping, defence and aerospace industries. The Company also acts as the head office and treasury function for the Survitec Group.

The Company continues to invest in design and developments, which has resulted in a number of updates to the Company's existing products. The directors regard such investment as necessary for the continued success in the medium to long term future of the business.



Survitec Group Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The trading results of the Company for the year show revenue for the year of £86,923,000 (31 December 2019: £82,377,000) and loss for the year of £30,307,000 (31 December 2019: loss of £124,184,000). The commensurate movement in the loss for the current year was principally a result of a reduction in impairment charges, with the impairment charge on intangible assets of £Nil (31 December 2019: £14,249,000), an impairment reversal on amounts owed by group undertakings of £61,324,000 (31 December 2019: impairment £39,860,000) and impairment of investment in subsidiary undertakings of £68,498,000 (31 December 2019: £34,733,000). The remaining improvement is as a result of increased turnover and reduced overheads as a result of the ongoing Group wide transformational programmes. Please refer to Note 3 for a summary of results of the annual impairment review.

During the year, management remained focused on resolving the operational challenges that impacted the business during the period, so that the business is well positioned to benefit from growth and efficiency improvements going forward in 2021 and beyond.

The key performance indicators for the Company are revenue, profit/(loss) before taxation and adjusted earnings before interest, tax, depreciation, impairment and amortisation (adjusted EBITDA). The Company's results show a loss before taxation for the year ended 31 December 2020 of £25,771,000 (31 December 2019: £130,126,000).

Fair review of the business (continued)

Adjusted EBITDA for the year ended 31 December 2020 is a loss of £5,934,000 (31 December 2019: loss of £18,267,000). Adjusted EBITDA for the year is calculated as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Operating loss	(16,386)	(110,233)
Add back: Depreciation and amortisation	3,278	3,124
Add back: Impairment of intangibles	-	14,249
Add back: Impairment of investment in subsidiary undertakings	68,498	34,733
(Deduct)/add back: (Reversal of impairment)/Impairment on amounts owed by group undertakings	(61,324)	39,860
Adjusted EBITDA	<u>(5,934)</u>	<u>(18,267)</u>

The results for the Company show that turnover for the year increased by £4,546,000, due to the restarted production of SEIE (Submarine Escape Immersion Equipment) as well as the launch of a new personal protection product line, offsetting the decline in the cruise industry due to COVID-19.

The Company's overheads have reduced as a result of the Group wide transformational programs aimed at driving profitability improvements ahead of future revenue growth.

The impact of the COVID-19 pandemic was partially mitigated by rapid responses by management to cost control, cash preservation measures and use of government programmes. The Company was also able to leverage its manufacturing capabilities during this time to diversify its operations to secure new business within the personal protection market.

The Company's Statement of Financial Position shows that the Company's Net Liabilities including the pension liability have increased from £317,296,000 at 31 December 2019 to £350,350,000 at 31 December 2020 as a result of the loss generated by the Company and losses within Other Comprehensive Income.



Survitec Group Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

We define a principal risk as a risk or combination of risks that would threaten the business model, future performance, solvency or liquidity of Survitec. In addition to these principal risks, we continue to be exposed to other risks related to strategy, quality, IT, health & safety, supply chain, compliance & legal, operations, change management and people. These risks are subject to our normal procedures to identify, implement and oversee appropriate mitigation actions, supported by internal audit work to provide assurance over the status of controls or mitigating actions.

Competitive Markets

The risk of losing customer sales due to competitor behaviour or market changes.

- Risk drivers: The markets in which the Group operates react to global and industry specific macro-economic trends, such as Government defence spending, global oil prices and regulatory requirements
- Impact: Increase in customer sales lost to competitors
- Mitigation: The Group manages this risk by providing a high standard of service to its customers, investing in new and existing products, responding quickly to customer requirements and maintaining strong relationships with them. The risk is additionally offset by a broad, highly regulated product, a geographical portfolio and management of the Group's cost base.

COVID-19

The risk that the COVID-19 pandemic impacts negatively on Survitec's ability to drive profitable operations in the medium to long term.

- Risk drivers: The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity.
- Impact: The pandemic has had a mixed impact on the Group's operations during 2020. Although certain industries in which the Group operates, specifically the cruise ship sector, have seen a decline in activity, other opportunities have been realised across the Group's diverse range of capabilities.
- Mitigation: We worked closely with our customers to manage the effects of the downturn in their respective markets and assist in a recovery. Although the Group has utilised government support during the crisis, employee safety and welfare have been Management's highest priority. To maintain a consistent and reliable manufacturing output, the Group has redefined its working patterns and formed workforce "bubbles" to support the changing needs of its people. Please refer to the Going Concern statement within the Directors Report for further details.



Survitec Group Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

Brexit - The United Kingdom's exit from the European Union

In June 2016, the United Kingdom (UK) voted to withdraw from the European Union (EU). On 31st January 2020 the UK left the EU and entered into a transitional period. During this period the UK remained within the EU's single market and customs union. The UK continued to follow the EU's rules and its trading relationship with the EU remained unchanged. The transition period ended on 31st December 2020.

The transition period and other aspects of the UK's departure from the EU were agreed in the Withdrawal Agreement. This agreement provided for trade on World Trade Organisation (WTO) terms at the end of the transition period, in the absence of a trade agreement, and for N. Ireland to remain within the EU single market for goods beyond the end of the transition period.

The UK and EU signed a Trade and Cooperation Agreement (TCA) on 30th December 2020. This agreement broadly provided for a zero tariff, zero quota arrangement for goods produced in the UK and the EU. For Survitec's businesses based in Northern Ireland, Great Britain and the EU the TCA and Northern Ireland Protocol has meant goods originating in the UK or EU can be traded between the UK and EU without import duties applying. For goods that do not originate in the UK and EU, Survitec has been adapting its supply chain to mitigate incremental costs resulting from import duties applying. This has included operating special customs duties reliefs and reducing the number of cross-border movements.

In addition to potential tariffs, goods moving between the UK and the EU from 1st January 2021 are also subject to export and import formalities. Survitec has partnered extensively with freight carriers to support the movement of goods between the UK and EU. The cross-border transfer of goods has introduced additional administration for Survitec, and the existence of enhanced border controls also increases the possibility of disruption to the supply chain.

To mitigate the impact of disruption caused by enhanced border controls, Survitec undertook stock buffering and planned for alternative channels. As border infrastructure, border agency systems and knowledge of importing and exporting improves over 2021 the risk of delays and disruption is expected to ease.

Warranty risk

As the Company's activities include the development of critical safety products, if a product failed to operate as designed, this could expose the Company to warranty claims from customers and other affected parties. There could also be other repercussions if there was injury or loss of life due to product failure. The Company manages this risk through a thorough FMEA (Failure Mode Effect Analysis) and product design and evaluation process. This includes extensive testing of the products to ensure that they are fit for purpose prior to entry into service, this will also include obtaining the appropriate certifications from regulatory authorities.

As part of Managements' ongoing operational reviews, additional assessments were performed and modelled to consider the risk of product warranty matters and additional warranty provisions of £37,000 (31 December 2019: £667,000) were recognised. A total of £967,000 (31 December 2019: £2,995,000) was utilised during the year, a total of £Nil (31 December 2019: £627,000) was released to the Income Statement, and a total of £87,000 (31 December 2019: £Nil) was transferred to another provision, and therefore there remained a warranty provision of £10,265,000 at the year end (31 December 2019: £11,108,000).

Please refer to Note 25 for additional information.



Survitec Group Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Future developments

Looking forward to future financial periods, there are revenue growth and cost reduction opportunities for the business to pursue both organically, inorganically and through new and existing product development. There are transformational programmes progress to further align the business and organisational structure to its identified market opportunities, in turn delivering sustainable growth. In addition to enhanced market focus, the Company will invest in the continued integration of manufacturing and supply chain operations, giving the business the opportunity to meet customer demands while reducing cost and improving working capital management.

Management recognise that the delivery of the transformation programmes are a key enabler for the future development of the Company and therefore the risk associated with non-delivery. The Company continuously monitors and oversees the delivery of the transformation programmes and therefore the risk.

The Company will continue to monitor trends in its key markets and will continue to assess any strategic growth or acquisition opportunities as they arise.

Approved by the Board on 19 April 2021 and signed on its behalf by:

R C A Leclercq
Director



Survitec Group Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors' of the company

The directors, who held office during the year, and up to the date of signing the financial statements were as follows:

S K Devani

R C A Leclercq

R M Krisanda (appointed 25 August 2020)

M B V Whittaker (appointed 25 August 2020)

P A Swash (resigned 22 April 2020)

Business review

The loss after tax for the year ended 31 December 2020 is £30,307,000 (31 December 2019: £124,184,000). A review of the performance of the business is set out in the Strategic report and is included in this report by cross-reference.

Business conduct

The Directors are committed to and responsible for ensuring that the Company conducts itself in accordance with the highest standards of integrity and transparency. The Company complies with all relevant anti-bribery and corruption legislation, including the UK Bribery Act 2010 and all relevant trade sanctions and export controls. The larger Group to which the Company is a member, has an International Compliance Policy that takes account of relevant anti-bribery, corruption, sanctions and export legislation. The Directors recognise that they are responsible for overseeing this policy and ensuring its implementation throughout all Group entities.

Dividends

No interim dividend was paid on the ordinary shares during the year ended 31 December 2020 (31 December 2019: £Nil). The Directors do not recommend a final dividend for the year ended 31 December 2020 (31 December 2019: £Nil).

Going concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below.

The Company is a wholly owned subsidiary of Survitec Acquisition Company Limited (together with its subsidiaries, the "Group" or "Survitec Group"). The Group has a net liability position as at 31 December 2020 (31 December 2019: net liability position).

As at 31 December 2020, the Company had net current liabilities (2019: net current liabilities) and is reliant upon the support of Survitec Group to meet its current liabilities as they fall due. The assets of the Company and the shares that the parent company owns in the Company, are pledged as collateral under Survitec Group's external bank loan and overdraft facilities ("the facilities"). This collateral would be at risk if a member of the Survitec Group defaults on obligations contained in the facilities agreement and liquidity and guarantees provided by the Group Treasury function, if and/or when required, would not be available. The Company has received a letter of support from Survitec Acquisition Company Limited which states the Directors' intention to provide sufficient funding to the Company for a period of at least 12 months from the date these financial statements are signed, to allow the company to settle its liabilities as they fall due. This support extends to intercompany liabilities that won't be recalled unless the company has the ability to settle them. Below, the Directors' have considered the ability of the Group to provide this support.



Survitec Group Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern (continued)

As of 28 August 2020, the Group successfully completed all aspects of its negotiated restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated and a committed new money facility amounting to £75,000,000 (the "New Money Facility") was made available to the Survitec Group by the Lenders of which £35,000,000 was drawn, completing the first phase of the implementation of the Restructuring. The remaining £40,000,000 facility was not drawn and expired on 28 February 2021.

The Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned nevco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, the Group) on 28 August 2020.

The COVID-19 pandemic had been an evolving situation throughout 2020 and into 2021. Through the revision and rephasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on the markets in which it operates and thus, at 31 December 2020, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to going forward. In March 2021, the Group successfully completed a refinancing of its existing debt. The total amount borrowed was £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to support the Group's transformation programmes and mergers and acquisition strategy.

In reviewing the appropriateness of the Going Concern assumption, Group Management has prepared forecasts covering the period to 30 June 2022 (the Going Concern period). These forecasts include the impact of a further refinancing in March 2021, the planned acquisition of Hansen Protection ASA in April 2021 and the continued COVID-19 impact. The forecasts demonstrate that the Group is expected to generate profits and cash during the Going Concern period and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due over a period of at least 12 months from the date of signing of these financial statements. The forecast improvements are driven by the underlying strength of the business, with resulting EBITDA projected to increase as a result of increased sales, reduced overheads and a reduction in restructuring costs.

The forecasts have been further sensitised to reflect severe but plausible downside scenarios. The forecasts indicate minimum headroom on the Group's new facilities through to 30 June 2022 of £6,300,000. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, mitigations would be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors. Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until 2022/23, the Group continues to deliver wide ranging transformational programmes to drive profitability improvements ahead of future revenue growth by developing a single scalable, efficient, operating model.

Having given consideration to the matters outlined above, the Directors conclude that the Group has both intention and ability to provide support as required to enable Survitec Group Limited to continue as a going concern for a period of at least twelve months from the date of signing these financial statements.



Survitec Group Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Financial Risk Management

Objectives and policies

The Company's activities expose it to a number of financial risks including foreign exchange rate risk, credit risk, liquidity risk, interest rate risk, price risk and warranty risk. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. The Company does not use derivative instruments for speculative purposes.

Foreign exchange rate risk

The Company, whilst headquartered in the UK, operates in geographically diverse locations, with 68.3% (31 December 2019: 76.2%) of its sales being made outside the UK. It is therefore exposed to movements in exchange rates. The Company seeks to minimise this impact on its local operations by the use of multi-sourcing of its key materials and the use of foreign exchange contracts.

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The Company has adopted a policy of only holding cash with creditworthy counterparties. Credit risk for the Company is primarily attributed to trade receivables. The amount presented in the financial statements is net of expected credit loss provisions. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made, and at times new customers will be required to make advance payments where credit-worthiness cannot be established. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In the event of needing extra funds, the Company has access to sufficient available funds from Group undertakings for operations and planned expansion.

Interest rate risk

The Company has both interest-bearing and non-interest bearing assets and liabilities. Interest bearing assets include cash balances and amounts owed by group undertakings, all of which earn interest at fixed rates. Interest bearing liabilities relate mainly to bank overdrafts, leases and amounts owed to group undertakings. The bank overdrafts are subject to interest at a variable rate.

The Company has amounts owed to group undertakings which carry interest at a fixed rate and expose it to fair value interest rate risk. The directors do not consider this risk to be significant and therefore no steps have been taken to mitigate this risk.

Price risk

The Company is not exposed to equity securities price risk as it holds no listed or other equity investments.

Financial Risk Management (continued)

Warranty risk

Please refer to the 'Principal risks and uncertainties' section in the Strategic Report for consideration of warranty risk.

Political donations

There were no political donations made or political expenditure incurred by the Company during the year ended 31 December 2020 (31 December 2019: £Nil).



Survitec Group Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Corporate governance and SECR reporting

Please refer to the Directors' Report in Survitec Acquisition Company Limited for detail on the Streamlined energy & carbon reporting (SECR) and Corporate governance policy of the Group, of which the Company is a member.

Employment of disabled persons

The Company's policy in relation to the employment of disabled persons is, where practicable, to continue to employ employees who become temporarily or permanently disabled. Full regard is given to their training needs, career development and potential for promotion. Full and fair consideration is also given to the employment of applicants who are disabled persons, taking into account their aptitudes and abilities.

Employee involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees, and the financial and economic factors affecting the performance of the Company.

Directors and Management consider the interests of employees when taking principle decisions. Employees are kept informed of any relevant information through regular management and employee review meetings, and through Group-wide briefings. Regular consultation is encouraged between Management and employees at each of the Company's operating locations.

Engagement with suppliers, customers and others in a business relationship with the Company

Please refer to the Director's report in Survitec Acquisition Company Limited for details of how the Group, of which this Company is a member, engages with suppliers, customers and others in business relationships.

Future developments

Looking forward to future financial periods, there are strong revenue growth and cost reduction opportunities for the business to pursue both organically, inorganically and through new and existing product development. There is a programme in place to further align the business and organisational structure to its identified market opportunities, in turn delivering sustainable growth. In addition to enhanced market focus, the Company will continue to invest in the full integration of manufacturing and supply chain operations, giving the business the opportunity to meet customer demands while reducing cost and improving working capital investment.

Management recognise that the delivery of the transformation programs are a key enabler for the future development of the Company and therefore the risk associated with non-delivery. The Company continuously monitor and oversee the delivery of the transformation programs, to mitigate execution risk.

The Company will continue to monitor trends in its key markets and will continue to assess any strategic growth or acquisition opportunities as they arise.

Research and development

To ensure that the Company maintains its strong position in the global marketplace, the Company invests in new and existing product development and research programmes. During the year, the Company has expensed £64,000 (31 December 2019: £132,000) on research programmes and has also capitalised £5,738,000 (31 December 2019: £4,939,000) in respect of development projects. The Company received £614,000 of government grants in respect of development projects.

The current year income statement includes an impairment charge relating to capitalised research and development of £Nil (31 December 2019: £14,249,000).



Survitec Group Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Events after the reporting period

Intention to acquire Hansen Protection ASA

On 16 March 2021, the Survitec Group signed an agreement to acquire 100% of the issued shares in Hansen Protection ASA, a company based in Norway. The transaction is expected to complete in May 2021. The financial effects of this transaction have not been recognised at 31 December 2020.

The provisional amount of consideration to be transferred is £100,000,000. At the time when the financial statements were authorised for issue, the Survitec Group had not yet completed the acquisition of Hansen Protection ASA nor commenced the acquisition accounting exercise. Fair values of the assets and liabilities have not been determined because the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

Refinancing

Survitec Acquisition Company Limited concluded a process of refinancing in March 2021. The total amount that will be borrowed is £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to finance the Hansen acquisition.

A Revolving Credit Facility of £27,500,000 has been negotiated and approved by the bank's Credit Committee in March 2021, it is yet to be finalised at the date of signing these financial statements.

Site held for sale

Subsequent to the financial year end, the Birkenhead site has been classified as an asset held for sale in accordance with IFRS 5. This post balance sheet event has not been adjusted within the financial statements.

Directors' liabilities

In accordance with section 234 of the Companies Act 2006, the Company has made a qualifying third party indemnity provision for the benefit of its Directors during the year and it remained in force at the date of this report.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The Company has elected to dispense with the holding of annual general meetings, the laying of financial statements before the Company in general meetings and the annual appointment of auditors. PricewaterhouseCoopers LLP has expressed their willingness to continue in office.

Approved by the Board on 19 April 2021 and signed on its behalf by:

R C A Leclercq
Director



Survitec Group Limited

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board on 19 April 2021 and signed on its behalf by:

R C A Leclercq
Director



Independent auditors' report to the members of Survitec Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Survitec Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.



Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.



Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection, employment and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase profit, inappropriate recognition of revenue and management bias in determining accounting estimates. Audit procedures performed included:

- Discussions with the Group and Divisional management teams, internal audit, internal and external legal counsel and the Audit Committee of the parent entity, including consideration of known or suspected instances of non-compliance with laws and regulation (including data protection legislation) and fraud;
- Assessment of the Group's whistleblowing facility and matters reported through the facility;
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates, in particular to impairment of amounts owed by group undertakings and investments in subsidiary undertakings, and certain provisions;
- Identifying and testing unusual journal entries, in particular journal entries posted with an unusual account combination; and
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2021



Survitec Group Limited

Income Statement for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Revenue	4	86,923	82,377
Changes in inventories of finished goods and work in progress		1,754	(440)
Raw materials and consumables		(45,237)	(47,082)
Employee benefits expense	5	(31,745)	(28,650)
Depreciation and amortisation expense	8	(3,278)	(3,124)
Reversal of impairment against trade receivables	8	29	228
Reversal of impairment/(impairment) of amounts owed by group undertakings	8	61,324	(39,860)
Impairment of investments in subsidiary undertakings	8	(68,498)	(34,733)
Impairment of intangibles	8	-	(14,249)
Other operating expenses		(18,606)	(24,962)
Other operating income	9	948	262
Operating loss		<u>(16,386)</u>	<u>(110,233)</u>
Finance income	10	14,309	12,399
Finance costs	11	<u>(23,694)</u>	<u>(32,292)</u>
Net finance cost		<u>(9,385)</u>	<u>(19,893)</u>
Loss before tax		(25,771)	(130,126)
Income taxation (expense)/credit	12	<u>(4,536)</u>	<u>5,942</u>
Loss for the financial year		<u><u>(30,307)</u></u>	<u><u>(124,184)</u></u>

All operations are continuing.

The notes on pages 22 to 75 form an integral part of these financial statements.
Page 17



Survitec Group Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

		Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Loss for the financial year		(30,307)	(124,184)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net)	26	<u>(2,747)</u>	<u>(204)</u>
Total comprehensive expense for the year		<u><u>(33,054)</u></u>	<u><u>(124,388)</u></u>

The notes on pages 22 to 75 form an integral part of these financial statements.
Page 18



Survitec Group Limited

(Registration number: 00905173)

Statement of Financial Position as at 31 December 2020

		31 December 2020 £ 000	31 December 2019 £ 000
Assets			
Fixed assets			
Intangible assets	13	12,439	6,957
Property, plant and equipment	14	5,670	4,911
Right of use assets	15	7,766	790
Investments	16	54,367	52,120
Deferred tax assets	12	-	4,641
		<u>80,242</u>	<u>69,419</u>
Current assets			
Inventories	17	13,723	10,963
Trade and other receivables	18	106,268	84,576
Income tax asset		-	411
Contract assets	18	2,463	1,624
Cash and cash equivalents	19	8,373	16,615
		<u>130,827</u>	<u>114,189</u>
Total assets		<u>211,069</u>	<u>183,608</u>
Equity and liabilities			
Equity			
Called up share capital	20	11,776	11,776
Share premium reserve	21	17,835	17,835
Revaluation reserve	21	496	496
Other reserves	21	(11,951)	(11,951)
Accumulated losses	21	<u>(368,506)</u>	<u>(335,452)</u>
		<u>(350,350)</u>	<u>(317,296)</u>
Creditors: amounts falling due within one year			
Lease liabilities	22	435	336
Trade and other payables	23	522,835	478,456
Loans and borrowings	24	7,838	5,676
Contract liabilities	23	3,648	3,457
Provisions	25	<u>10,044</u>	<u>10,670</u>
		<u>544,800</u>	<u>498,595</u>

The notes on pages 22 to 75 form an integral part of these financial statements.

Page 19



Survitec Group Limited

(Registration number: 00905173)

Statement of Financial Position as at 31 December 2020 (continued)

		31 December 2020 £ 000	31 December 2019 £ 000
	Note		
Creditors: amounts falling due after more than one year			
Lease liabilities	22	7,592	585
Loans and borrowings	24	4,820	-
Provisions	25	1,269	1,527
Retirement benefit obligations	26	2,329	197
Deferred income		609	-
		<u>16,619</u>	<u>2,309</u>
Total liabilities		<u>561,419</u>	<u>500,904</u>
Total equity and liabilities		<u>211,069</u>	<u>183,608</u>

The financial statements on pages 17 to 75 were approved by the Board on 19 April 2021 and signed on its behalf by:

R C A Leclercq
Director

The notes on pages 22 to 75 form an integral part of these financial statements.
Page 20



Survitec Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Other reserves £ 000	Accumulated losses £ 000	Total £ 000
At 1 January 2020	11,776	17,835	496	(11,951)	(335,452)	(317,296)
Loss for the year	-	-	-	-	(30,307)	(30,307)
Other comprehensive expense	-	-	-	-	(2,747)	(2,747)
Total comprehensive expense	-	-	-	-	(33,054)	(33,054)
At 31 December 2020	<u>11,776</u>	<u>17,835</u>	<u>496</u>	<u>(11,951)</u>	<u>(368,506)</u>	<u>(350,350)</u>

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Other reserves £ 000	Accumulated losses £ 000	Total £ 000
At 1 January 2019	11,776	17,835	496	(11,951)	(211,064)	(192,908)
Loss for the year	-	-	-	-	(124,184)	(124,184)
Other comprehensive expense	-	-	-	-	(204)	(204)
Total comprehensive expense	-	-	-	-	(124,388)	(124,388)
At 31 December 2019	<u>11,776</u>	<u>17,835</u>	<u>496</u>	<u>(11,951)</u>	<u>(335,452)</u>	<u>(317,296)</u>

The notes on pages 22 to 75 form an integral part of these financial statements.
Page 21



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The registered number is 00905173 and the address of its registered office is:

The Aspect, Fourth Floor
12 Finsbury Square
London
England
EC2A 1AS

The principal activities of the Company are the design, manufacture and servicing of marine life saving equipment, specialised submarine escape equipment, anti-G suits and a range of immersion, abandonment and transportation suits for the shipping, defence and aerospace industries. The Company also acts as the head office and treasury function for the Survitec Group.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Please see note 3 for further details.

These financial statements contain information about the company as an individual company, and do not contain consolidated financial statements as part of a group.

The financial statements are presented in 'Pounds Sterling' (£). All amounts in the financial statements are rounded to the nearest £'000, unless otherwise stated.

Exemption from preparing group accounts

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group consolidated accounts as it is a wholly owned subsidiary of Survitec Acquisition Company Limited.

The results of Survitec Group Limited are included in the consolidated financial statements of Survitec Acquisition Company Limited which are available from the Company Secretary, The Aspect, Fourth Floor, 12 Finsbury Square, London, England, EC2A 1AS.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38, 38A and 40 A-D of IAS 1 'Presentation of financial statements' comparative information requirements in respect of:
 - i) Paragraph 79(a)(iv) of IAS 1 Presentation of financial statements;
 - ii) Paragraph 73(e) of IAS 16 Property, plant and equipment;
 - iii) Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - i) 10(d), (statement of cash flows);
 - ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - iii) 16 (statement of compliance with all IFRS);
 - iv) 111 (cash flow statement information), and;
 - v) 134 – 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- The following paragraphs IFRS 15, 'Revenue from Contracts with Customers':
 - i) 110(b) (Disclosure about the significant judgements, and changes in the judgements, made in applying the standard to contracts with customers);
 - ii) 113(a) (Separate disclosure of revenue recognised from contracts with customers);
 - iii) 114 -115 (Disclosure of contracts with customers – disaggregation of revenue);
 - iv) 118 (a-e) (Explanation of the significant changes in the contract assets and the contract liability balances);
 - v) 119 (a-c) (Disclosure of information about performance obligations in contracts with customers);
 - vi) 120 - 122 (Disclosure of contracts with customers and the transaction price allocated to the remaining performance obligations);
 - vii) 123 - 126 (Disclosure of significant judgements in application of the standard)
 - viii) 127 (Disclosure of the judgements made in determining the amounts of costs incurred to obtain or fulfil a contract with a customer and the methods used to determine the amortisation for each reporting period);
 - ix) 129 (Disclosure of practical expedient).
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to the accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020, that have a material impact on the company's financial statements.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below.

The Company is a wholly owned subsidiary of Survitec Acquisition Company Limited (together with its subsidiaries, the "Group"). The Group has a net liability position as at 31 December 2020 (31 December 2019: net liability position).

As at 31 December 2020, the Company had net current liabilities (2019: net current liabilities) and is reliant upon the support of Survitec Group to meet its current liabilities as they fall due. The assets of the Company and the shares that the parent company owns in the Company, are pledged as collateral under Survitec Group's external bank loan and overdraft facilities ("the facilities"). This collateral would be at risk if a member of the Survitec Group defaults on obligations contained in the facilities agreement and liquidity and guarantees provided by the Group Treasury function, if and/or when required, would not be available. The Company has received a letter of support from Survitec Acquisition Company Limited which states the Directors' intention to provide sufficient funding to the Company for a period of at least 12 months from the date these financial statements are signed, to allow the company to settle its liabilities as they fall due. This support extends to intercompany liabilities that won't be recalled unless the company has the ability to settle them. Below, the Directors' have considered the ability of the Group to provide this support.

As of 28 August 2020, the Group successfully completed all aspects of its negotiated restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated and a committed new money facility amounting to £75,000,000 (the "New Money Facility") was made available to the Survitec Group by the Lenders of which £35,000,000 was drawn, completing the first phase of the implementation of the Restructuring. The remaining £40,000,000 facility was not drawn and expired on 28 February 2021.

The Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned newco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, the Group) on 28 August 2020.

The COVID-19 pandemic had been an evolving situation throughout 2020 and into 2021. Through the revision and rephasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on the markets in which it operates and thus, at 31 December 2020, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to going forward. In March 2021, the Group successfully completed a refinancing of its existing debt. The total amount borrowed was £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to support the Group's transformation programmes and mergers and acquisition strategy.

In reviewing the appropriateness of the Going Concern assumption, Group Management has prepared forecasts covering the period to 30 June 2022 (the Going Concern period). These forecasts include the impact of a further refinancing in March 2021, the planned acquisition of Hansen Protection ASA in April 2021 and the continued COVID-19 impact. The forecasts demonstrate that the Group is expected to generate profits and cash during the Going Concern period and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due over a period of at least 12 months from the date of signing of these financial statements.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern (continued)

The forecast improvements are driven by the underlying strength of the business, with resulting EBITDA projected to increase as a result of increased sales, reduced overheads and a reduction in restructuring costs.

The forecasts have been further sensitised to reflect severe but plausible downside scenarios. The forecasts indicate minimum headroom on the Group's new facilities through to 30 June 2022 of £6,300,000. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, mitigations would be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors. Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until 2022/23, the Group continues to deliver wide ranging transformational programmes to drive profitability improvements ahead of future revenue growth by developing a single scalable, efficient, operating model.

Having given consideration to the matters outlined above, the Directors conclude that the Group has both intention and ability to provide support as required to enable Survitec Group Limited to continue as a going concern for a period of at least twelve months from the date of signing these financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Foreign currency transactions and balances

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other (expenses)/income'.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax.

The Company has three key revenue streams, sales of goods, sale of goods with installation and/or training and servicing. The Company's performance obligations and revenue recognition policy for each revenue stream is noted below.

Sale of goods

For contracts for the sale of an individual item, the performance obligation is the acceptance or delivery of the item. For contracts with more than one item, the performance obligation is either:

- The acceptance or delivery of each individual item where each item is considered distinct; or
- The acceptance or delivery of the final item where the goods are not distinct.

Revenue is recognised at the point in time when the customer obtains control of the goods which is based on the delivery terms of the contract.

Sale of good with installation and/or training

Delivery of goods, installation services and training services are treated as separate performance obligations as the customer can benefit from each separately and they are separate promises within the contracts. The performance obligations are in line with revenue recognition for 'Sale of goods'.

Revenue in respect of goods is in line with revenue recognition for 'Sale of goods'. Revenue in respect of installation is recognised over the year of the installation service and revenue in respect of training is recognised over the year of the training as installation services enhance customer assets, whilst training & services are simultaneously received and consumed by the customer.

Servicing of safety equipment

The company carries out services on a variety of safety products to meet the periodic service requirements under maritime law. The performance obligation is the completion of these services. These services do not meet the criteria to be recognised over time as i) the company only has the right to payment on completion of the service, ii) the company is not enhancing or creating an asset and iii) the customer does not simultaneously receive and consume the benefits as performance progressed as the service has to be fully completed by the company and performance to date could not be re-performed by another party.

Interest income

Interest income is recognised using the effective interest rate method. Interest income is included in financing income in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

In assessing fair value, the Company gives consideration to the likely terminal value using a discounted cashflow. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated development expenses that have been capitalised and that are not yet brought into use are tested annually for impairment per IAS 36.

Other operating income

Other operating income represents royalties, rebates and other similar operating income and is measured at the fair value of the consideration received or receivable, and is stated net of discounts and value added taxes. The Company recognises other operating income when the amount of income can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions. Grants received where the group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with.

Government grants relating to the purchase of intangible assets are included in non-current liabilities as deferred income, and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Grants relating to COVID-19 support measures made available by governments in territories where the Group operates have been received in the year. These schemes have been utilised to compensate for staff costs, and amounts received have been recognised gross within other operating income in the same period as the costs to which they relate.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interest expense

Interest on financial liabilities is calculated using the effective interest method and is recognised in the income statement as part of finance costs.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transactions affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is measured on a non-discounted basis.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that at the balance sheet date dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Intangible Assets

Development expenditure

Research and development activities are typically self-initiated in nature. Costs for self-initiated research and development activities are assessed to determine if they qualify for recognition as internally generated intangible assets based on the following criteria:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalised. Any costs that are classified as part of the research phase of a self-initiated project are expensed as incurred. If the research phase cannot be clearly distinguished from the development phase, the respective project-related costs are treated as if they were incurred in the research phase only.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Assets are amortised once they are in use.

Amortisation is calculated using the straight-line method to allocate the cost of development costs over the estimated useful lives of 10 to 20 years.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the criteria as per 'Development expenditure' are met.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Where provision is made under leases for dilapidations, the estimate of those dilapidations is recognised as an addition in Property, plant and equipment on the date the obligation to "make good" the premises is established and is then subsequently depreciated over its useful economic life. Subsequent remeasurement of those dilapidations for changes in estimates of costs are recognised as an addition in the period that the dilapidations are remeasured.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses' in the Income Statement.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<i>Asset class</i>	Depreciation method and rate
Leasehold improvements	Life of lease Straight-line
Freehold buildings	2-4% per annum
Plant and machinery	10-25% per annum
Computer equipment	20-50% per annum
Motor vehicles	20-33% per annum

Plant and machinery, computer equipment and motor vehicles are categorised within 'Other property, plant and equipment' in note 14. Leasehold improvements and freehold buildings are categorised within 'Land and buildings' in note 14.

Right of use assets

Right of use assets are stated in the statement of financial position at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

The depreciation period for the right of use asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful economic life of the asset. Where it is reasonably certain that the Company will exercise an option to purchase the asset, the depreciation period is through the end of the asset's useful economic life.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiaries are shown at cost less accumulated impairment losses. Provisions for impairments are made when the recoverable amount of the Company's investment falls below the carrying value of the investment.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Provisions against inventories are charged (credited if released) to the income statement within the category 'Other Operating expenses'.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses impairments based on the lifetime expected credit loss. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the transaction. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. Please refer to note 3 for details on how the Company assesses for impairment of amounts owed by group undertakings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Other reserves

Transfer of trade and assets between group companies are accounted for at book value, with any difference between book value and agreed price being reflected directly within equity.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset and;
- Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Leases (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right of use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases) or lease assets, when new, that have a value of less than £4,375 (i.e. low-value leases).

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension obligation

A defined benefit scheme defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, periods of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The defined benefit scheme is funded, with assets held separately from those of the Company in separate trustee administered funds.

The current service cost of the defined benefit plan, recognised in the Income Statement in Staff Costs, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current period, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Income Statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other Comprehensive Income in the period in which the arise. Any asset resulting from the calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Where the Company is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Provisions

a) Warranty

Due to the nature of products manufactured by the Company, warranty provisions are recognised when there is an expectation of a constructive or legal obligation on Survitec Group to rectify any issues identified on the part of their customers. The provision is best estimated based on known claims and on estimates based upon past experience, of possible future claims which could arise over the life of the products sold. Please also refer to note 3 'Critical accounting judgements and key sources of estimation uncertainty'.

b) Dilapidations

Within the Company there are a number of properties under repairing lease arrangements requiring the properties to be reinstated to their original state when vacating the property. A provision is recognised for the full value of the reparation to the buildings' original configuration. The provision is estimated using third party valuations from prior periods, updated for any changes in building condition and configuration.

c) Other

Provisions for legal disputes and other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing of the outflow may still be uncertain.

Provisions are discounted to their present values, where the time value of money is material. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Share based payments

The Company operates a share-based compensation plan, under which the company receives services from employees as consideration for equity instruments. The awards are issued by Ark Topco Limited and the Company has no obligation to settle the awards. The fair value of the employee services received in exchange for the issue of the shares is recognised as an expense. A credit is recognised directly in equity. The total amount to be expensed is determined by reference to the fair value of the shares issued:

- including any market performance conditions (for example, an entity's share price);
 - excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, and remaining an employee of the entity over a specified time period); and
 - including the impact of any non-vesting conditions (for example, the requirement for employees to save).
- Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the Company include cash and cash equivalents, trade and other receivables and contract assets. Financial liabilities of the Company include trade and other payables, amounts due to group undertakings, obligations under leases and borrowings.

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding Property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- i) Those to be measured at amortised costs; and
- ii) Those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit and loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies its financial assets when, and only when its business model for managing those assets changes.

At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost or as derivatives.

Financial liabilities are recognised at fair value plus, in the case of financial instruments not at fair value through profit and loss (i.e. loans and receivables and other financial liabilities), transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs directly attributable to financial liabilities which are measured at fair value (i.e. fair value through profit and loss or derivatives) are recognised in the income statement as incurred.

Subsequent measurement

Subsequent to recognition, financial assets and liabilities are measured according to the category to which they are classified.

Financial assets at amortised cost

Subsequent measurement of financial assets depends on the Company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Company only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss. losses are presented as a separate line in the profit and loss account.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities at fair value through the profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Trade and other payables and borrowings (including amounts due to group undertakings) are classified as other financial liabilities and are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For the majority of trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The Company also reviews the expected credit loss associated with trade receivables by considering Stages 2 and 3 of IFRS 9, whereby the Company calculates expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the transaction. For other receivables the Company applies the three stage model to determine expected credit losses.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Provisions - Warranties (estimate)

The determination of provisions requires a significant amount of estimation, particularly in the area of specific product liability issues. Given the technical nature of the Company's survival products, there is significant estimation uncertainty of product liability matters. Management prepare a model on an annual basis, based on a number of key inputs and assumptions in order to determine an estimate for the provision value. This provision is kept under regular review and re-assessed as discussions and events develop. The sensitivity analysis for these judgements and estimates is included in note 25.

Recognition of deferred tax asset (judgement)

Deferred tax assets arising in respect of temporary differences and post-April 2017 tax losses have not been recognised on the basis it is not considered likely that there will be taxable profits in future against which to utilise the assets. Consequently, the deferred tax asset is £Nil as at 31 December 2020 (£4,641,000 as at 31 December 2019).

No deferred tax asset assets have been recognised on amounts arising under the UK's Corporate Interest Restriction regime or tax losses arising before April 2017. The conditions under which these assets would be recoverable are not considered probable at this time.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Defined benefit pension scheme (estimate)

The Company has an obligation to pay pension benefits to certain employees. The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Any change to these assumptions will impact the carrying amount of the pension obligations. All assumptions are reviewed at each reporting date. The sensitivity analysis for these key estimations is included in note 26.

Recoverability of investments in and amounts owed from group companies (estimate)

The Company has invested in its subsidiaries through both an investment in share capital and loans. The value of the investment and recoverability of monies owed from group companies is considered together and is dependent on the recoverability of the Company's subsidiary's assets. The Company tests annually for impairment of investments and the expected credit loss of amounts owed by group undertakings or more frequently if there are indications that its investment might be impaired.

There are two trading divisions of the Company, Marine and Defence. The determination of the recoverable amount of the Subsidiaries to which investment is allocated involves the use of estimates by management and is considered separately for the two trading divisions. Management have considered different options for recoverability of the balances and disposal is considered most likely. The carrying amount of the Company's investment in its subsidiaries is compared to its recoverable amount, being the higher of value in use and fair value less costs to sell, to determine if an impairment or expected credit loss exists. In assessing fair value, the Company gives consideration to the likely EBITDA multiple that would be realised through sale. The EBITDA multiples for the Defence and Marine trading divisions are calculated separately. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any investment impairment or expected credit losses in relation to amounts owed by group undertakings.

An impairment and expected credit loss review was carried out on the Company's investments in and amounts owing from its subsidiaries in line with IFRS 9. To consider the impairment of the Company's investment in subsidiaries and the expected credit loss of loans to subsidiaries the fair value of the subsidiary group was compared to the Company's combined investment in and the loan to the subsidiary group. On this basis, a reduction in expected credit loss of £61,324,000 (31 December 2019: increase £39,860,000) against intercompany receivables and further impairment of £68,498,000 (31 December 2019: £34,733,000) against investments has been recognised.

If the compound Defence trading division EBITDA growth rate over 2 years moved by +/-0.2% and/or WACC percentage increased or decreased by 0.2%, and the compound Marine trading division EBITDA growth rate over 2 years moved by +/-0.3% and/or WACC percentage increased or decreased by 0.3%, the level of total impairment would increase by £3,782,000 or decrease by £3,782,000.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Revenue

The analysis of the company's turnover for the year from continuing operations is as follows:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Revenue from contracts with customers	<u>86,923</u>	<u>82,377</u>

The analysis of the company's turnover for the year by geography is as follows:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
UK	27,553	19,564
Europe	20,018	21,134
North America	25,075	26,342
Australasia	2,257	2,984
Rest of world	<u>12,020</u>	<u>12,353</u>
	<u>86,923</u>	<u>82,377</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Employee benefits expense

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Wages and salaries	28,494	25,732
Social security costs	2,936	2,390
Pension costs, defined contribution scheme	944	709
Other employee expense	74	483
Capitalised Labour	<u>(703)</u>	<u>(664)</u>
	<u>31,745</u>	<u>28,650</u>

Capitalisation of staff costs related to those labour costs that relate solely to the development phase of a self-initiated project.

The average monthly number of persons employed by the company (including Directors) during the year, analysed by category was as follows:

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Management and administration	197	177
Production and sales	<u>504</u>	<u>444</u>
	<u>701</u>	<u>621</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Directors' remuneration

The Directors' remuneration for the year was as follows:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Remuneration	1,915	2,171
Company contributions to pension schemes	45	51
	<u>1,960</u>	<u>2,222</u>

The above includes payments made to directors upon their departure of £Nil (31 December 2019: £749,000).

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>2</u>

In respect of the highest paid director:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Remuneration	871	917
	<u>871</u>	<u>917</u>

The highest paid director did not exercise any share based payments in the current or previous years.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Auditors' remuneration

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Audit of the financial statements	1,168	1,558
Other fees to auditors		
Taxation compliance services	127	142

8 Operating loss

Arrived at after charging/(crediting)

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Warranty costs	440	667
Depreciation expense	1,296	1,158
Depreciation on right of use assets - Property	372	203
Depreciation on right of use assets - Other	80	86
Amortisation expense	1,530	1,677
Research and development expenditure*	64	132
Foreign exchange (gains)/losses	(538)	285
Expense of variable lease payments not included in lease liabilities	-	186
Impairment loss on capitalised R&D expenditure	-	14,249
Impairment of investments in subsidiary undertakings	68,498	34,733
(Impairment reversal)/impairment against amounts due from group undertakings	(61,324)	39,860
Impairment reversal against trade receivables	(29)	(228)
Audit of the financial statements	1,168	1,558
Other fees to auditors	127	142

*The research and development expenditure of £64,000 (31 December 2019: £132,000) is after capitalisation of £5,738,000 (31 December 2019: £4,939,000) of development costs.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Other operating income

The analysis of the company's other operating income for the year is as follows:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Government grants	556	-
R&D expenditure credits	291	-
Other operating income	<u>101</u>	<u>262</u>
	<u>948</u>	<u>262</u>

Government Grants relate to COVID-19 support measures made available by government. These schemes have been utilised to compensate for staff costs and amounts received have been recognised in the income statement in the same period as the costs to which they relate.

10 Finance income

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Net finance income on pensions (see Note 26)	-	5
Dividend income	463	248
Foreign exchange on intercompany financing transactions	2,749	-
Interest receivable from group undertakings	<u>11,097</u>	<u>12,146</u>
	<u>14,309</u>	<u>12,399</u>

Dividend income is received from Servaux Survitec SAS.

11 Finance costs

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Interest on bank overdrafts and borrowings	158	1,245
Interest paid to group undertakings	23,359	22,389
Foreign exchange on intercompany financing transactions	-	8,510
Other finance costs	-	90
Interest expense on leases	<u>177</u>	<u>58</u>
	<u>23,694</u>	<u>32,292</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax

Income tax (credit)/expense in the income statement

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	(8)	159
Foreign tax	-	55
Total current income tax	<u>(8)</u>	<u>214</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	6,567	(5,968)
Arising from changes in tax rates and laws	(788)	629
Adjustments in respect of previous periods	<u>(1,235)</u>	<u>(817)</u>
Total deferred taxation	<u>4,544</u>	<u>(6,156)</u>
Income tax expense/(credit) in the income statement	<u>4,536</u>	<u>(5,942)</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax (continued)

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Loss before tax	<u>(25,771)</u>	<u>(130,126)</u>
Corporation tax at standard rate	(4,896)	(24,724)
(Decrease)/increase in current tax from adjustment for prior periods	(8)	159
Decrease due to deferred tax from adjustment for prior periods	(1,235)	(817)
Increase from effect of revenues exempt from taxation	(55)	(47)
Increase from effect of expenses not deductible in determining taxable profit	579	345
Increase arising from group relief tax reconciliation	926	5,743
Increase arising from overseas tax suffered	-	55
Deferred tax expense/(credit) from unrecognised temporary difference	8,650	(1,458)
Deferred tax (credit)/expense relating to changes in tax rates or laws	(788)	629
Impairment of investments and amounts due from group companies	<u>1,363</u>	<u>14,173</u>
Income tax expense/(credit) recognised in the income statement	<u>4,536</u>	<u>(5,942)</u>

The average tax rate for the current period is 19% (31 December 2019: 19%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Balance sheet reallocation £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	899	(899)	-	-
Other items	175	(175)	-	-
Tax losses	3,567	(3,470)	(97)	-
Net tax assets/(liabilities)	<u>4,641</u>	<u>(4,544)</u>	<u>(97)</u>	<u>-</u>

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	(1,542)	2,441	899
Other items	28	147	175
Tax losses	-	3,567	3,567
Net tax assets/(liabilities)	<u>(1,514)</u>	<u>6,155</u>	<u>4,641</u>

Unrecognised deferred tax assets £14,833,000 (31 December 2019: £5,492,000) have arisen in respect of tax losses specifically amounts restricted under the Corporate Interest Restriction Regulations 2017. These deferred tax assets will be recognised when it is considered more likely than not that there would be sufficient taxable profits from which to utilise the losses. In addition, the deferred tax liability £2,091,000 (31 December 2019: £1,399,000) in respect of the defined benefit Pension Scheme has not been recognised at the year end. This is in line with the accounts treatment adopted in Note 26 of these financial statements.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Intangible assets

	Computer Software £ 000	Development expenditure £ 000	Total £ 000
Cost			
At 1 January 2020	7,872	18,407	26,279
Additions	<u>1,274</u>	<u>5,738</u>	<u>7,012</u>
At 31 December 2020	<u>9,146</u>	<u>24,145</u>	<u>33,291</u>
Amortisation			
At 1 January 2020	2,081	17,241	19,322
Charge for the year	<u>1,134</u>	<u>396</u>	<u>1,530</u>
At 31 December 2020	<u>3,215</u>	<u>17,637</u>	<u>20,852</u>
Carrying amount			
At 31 December 2020	<u>5,931</u>	<u>6,508</u>	<u>12,439</u>
At 31 December 2019	<u>5,791</u>	<u>1,166</u>	<u>6,957</u>

Under the terms of the facilities agreement held by the ultimate parent entity Survitec Acquisitions Company Limited, a fixed and floating charge has been granted over the assets held by group companies that are subject to the finance recourse group. As at 31 December 2020, the total value of intangible assets held by the Company which are subject to such charge was £12,439,000 (31 December 2019: £6,957,000). £5,738,000 of developed technology was capitalised in the year which included capital grants received of £614,000.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Property, plant and equipment

	Land and buildings £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2020	6,656	15,552	22,208
Additions	<u>473</u>	<u>1,582</u>	<u>2,055</u>
At 31 December 2020	<u>7,129</u>	<u>17,134</u>	<u>24,263</u>
Depreciation			
At 1 January 2020	4,092	13,205	17,297
Charge for the year	<u>361</u>	<u>935</u>	<u>1,296</u>
At 31 December 2020	<u>4,453</u>	<u>14,140</u>	<u>18,593</u>
Carrying amount			
At 31 December 2020	<u>2,676</u>	<u>2,994</u>	<u>5,670</u>
At 31 December 2019	<u>2,564</u>	<u>2,347</u>	<u>4,911</u>

Other property, plant and equipment includes computer equipment, motor vehicles and other plant and machinery.

Under the terms of the facilities agreement held by the ultimate parent entity Survitec Acquisitions Company Limited, a fixed and floating charge has been granted over the assets held by group companies that are subject to the finance recourse group. As at 31 December 2020, the total value of property, plant and equipment subject to such charge was £5,670,000 (31 December 2019: £4,911,000).

Included within the net book value of land and buildings above is £2,099,000 (31 December 2019: £2,378,000) in respect of freehold land and buildings and £577,000 (31 December 2019: £186,000) in respect of long leasehold land and buildings.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Right of use assets

	Property £ 000	Other £ 000	Total £ 000
Cost			
At 1 January 2019	550	285	835
Additions	238	6	244
At 31 December 2019	788	291	1,079
At 1 January 2020	788	291	1,079
Additions	7,430	-	7,430
Disposals	-	(30)	(30)
At 31 December 2020	8,218	261	8,479
Depreciation			
At 1 January 2019	-	-	-
Charge for year	203	86	289
At 31 December 2019	203	86	289
At 1 January 2020	203	86	289
Charge for the year	372	80	452
Eliminated on disposal	-	(28)	(28)
At 31 December 2020	575	138	713
Carrying amount			
At 31 December 2020	7,643	123	7,766
At 31 December 2019	585	205	790

Additions in the year relate to new leases signed on properties in Belfast and Ellesmere Port.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2020	222,504
Additions	<u>70,745</u>
At 31 December 2020	<u>293,249</u>
Provision for impairment	
At 1 January 2020	170,384
Impairment during the year	<u>68,498</u>
At 31 December 2020	<u>238,882</u>
Carrying amount	
At 31 December 2020	<u>54,367</u>
At 31 December 2019	<u>52,120</u>

The Company acquired 100% of the issued share capital of Battlefield Sim Limited on 23 October 2020 for consideration of £266,000.

The Company made further investments in subsidiary companies during the year as a result of debt rationalisations totalling £70,479,000.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
RFD Beaufort Limited* # *	Inflatable lifesaving, submarine escape & pilot flight equipment	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
RFD Limited* #	Dormant	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Beaufort Air Sea Equipment Limited* #	Submarine escape & pilot flight equipment	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Lifeguard Equipment Limited* #	Inflatable lifesaving equipment & specialised clothing	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Shark Limited*	Sports Dormant	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Nauticaire Components Limited* #	Manufacture of engineering components and polymer products	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
RFD (Northern Ireland) Limited*	Dormant	Kingsway Dunmurry Belfast BT17 9AF United Kingdom	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Pension Limited*	Group Trustee of Survitec Pension Scheme	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Kirkhill (Dormant) Limited	Dormant	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Survival-One Limited*	Sales and rental of survival suits to the offshore oil & gas industry	Findon Shore Findon Aberdeen AB12 3RL United Kingdom	100%	100%
Seaweather Aviation Services Limited	Sales & Service of aviation safety equipment	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Seaweather Marine Services Limited	Dormant	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Seaweather Holdings Limited*	Holding Company	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Survitec (USA) Inc.*	Group Holding Company	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274 United States of America	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Survival Products Inc.	Sales of marine safety equipment	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274 United States of America	100%	100%
RFD Beaufort Inc.	Inflatable lifesaving, submarine escape & pilot flight equipment	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274 United States of America	100%	100%
DSB Schlauchboot GmbH*	Inflatable boats & special products	liferrafts, special Angerweg 5 37632 Escherhausen Germany	100%	100%
Eurovinil S.p.A*	Inflatable large buildings	liferrafts & inflatable Via Genova 5 58100 Grosseto Italy	100%	100%
Survitec Group (Australia) Pty Limited*	Holding Company	2 Burilda Close Wetherill Park NSW 2164 Australia	100%	100%
RFD (Australia) Pty Limited	Sales & service of marine safety equipment	2 Burilda Close Wetherill Park NSW 2164 Australia	100%	100%
RFD Zealand Limited*	New Sales & service of marine safety equipment	Lockhart Place, Mount Wellington PO Box 2386 Auckland New Zealand	100%	100%
RFD Limited*	Japan Sales & service of marine safety equipment	7-24 Shinyamashita 3-chome Naka-ku Yokohama Japan	80%	80%
Survitec Group (Singapore) Pte Limited*	Sales & service of marine safety equipment	25 Senoko South Road Singapore 758081 Singapore	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
W H Brennan & Co (Private) Limited	Sales & service of marine safety equipment	25 Senoko South Road Singapore 758081 Singapore	100%	100%
W H Brennan (Hong Kong) Limited	Sales & service of marine safety equipment	Room 1002, 10/F Sun Hing Industrial Building 22 Kinfat Street New Territories Tuen Mun Hong Kong	100%	100%
W H Brennan (Shanghai) Limited	Sales & service of marine safety equipment	Block 11 128 Dieqiao Road Shanghai 201315 China	100%	100%
Survitec Co. Limited	Sales & service of marine safety equipment	90 Hwajeonsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
RFD SAS*	France Sales & service of marine safety equipment	ZI les Estaches 214 Rue de Bruxelles 62730 Les Attaques France	100%	100%
Survitec Services & Distribution Limited*	Sales & service of marine safety equipment	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Survitec Service & Distribution S.L.*	Sales & service of marine safety equipment	C/Jose Agustin Goytisilo 33 nave B1 08908 Hospitalet de Llobregat Barcelona Spain	100%	100%
Survitec Service & Distribution N.V.*	Sales & service of marine safety equipment	Vitshoekstraat 44 2030 Antwerpen Belgium	100%	100%
Survitec Service & Distribution GmbH	Sales & service of marine safety equipment	Winsberggring 8 D-22525 Hamburg Germany	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Oceana Air Sea Trading Company B.V.*	Holding Company	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaar Netherlands	100%	100%
Survitec & Distribution B.V.	Sales & service of marine safety equipment	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaard Netherlands	100%	100%
Survitec Group (France) SAS*	Holding Company	Route de Chatenet 17210 Chevanceaux France	100%	100%
Survitec SAS	Inflatable lifesaving equipment	Route de Chatenet 17210 Chevanceaux France	100%	100%
DBC Safety Limited*	Marine Inflatable lifesaving equipment	1689 Cliveden Avenue, Delta Vancouver V3M 6V5 British Columbia Canada	100%	100%
Survitec Norway AS*	Group Holding Company	Gangstovikeien 66 6009 Aalesund Norway	100%	100%
Survitec Norway AS	Sales & service of marine safety equipment	Gangstovikeien 66 6009 Aalesund Norway	100%	100%
Survitec AB	Sweden Sales & service of marine safety equipment	Ovådersgaten 7 418 34 Göteborg Sweden	100%	100%
Risk Service US Inc.	Security Sales & service of offshore oil & gas related safety equipment	1640-B Brittmore Road Houston Texas 77043 United States of America	100%	100%
Serveaux Survitec SAS	Sales & service of marine safety equipment	765 Chemin du Littoral Anse de Saurnaty 13016 Marseille France	50%	50%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Solutions Limited*	Global Operation of global raft hire projects	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Survitec International Limited*	Group Administration of group network of service stations	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%
Survitec Craft Limited*	Survival Sales & service of marine safety equipment	Findon Shore Findon Aberdeen AB12 3RL Scotland United Kingdom	100%	100%
Survitec Craft Inc	Survival Sales & service of marine safety equipment	5847 San Felipe San Felipe Plaza, Suite 1700 Houston, Texas TX77062 United States of America	100%	100%
Survitec Limited	Viscom Training & media services	Findon Shore, Findon Aberdeen AB12 3RL Scotland United Kingdom	100%	100%
Survitec Solutions Limited*	Safety Brazil Maritime products and services	Rua Bispo Lacerda 61/67 Del Castilho Rio de Janeiro Brazil	100%	100%
Survitec Solutions Inc.	Safety Canada Maritime products and services	1689 Cliveden Avenue, Delta Vancouver V3M 6V5 British Columbia Canada	100%	100%
Survitec Solutions Panama S.A.*	Safety Panama Maritime products and services	Int.Business Park Flexi Bodegas Unit #4 Panama Pacifico Panama	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Solutions LLC	Safety US Maritime products and services	9400 New Century Drive Pasadena Texas 77507 United States of America	100%	100%
Survitec Solutions Australia Limited	Safety Pty Maritime products and services	2 Burilda Close Wetherill Park NSW 2164 Australia	100%	100%
Survitec Solutions Co. Limited	Safety China Technical Solutions	Block 11 128 Dieqiao Road Shanghai 201315 China	100%	100%
Survitec Solutions Kong Ltd	Safety Hong Maritime products and services	Room 1104-6, 11th Floor Lu Plaza 2 Wing Yip Street Kwun Tong Kowloon Hong Kong	100%	100%
Survitec Solutions Co. Limited	Safety Korea Technical Solutions	90 Hwajeonsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
Survitec Solutions Malaysia Bhd.	Safety Sdn. Maritime products and services	18th Floor, 1 Sentral Jalan Rakyat, Kuala Lumpur Sentral Kuala Lumpur 50470 Malaysia	100%	100%
Survitec Solutions Singapore Limited	Safety Pte Maritime products and services	25 Senoko South Road Singapore 758081 Singapore	100%	100%
Survitec Solutions Belgium NV	Safety Maritime products and services	Vossesdijnsstraat 44 2030 Antwerpen Antwerp Belgium	100%	100%
Survitec Solutions Limited*	Safety Cyprus Maritime products and services	Atlantis Building, Office 101, 1st Floor 2 Makariou III Ave, Mesa Yito Limassol CY-3036 Cyprus	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Solutions Germany GmbH*	Safety Maritime products and services	1 Riedemannstr Bremerhaven 27572 Germany	100%	100%
Survitec Solutions Sole-Shareholder SA*	Safety Maritime products and services	D. Moutsopoulos 100, Piraeus 18541 Greece	100%	100%
Survitec Solutions Srl*	Safety Maritime products and services	Corso Perrone 9N/19S Genova 16152 Italy	100%	100%
Survitec Solutions Netherlands BV	Safety Maritime products and services	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaard Netherlands	100%	100%
Survitec Solutions Sp. z.o.o.*	Safety Maritime products and services	UL. Plac Rodla 9 2nd Floor Szczecin 70-419 Poland	100%	100%
Survitec Solutions Portugal SUL*	Safety Maritime products and services	Fracção E, Zona Industrial do Carvalhinho Moita 2860-579 Portugal	100%	100%
Survitec Solutions SL	Safety Maritime products and services	C/Jose Agustin Goytisilo 33 nave B1 08908 Hospitalet de Llobregat Barcelona Spain	100%	100%
Survitec Solutions Canarias SLU	Safety Maritime products and services	12 Cuzco Las Palmas de Gran Canaria 35008 Spain	100%	100%
Survitec Solutions Limited*	Safety Maritime products and services	The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS United Kingdom	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Solutions Africa Limited*	Safety Maritime products South and services (Pty)	49 Island Circle, Riverhorse Valley Durban 4017 South Africa	100%	100%
Survitec Solutions STI*	Safety Maritime products Turkey and services	Abide-i Hürriyet Caddesi Bolkan Center C Blok No:211 K:3 Şişli İstanbul 34381 Turkey	100%	100%
Survitec Solutions Norway AS	Safety Holding Company	Strandveien 20 1366 Lysaker Norway	100%	100%
Survitec Solutions Co. Limited	Safety Maritime products Japan and services	13th Floor Gontenyama Trust Tower 7-35 Kitashinagawa 4-chome Shinagawa-Ku 140-0001 Japan	100%	100%
Survitec Solutions Norway AS	Fire Technical Solutions	Strandveien 20 1366 Lysaker Baerum Oslo Norway	100%	100%
Survitec Solutions Sp. z.o.o	Fire Technical Solutions Poland	Stobno 74 72-002 Stobno Poland	100%	100%
Survitec Solutions Singapore Limited	Fire Technical Solutions Pte.	25 Senoko South Road Singapore 758081 Singapore	100%	100%
Novenco Fighting A/S	Fire Technical Solutions	Lille Tombjerg Vej 30 5220 Odense SØ Denmark	100%	100%
Maritime Protection AS	Technical Solutions	Rigedalen 13 Kristiansand 4626 Norway	100%	100%



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Survitec Solutions Limited	Fire Technical solutions China	Block 11 128 Dieqiao Road Shanghai 201315 China China	100%	100%
Survitec Solutions Co. Limited	Fire Maritime products Korea and services	90 Hwajeonsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
Survitec Solutions Co. Limited	Fire Japan	2-63 Imazunishihama-cho Nishinomiya-shi Hyogo	100%	100%
Survitec Equipment Trading and Installation LLC	Safety Maritime products and services	24th Damac Executive Height Bldg P.O.Box:12089 Tecom C Dubai	49%	49%
Battlefield Limited*	Sim	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	0%

* indicates direct investment of Survitec Group Limited

The business assets and liabilities of RFD Beaufort, RFD Limited, Beaufort Air-Sea Equipment Limited, Lifeguard Equipment Limited and Nauticair Components Limited are owned by Survitec Group Limited and these companies trade as agents for that Company.

Business combinations

100% of the issued share capital of Battlefield Sim Limited was acquired by Survitec Group Limited on 23 October 2020 for consideration of £266,000. A business combinations note is not included as the acquisition is not material.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Inventories

	31 December 2020 £ 000	31 December 2019 £ 000
Raw materials and consumables	6,938	5,932
Work in progress	5,870	3,946
Finished goods and goods for resale	<u>915</u>	<u>1,085</u>
	<u>13,723</u>	<u>10,963</u>

No amount of inventory has been pledged as security for liabilities in either year.

Provisions against inventory have been created in the year totalling £61,844 (31 December 2019: released £3,212,000) to raw materials and consumables used during the year. Provisions against inventory as at 31 December 2020 are £582,124 (31 December 2019: £520,280).

18 Trade and other receivables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade receivables	13,132	10,155
Provision for impairment of trade receivables	<u>(35)</u>	<u>(64)</u>
Net trade receivables	13,097	10,091
Amounts owed by group undertakings	84,842	71,763
Prepayments	1,260	1,745
Other receivables	<u>7,069</u>	<u>977</u>
	<u>106,268</u>	<u>84,576</u>

Amounts due from group undertakings bear interest between 0% - 6% and are repayable on demand.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. There are two customers who each represent more than 5 per cent of the total balance of trade receivables (2019: nil). The total balance owing from these two customers at 31 December 2020 is £6,038,000.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Trade and other receivables (continued)

The Company applies IFRS 9 when measuring expected credit losses for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The default rate on receivables during the period is <1% (2019: <1%).

The Company has considered the ECL of amounts due from group undertakings in accordance with IFRS 9. These amounts are due on demand and the company has assessed as to whether the group undertakings have sufficient liquid resources to pay this balance immediately (please refer to note 3 for more detail). The total provision carried against these amounts is £100,690,000 (2019: £62,014,000) with a reversal of impairment of £61,324,000 recognised as a credit to the income statement in the year.

The company has recognised the following assets relating to contracts with customers:

	31 December 2020 £'000	31 December 2019 £'000
Contract assets recognised at the start of the year	1,624	636
Revenue recognised in previous periods that were invoiced during the year	(1,624)	(636)
Revenue recognised during the year which will not be invoiced until after the year end	2,463	1,624
Balance at the end of the year	<u>2,463</u>	<u>1,624</u>

Amounts received in advance are expected to be invoiced in the year to 31 December 2021.

19 Cash and cash equivalents

	31 December 2020 £ 000	31 December 2019 £ 000
Cash at bank	<u>8,373</u>	<u>16,615</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Called up share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>11,776</u>	<u>11,776</u>	<u>11,776</u>	<u>11,776</u>

21 Reserves

Share premium reserve

Share premium reserve represents the premium received above the par value on the issue of ordinary shares.

Revaluation reserve

The revaluation reserve arose on the revaluation of certain fixed assets. Amounts representing the equivalent depreciation on the revalued element are transferred to retained earnings each year.

Other reserves

Other reserves includes unrealised gains or losses arising as a result of exchange differences on translation of currencies.

Accumulated losses

The accumulated losses reserve represents cumulative profits or losses, net of any dividends paid and other adjustments.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Lease liabilities

For details of Right of Use Assets, see Note 15. The details of lease liabilities are set out below.

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on discounted gross cash flow is reported in the table below:

	31 December 2020 £ 000	31 December 2019 £ 000
Within one year	435	336
Later than one year and not later than five years	1,410	564
Later than five years	<u>6,182</u>	<u>21</u>
Total lease liabilities (discounted)	<u>8,027</u>	<u>921</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2020 £ 000	31 December 2019 £ 000
Payment		
Payment of capital element of lease liabilities	322	318
Interest	<u>177</u>	<u>58</u>
Total cash outflow	<u>499</u>	<u>376</u>

23 Trade and other payables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade payables	9,823	5,798
Amounts owed to Group undertakings	504,007	457,837
Social security and other taxes	910	883
Other payables	2,127	2,741
Accrued expenses	<u>5,968</u>	<u>11,197</u>
	<u>522,835</u>	<u>478,456</u>

Amounts owed to Group undertakings are unsecured and repayable on demand. These balances carry an interest rate between 0% - 6% (31 December 2019: 0% - 6%).

The Company has recognised the following liabilities relating to contracts with customers:



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 Trade and other payables (continued)

	31 December 2020 £'000	31 December 2019 £'000
Contract liabilities recognised at the start of the year	3,457	4,284
Revenue recognised that was included in contract liabilities at the beginning of the year	(3,457)	(4,284)
Amounts invoiced during the year which did not meet revenue recognition criteria during the year	3,648	3,457
Balance at the end of the year	<u>3,648</u>	<u>3,457</u>

Contract liabilities are expected to unwind within 12 months.

24 Loans and borrowings

	31 December 2020 £ 000	31 December 2019 £ 000
Non-current loans and borrowings		
Amounts owed to parent undertakings	<u>4,820</u>	<u>-</u>

	31 December 2020 £ 000	31 December 2019 £ 000
Current loans and borrowings		
Bank borrowings	947	2,023
Bank overdrafts	<u>6,891</u>	<u>3,653</u>
	<u>7,838</u>	<u>5,676</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

25 Provisions

	Warranties £ 000	Dilapidations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2020	11,108	626	463	12,197
Increase in existing provisions	37	205	5	247
Provisions used	(967)	-	-	(967)
Unused provision reversed	-	(164)	-	(164)
Reclassification	87	-	(87)	-
At 31 December 2020	10,265	667	381	11,313
Non-current liabilities	683	586	-	1,269
Current liabilities	9,582	81	381	10,044

	Warranties £ 000	Dilapidations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2019	14,063	657	476	15,196
Increase in existing provisions	667	-	-	667
Provisions used	(2,995)	-	(13)	(3,008)
Unused provision reversed	(627)	(31)	-	(658)
At 31 December 2019	11,108	626	463	12,197
Non-current liabilities	982	545	-	1,527
Current liabilities	10,126	81	463	10,670

Due to the nature of critical safety products manufactured by Survitec, the Company could be exposed to warranty claims from customers and other affected third parties. The provision is best estimated based on known claims and on estimates based upon past experience, of possible future claims which could arise over the life of the products sold. Management have prepared a model with a range of potential outcomes using a number of different assumptions including the maximum number of product units that would potentially need to be replaced or repaired and this is regularly reviewed. As the warranty provision is a significant estimate it is particularly sensitive to movement and sensitivity analysis of the key assumptions is shown below:

	No. of units replaced		
	-10%	0%	+10%
	£'000	£'000	£'000
No. of units repaired	-10% (1,152)	(507)	139
	0% (645)	-	-
	+10% (139)	-	-

Dilapidations relate to the cost of putting property back to its original condition at the end of its lease term.

'Other' includes provisions for legal costs.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Retirement benefit obligations

Defined contribution pension scheme

The Company operates a defined contribution pension scheme in respect of certain UK employees. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £944,000 (31 December 2019: £709,000).

Defined benefit pension schemes

In the UK the Company operates a defined benefit scheme. The assets of the scheme are held in independent trustee administered funds.

In the UK contributions to the scheme are charged to the income statement so as to spread the cost of providing pensions over the employees' working lives with the Company. Rates of contributions are determined by the trustees in accordance with the recommendation of independent actuaries using the projected unit method. Actuarial valuations are prepared every three years. The most recent formal valuation was carried out as at 31 March 2020 by a qualified Actuary. Under the funding schedule agreed with the scheme Trustees, the Company aims to eliminate the current deficit over a period of 3 years from 31 March 2020.

The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the projected unit method.

While the UK scheme is in a net surplus position, the Company does not recognise the surplus but recognises an additional liability due to minimum funding requirements. As at 31 December 2020, the minimum funding liability amounted to £1,750,000 (31 December 2019: £451,000).

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2020	31 December 2019
	%	%
Rate of pension increase	3.50	3.60
Discount rate	1.40	2.80
Inflation assumption	<u>2.85</u>	<u>3.10</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Retirement benefit obligations (continued)

Post retirement mortality assumptions

	31 December 2020 Years	31 December 2019 Years
Current UK pensioners at retirement age - male	21.10	21.00
Current UK pensioners at retirement age - female	24.30	24.10
Future UK pensioners at retirement age - male	22.50	22.30
Future UK pensioners at retirement age - female	<u>25.80</u>	<u>25.60</u>

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value of scheme assets	78,985	72,027
Present value of scheme liabilities	<u>(67,982)</u>	<u>(63,799)</u>
	11,003	8,228
Effect of asset ceiling	<u>(13,332)</u>	<u>(8,425)</u>
Defined benefit pension scheme deficit	<u>(2,329)</u>	<u>(197)</u>

As the Company does not control the use of the pension asset, it has not been recognised in the financial statements. The Company has recognised £2,329,000 (31 December 2019: £197,000) of additional liability due to minimum funding requirements.

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value at start of the year	72,027	66,191
Interest income	1,480	1,822
Gain on plan assets, excluding amounts included in interest income	8,515	6,254
Employer contributions	761	751
Contributions by scheme participants	84	272
Benefits paid	<u>(3,882)</u>	<u>(3,263)</u>
Fair value at end of the year	<u>78,985</u>	<u>72,027</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Retirement benefit obligations (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Cash and cash equivalents	4,987	161
Equity instruments	12,236	13,955
Debt instruments	61,281	57,416
Assets held by investment company	481	495
	<u>78,985</u>	<u>72,027</u>

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Present value at start of the year	(63,799)	(60,242)
Current service cost	(145)	(426)
Actuarial (losses)/gains arising from changes in demographic assumptions	(226)	3,654
Actuarial losses arising from changes in financial assumptions	(6,565)	(7,497)
Actuarial gains/(losses) arising from experience adjustments	224	(638)
Interest cost	(1,269)	(1,641)
Benefits paid	3,882	3,263
Contributions by scheme participants	(84)	(272)
Present value at end of the year	<u>(67,982)</u>	<u>(63,799)</u>

Amounts recognised in the income statement

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts recognised in operating profit		
Current service cost	145	426
Amounts recognised in finance income or costs		
Net interest	-	(5)
Total recognised in the income statement	<u>145</u>	<u>421</u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Retirement benefit obligations (continued)

Amounts taken to the Statement of Comprehensive Income

	31 December 2020 £ 000	31 December 2019 £ 000
Actuarial losses/(gains) arising from changes in demographic assumptions	226	(3,654)
Actuarial losses arising from changes in financial assumptions	6,565	7,497
Actuarial (gains)/losses arising from experience adjustments	(224)	638
Gains/(losses) on plan assets, excluding amounts included in interest income/(expense)	(8,515)	(6,254)
Changes in the effect of the asset ceiling	<u>4,695</u>	<u>1,977</u>
Losses recognised in the Statement of Comprehensive Income	<u><u>2,747</u></u>	<u><u>204</u></u>



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Retirement benefit obligations (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2020			31 December 2019		
	+ 0.25%	0.0%	- 0.25%	+ 0.25%	0.0%	- 0.25%
Adjustment to discount rate	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>65,017</u>	<u>67,982</u>	<u>71,089</u>	<u>61,121</u>	<u>63,799</u>	<u>66,660</u>

	31 December 2020			31 December 2019		
	+ 0.25%	0.0%	- 0.25%	+ 0.25%	0.0%	- 0.25%
Adjustment to rate of inflation (RPI)	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>70,004</u>	<u>67,982</u>	<u>66,077</u>	<u>65,635</u>	<u>63,799</u>	<u>62,049</u>

	31 December 2020		31 December 2019	
	None	- 1 Year	None	- 1 Year
Adjustment to mortality age rating assumption	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>67,982</u>	<u>70,995</u>	<u>63,799</u>	<u>66,622</u>

Maturity analysis of benefit payments

	Less than a year £ 000	Between 2-5 years £ 000	Between 5-10 years £ 000	Total £ 000
31 December 2020	2,482	9,831	13,603	25,916
31 December 2019	<u>2,407</u>	<u>9,901</u>	<u>13,230</u>	<u>25,538</u>

The average duration of the defined benefit obligation at the end of the year is 17.9 years (31 December 2019: 17.3 years).



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

27 Share-based payments

Charge arising from share-based payments

The total charge for the year for share-based payments was £Nil (2019 - £Nil), of which £Nil (2019 - £Nil) related to equity-settled share-based payment transactions.

The Ultimate parent company issued B and C Ordinary Shares to certain of the Group's employees as a staff incentive arrangement. A total of 1,285,576 B Ordinary Shares and 321,396 C Ordinary Shares were outstanding at 31 December 2020. The B and C Ordinary Shares have been accounted for as an equity-settled share-based payment and therefore have no impact on the balance sheet position.

The shares are subject to a service condition, whereby if an employee is a bad leaver (including resignation or dismissal) prior to an exit event, their B Ordinary Shares and C Ordinary Shares can be repurchased at the lower of issue price and fair value. The C Ordinary Shares are also subject to an EBITDA performance condition (a non-market based performance condition).

On an exit event, the B and C Ordinary Shares are only entitled to a return of capital once the equity value of the Group exceeds the value of the preference shares (plus accrued coupon). The B and C Ordinary Shares are also subject to further ratchets above which they can participate in a greater share of any value creation.

The B and C Ordinary Shares were acquired for total consideration of £1.7 million which was determined to be not less than the estimated grant date fair value of the B and C Ordinary Shares. As such no IFRS 2 expense has been recognised in relation to the B and C Ordinary Shares.

The acquisition price for the B and C Ordinary Shares was funded partly in cash, with employees able to elect for up to 70% of the acquisition price to be initially funded by a full-recourse interest bearing loan.

The fair value of the shares at the date of grant has been calculated using a Monte Carlo option pricing model. This model is considered to appropriate for the valuation of an award subject to a ratchet (market-based performance condition).

28 Commitments

Capital commitments

The total amount contracted for in relation to property plant and equipment but not provided in the financial statements was £1,800,202 (31 December 2019: £Nil).

The total amount authorised in relation to property plant and equipment but not contracted for and not provided in the financial statements was £384,467 (2019: £76,697).

There were no capital commitments in respect of intangible fixed assets at the year end (2019: £Nil).



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

29 Contingent liabilities

Given the nature of its activities the Company has product related contingent liabilities. Whilst the Company makes provision for product liability issues, it is possible that an issue could arise that the Company was not aware of and for which provision may be required in a subsequent period.

The Company has guarantees and performance bonds amounting to £5,391,395 (31 December 2019: £9,694,997).

The Company has cross-guaranteed the repayment of bank loans of certain entities in the Survitec Acquisition Company Limited group amounting to £152,263,000 (31 December 2019: £463,245,000).

30 Related party transaction

During the year, third party fees were paid on behalf of the Company by Onex Corporation (previous ultimate controlling party) of £Nil (31 December 2019: £1,192,000). As at 31 December 2020, there were amounts owing to Onex Corporation of £Nil (31 December 2019: £1,192,000).

Remuneration of key management personnel

The remuneration of key management personnel of the Company is set out below in aggregate for any of the categories specified in IAS 24 Related Party Disclosures:

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Short term employee benefits	2,374	2,171
Post employee benefits	57	51
	<u>2,431</u>	<u>2,222</u>

The above includes payments made to key management on their departure of £Nil (2019: £749,000).

Loans to key management totalling £3,066,697 were made during the year and remain outstanding at the year end. These amounts are recorded in other receivables.



Survitec Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

31 Parent and ultimate parent undertaking

The Company's immediate parent is Survitec Holdings 1 Limited.

The ultimate parent company of the Company is Ark Topco Limited, a private company registered in Jersey.

The largest Group into which the Company's financial statements are consolidated is Survitec Acquisition Company Limited. The consolidated financial statements are available at the Internet address <https://find-and-update.company-information.service.gov.uk/>, or upon request at the Company's registered office (The Aspect, Fourth Floor, 12 Finsbury Square, London, England, EC2A 1AS).

32 Events after the reporting period

Intention to acquire Hansen Protection ASA

On 16 March 2021, Survitec signed an agreement to acquire 100% of the issued shares in Hansen Protection ASA, a company based in Norway. The transaction is expected to complete in May 2021. The financial effects of this transaction have not been recognised at 31 December 2020.

The provisional amount of consideration to be transferred is £100,000,000. At the time when the financial statements were authorised for issue, the Company had not yet completed the acquisition of Hansen Protection ASA nor commenced the acquisition accounting exercise. Fair values of the assets and liabilities have not been determined because the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

Refinancing

Survitec Acquisition Company Limited concluded a process of refinancing in April 2021. The total amount to be borrowed is £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to finance the Hansen acquisition.

A Revolving Credit Facility of £27,500,000 has been negotiated and approved by the bank's Credit Committee in March 2021, it is yet to be finalised at the date of signing these financial statements.

Site held for sale

Subsequent to the financial year end, the Birkenhead site has been classified as an asset held for sale in accordance with IFRS 5. This post balance sheet event has not been adjusted within the financial statements.