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# Survitec Acquisition Company Limited

Annual Report and Financial Statements

for Year Ended 31 December 2021

## **Survitec Acquisition Company Limited**

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# **Survitec Acquisition Company Limited**

## **Company Information**

### **Directors**

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R M Krisanda

### **Company secretary**

J Henley-Price

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## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report on Survitec Acquisition Company Limited (the "Company") and its subsidiaries (the "Group", "Survitec") for the year ended 31 December 2021.

The Vision for the Group is "To be the world's most trusted company for critical safety and survival solutions" and our Purpose is "We exist to protect lives".

Our Values are promoted and supported by the Board and Executive Management Team. The Survitec Code of Business Conduct and Ethics and our Group policies further ensure ethical conduct and compliance with the laws within the jurisdictions in which we operate. Together, these guide our decisions and support us in complying with applicable laws and promoting best practice.

Survitec's core Values reflect our Vision and Purpose, and the beliefs by which we conduct ourselves:

**Safety** and reducing risk is integral to everything we do;  
We are committed to deliver real value and confidence to our **customers**;  
We care for our **People** and invest in their development as individuals and teams;  
We aim for **excellence** in everything we do;  
We seek to **innovate** at every opportunity; and  
**Integrity**: We do what we say we will do.

The Group Strategy is to:

Define the markets and customers that we can best serve to create value;  
Deliver and continuously improve operational excellence to our customers;  
Invest in the organisational capability to execute for our customers;  
Deliver the right innovation process and pipeline; and  
Ensure we realise the full returns of our investment and effort to deliver value.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement**

##### **Directors' Duties**

The Directors of Survitec Acquisition Company Limited must act in accordance with a general set of duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

When making decisions, the Directors of a company must act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to:

- a) likely consequences of any decisions in the long term;
- b) interests of the Company's employees;
- c) need to foster the Company's business relationships with suppliers, customers and others;
- d) impact of the Company's operations on the community and environment;
- e) desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) need to act fairly between members of the Company and consistent with its values.

In discharging their duties, the Directors have had regard to the factors set out above, as well as other factors relevant to the decisions being made.

Throughout the year, the Directors recognised their responsibility to act in good faith to promote the success of the Company for the benefit of shareholders, while also considering the impact of their decisions on wider stakeholders and local communities. Clear communication and proactive engagement with all stakeholders is an essential requirement, ensuring issues and factors which are most important to all parties are understood.

The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our Values, together with our strategic priorities, the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Directors' Duties (continued)**

###### **Leadership**

As part of the Group's strategic growth plans, April 2021 saw the finalisation of a £270,000,000 refinancing agreement showing strong support and confidence from the company's shareholders and lenders. £160,000,000 was used to refinance existing debt and the remainder to support the Group's transformation programmes and mergers and acquisition strategy.

In May 2021, the Group completed the acquisition of the Hansen Protection Group, a leading European provider of personal protective equipment, for total consideration of £107,631,000.

The Hansen Protection Group specialises in the design, manufacturing, distribution, and servicing of personal protective equipment, protective rainwear and boat canopies & textile solutions for a variety of tasks in harsh and cold-water environments.

The addition of Hansen Protection, and its leading portfolio in personal protective equipment, protective rainwear, and technical textile solutions, fits perfectly within Survitec. Hansen Protection has built an outstanding brand, with a strong reputation for the consistent delivery of excellent products and services, and Survitec is committed to maintaining the brand and supporting its growth. The Group's acquisition strategy is intended to broaden and deepen our offering and enhance our ability to service customers and this transaction does just that. The global reach and the combined company's products and services will offer greater value to Survitec's customers by providing one single supplier for Survival Technology across a number of categories, including immersion suits, lifejackets, liferafts, marine evacuation systems, fire systems and servicing.

In November 2021, the Group also completed the acquisition of Blue Anchor Fire and Safety Limited (Blue Anchor), one of Scotland's leading providers of survival solutions providers to the fisheries, maritime and offshore energy industries, for total consideration of £3,102,000. With a similar offering, together with shared values in terms of quality and customer value, Blue Anchor is an excellent fit for the Group. This investment allows the Group to enhance capabilities across the region.

In December 2021, the Group completed an internal re-organisation to define a new operational and management structure segmented across four lines of business. These lines of business will incorporate, Survival Craft, Fire, Leisure and Wearables plus Aerospace and Defence. The re-organisation creates a new internal operating model with a clear strategic focus on 'Organising for customer centricity'. The three key objectives are:

- Decision making moved closer to customer;
- Leaner more agile organisation; and
- Transparent business performance.

The new structure will provide clear purpose and direction for everyone operating in those lines. Each business line is now responsible and accountable for their own finances, product roadmaps, pricing, product design, marketing, production, build and quality.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) Statement (continued)**

##### **Leadership (continued)**

###### *Transformation programmes*

Following the substantial completion of key transformation programmes, the Group's focus moves to strategic growth, both organically and through acquisitions. To support these initiatives, there is continued investment across a number of Group wide simplification and continuous improvement programmes, which underpin the growth initiatives in the 5-year strategic value creation plan.

Continuous improvement of organisation design and processes continues as part of the culture of the business along with transformation of the digital landscape of business operations. To further enable the initiatives, the directors have developed a global digital strategy, which will empower the existing business, to operate efficiently and effectively in a digitalised environment, to better meet our customer's needs whilst underpinning the operational performance and optimising the manufacturing footprint.

The directors recognise that the continuous improvement programmes continue to require rigorous Board oversight, detailed project management and continuous improvement to ensure a successful outcome and mitigate any execution risk. The previous transformation plans have delivered in year benefits, with further benefit to be delivered as the initiatives continue to be rolled out and executed, helping to improve the Group's profitability and performance year on year.

The Group reduced its operating loss from £11,371,000 for the year ended 31 December 2020 (as restated) to operating profit of £13,395,000 for the year ended 31 December 2021. Despite the COVID-19 pandemic, the business grew Adjusted EBITDA (defined as operating profit before depreciation, amortisation, impairment of property, plant and equipment and intangible fixed assets and impairment of goodwill - please refer to fair review of business page 12) from £23,365,000 for the year ended 31 December 2020 to £51,736,000 for the year ended 31 December 2021, thereby demonstrating the resilience of the underlying business, continued benefits of transformation programmes and targeted cost efficiency initiatives taken by the Management team.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) Statement (continued)**

##### **Leadership (continued)**

Looking forward, the Group has a well-developed five year strategic plan for 2022-2026. The strategy has been updated to reflect changes in the external and internal environments over the last twelve months and is based on six key areas:

- Embed a strong culture change with Survitec values at the centre, reinforced through strong governance and performance structures;
- Defend the Group's leading positions, strengthen the customer base and grow through instilled product portfolio;
- Introduce new products and services of industry leading quality, grow the Group's markets, including geographic expansion and exploitation of digital platforms;
- Build front end sales and commercial capabilities;
- Build a scalable efficient operating platform exploiting digitalisation; and,
- Identify and complete value creating M&A in line with Group strategy.

The directors recognise the risks the Group may encounter across a changing global landscape in following key areas:

- COVID-19 pandemic - prolonged with a slower market recovery;
- Labour market constraints - competition for talent; travel constraints; work from home culture;
- Commodity process and critical components - market volatility; shortage of key components;
- Global movement of goods and supply chain challenges - shortages; manufacturing lead times; transportation;
- High inflation - energy prices; increased production costs; wage growth; and,
- Shift in global trade - geopolitical risk with impacts of commodity supply; natural resource supplies; supply chain challenges.

Given the recent Ukraine Conflict, Management have taken the following actions:

- Legal and Compliance have conducted a Group audit of all business activities related to Russia including customers, suppliers, third parties and vessels;
- A block has been put on all Russian customers without prior express approval of Legal and Compliance;
- Separate Russian daily batch screening with alerts from Dow Jones and Lloyds; and
- Established a Just Giving page for charitable donations.



## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Leadership (continued)**

The Board and Executive team are addressing the above risks through rigorous oversight across various financial and operational management programmes and the Risk Management Framework which involves the pro-active continued identification, evaluation and response to identified risks.

##### **Customer engagement**

Underpinned by a diversified loyal customer base and the provision of business critical products and services for the safety of their customers and employees, Survitec is well-placed to defend its position within its current markets and grow in new customer segments and markets.

Differentiation through best-in-class service, broad market portfolio and high-quality products, at competitive prices, alongside a customer centric model that designs and delivers value to customers, are key areas of customer focus for the Global sales and Commercial teams.

##### **Our People**

At Survitec, we pride ourselves on being a people led business. Our values of safety, people, customers, integrity, excellence and innovation guide our actions, decisions, behaviours, and how we engage with each other and our customers. Our people living our values every day gives us our competitive advantage. In 2021, Survitec pursued its ambition to become an employer of choice. It made significant strides across various programmes to attract, retain, develop and reward its people. Our purpose is clear, and our diverse global workforce exists to 'protect lives every day'.

##### ***Attracting the highest calibre talent***

We welcomed 609 new colleagues to Survitec and developed competency frameworks for recruitment while improving our hire to retire processes and strengthening our ability to attract and retain the right talent. We updated our Survitec website careers pages with a refreshed view on new people-focused content and narrative to provide prospective colleagues with a robust view of working life at Survitec, mutual expectations and values.

##### ***Building a One Survitec culture***

The Group continued to build a One Survitec culture, one in which our global workforce engages together in a "One Survitec" approach to support each other and our customers. 2021 saw us launch a comprehensive communication and engagement programme that delivered over 250 communications across various channels, with messaging focused on our people, values, vision, and company goals, achieving almost 100,000 views on Survitec Connect.

In 2021 we developed our Diversity & Inclusion ("D&I") promise as we continue to cultivate an inclusive culture where our people feel valued, appreciated, and free to be who they are at work. A D&I advocacy network was established, and the committee has grown in numbers across four areas of Acceptance, Commitment, Diverse Talent and Talent Utilisation. The committee identified how the company can recognise, monitor and promote our diverse talent, identifying local site advocates.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Our People (continued)**

##### *Building a One Survitec culture (continued)*

Additionally, a hybrid working policy was launched and communicated across the company. We understand that our people value the prospect of flexible working options, such as work from home. As such, our new Global Hybrid Working Policy is part of our strategy to ensure that all colleagues adapt and thrive in this new working environment and that we, as an organisation, continue to support a positive work-life balance for our people.

Our colleagues worldwide participated in the 2021 Survitec Purpose Day. Colleagues availed of a half day to volunteer in local communities, from helping food banks to litter picking around our coastlines, demonstrating the importance of giving back. Our colleagues came out in numbers to make a difference, with over 33 separate activities supporting nine charities providing a sense of purpose, belonging and strengthening our culture as One Survitec Team. The feedback was so positive from our colleagues we are making this an annual event.

##### *Training & developing our people*

We continued to focus on providing training and developing opportunities for colleagues. We delivered a range of training and development programmes, including Marine Products, Compliance, Ethics, Purpose, Vision, Values ("PVV"), sales excellence, and more. In total, over 37,000 training courses were completed across the Group.

In 2021, we continued to roll out the Engaging Managers Programme, every manager across the business has completed the training. We continued to improve our Performance and Development review ("PDR") process, with new processes and training launched to ensure all employees are clear on their expectations and get regular feedback and support on their performance.

Succession Planning rates increased from 59% in 2020 to 98% in 2021. PDR experienced a 5% increase in completion rates for setting objectives, up from 90% in 2020 and 78% in 2019.

##### *Rewarding our people*

2021 saw excellent engagement from our colleagues in our new Reward & Recognition Programme, the Survitec Excellence Awards. This programme recognises and rewards excellence across the organisation for colleagues going the extra mile in their daily work and living and breathing our values. The programme includes the Thank You Awards, awarded monthly and enable our people to thank one another for going above and beyond to support each other. The Values Awards are awarded quarterly and are an opportunity for line managers to reward and recognise members of their team who have exceeded in demonstrating one or more of our values.

In addition, we established a technician retention programme to retain our highly skilled service technicians. Finally, we redesigned our executive bonus scheme to incentivise and align performance with the Survitec Strategy and Values.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Business Relationships**

Our customers span a number of markets including Defence, Maritime, Aviation, energy, Wind, Oil and Gas, and include both private and Government bodies that require safety equipment that is critical to the safety of their staff and customers. We regularly liaise with our customers to ensure our products are of the highest standards and meet the critical requirements of the customer and the end user. Without meeting and maintaining such standards we would lose our competitive position in the markets in which we operate. We work collaboratively with customers to ensure changes in legislation for safety equipment are appropriately incorporated into the goods and services we supply.

In 2021, Survitec actively worked with suppliers on goods and services critical to the effective operation of our entire value chain, from product development through to manufacturing and the supply of our safety equipment to customers. We engaged with suppliers on a regular basis to ensure a mutually beneficial partnering arrangement for goods and services.

The Board and management maintain a regular and constructive dialogue with investors and relationship banks to communicate the Company's strategy and performance in order to promote investor confidence and ensure continued access to capital. In addition to the stakeholder considerations, the Board has also had regard to the pension trustees and other factors such as environmental impact and community interests.

##### **Community and Environment**

Please refer to the Environmental and Sustainability Report below.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Risk Management**

Our risk management process is designed to identify key risks and to provide assurance that they are fully understood and managed in line with management's risk appetite.

The Board has overall responsibility for risk management and internal controls, and for reviewing their effectiveness. Certain responsibilities have been delegated to the Audit and Risk Committee. The Board is chaired by an Executive Chairman who is appointed by the shareholders. The Audit and Risk, Compliance and Remuneration committees are chaired by independent non-executive directors.

The risk management process is embedded at the business unit level and is supported by the bottom-up risk process within each business units. The executive maintains an overall Group risk register, which is reviewed four times a year by the Audit and Risk Committee and is formally discussed with the Board.

To support risk discussions, the Group risk register captures the Group risks to achieving Survitec's objectives and identifies the potential impact and likelihood at both a gross and net level. The business unit leadership teams review each of the business unit risks regularly through an annual risk deep dive process. The updated risk assessments and the changes are then discussed at the Audit and Risk Committee.

The executive requires a quarterly certification from the top 200 leaders in the organisation that they are responsible for managing their business objectives and internal controls to provide reasonable, but not absolute, assurance that the risks in their areas of responsibility are appropriately identified, evaluated and managed. This is reported quarterly to the Audit and Risk Committee. Internal Audit and Risk provides the Audit and Risk Committee with a risk management update at each meeting. Any issues identified by this process are formally logged, with remediation actions to address them.

The Board receives updates on risk management and internal controls from the Chair of the Audit Risk Committee. The Audit and Risk Committee assesses the effectiveness of the internal controls on an ongoing basis.

##### **Shareholders and Lenders**

The Directors are committed to openly engaging with the shareholders and lenders, as the importance of a continued and effective dialogue is recognised. It is important to the Directors' that the shareholders and lenders understand the strategy and objectives of the Group, so these must be explained clearly, with the option for feedback or any other issue raised being properly considered.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Environmental and Sustainability**

###### **Embracing the principles of caring for our environment**

Survitec is committed to doing everything we can to operate in a way which is both environmentally friendly and ecologically sustainable. Our immediate focus is to make regular and continuous improvements, embracing the environmental challenge and continuously looking for opportunities to better our environmental performance. We are taking a proactive approach with our employees, customers and suppliers ensuring that the principles of caring for the environment and sustainability are embedded in our business. In the year we introduced an environmental initiative to reduce the use of single use plastic across the business and discontinuing the use of bubble wrap with the introduction re-usable poaches for pyrotechnic and medical kits in rafts. We are assessing the use of solar and other energy sources to move to carbon neutral energy in production facilities, and products are developed with ESG in mind. We aim to make a positive contribution to protecting the environment by tackling what we can, where we can, as well as educating and encouraging best practice throughout our company.

###### **Governance**

Our current ISO 14001 approved Management System is being enhanced and extended to include all non-accredited sites and offices across Survitec's Global operations.

###### **Strategy**

Investment in new technology that reduces size, weight and power consumption of products and carbon emissions is an important differentiator in the Group's markets. Areas of focus are potential use of lightweight buoyancy materials, recycled rope materials and carbon fibre.

###### **Risk Management**

As part of Survitec's commitment to an enhanced Environmental Strategy, we have begun to develop new Global Operational Controls, (IAW ISO 14001), that will make up one third of the Integrated Management System that mandates annual Environmental Management Reviews. These reviews are conducted at Operational, Regional and Group levels to ensure local, national and international regulatory, socio-economic and environmental risks are identified and prioritised for action.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement (continued)**

##### **Environmental and Sustainability**

###### Guaranteed compliance and effective audit programme

Our current ISO 14001 approved Management System is being extended to include all Survitec sites and offices across our Global operations, implementation will be completed in 2022.

###### Actively support pollution prevention

Investment in new technology that reduces size, weight and power consumption of products and Co2e emissions is an important differentiator in the Group's markets. Areas of focus are use of new lightweight, sustainable materials, recycled polymer materials and carbon fibre, we are also working with the Henry Royce Centre on breakthrough materials that will aid our future objective of becoming a Net Zero business.

As part of Survitec's commitment to an enhanced Environmental Strategy, we have begun to develop more stringent Global Operational Controls, (IAW ISO 14001), that will make up one third of the Global Integrated Management System that mandates annual Environmental Management Reviews. These reviews are conducted at Operational, Regional and Group levels to ensure local, national and international regulatory, socio-economic and environmental impacts are assessed and any potential risks are eliminated or managed appropriately.

As part of our ISO 14001 accreditation, we perpetually monitor our emissions, waste and product recyclability to ensure we constantly improve our environmental performance. We strongly support the reduction of greenhouse gases and the principles of pollution prevention in order to reduce any adverse environmental impacts. We are also committed to respond to any incidents timely, proportionately and effectively to reduce the risk to people and the environment.

###### Waste reduction measures

We endeavour to reduce waste at source and to encourage repurposing or recycling wherever possible and practical. Furthermore, we ensure that any waste that does arise is treated responsibly and disposed of compliantly and with minimum impact to our shared planet.

##### **Fair review of the business**

Survitec is a resilient business with long term customer relationships which are supported by strong regulatory frameworks and by incumbent positions on major platforms.

The Group operates across a number of safety and survival markets and generated turnover for the year ended 31 December 2021 of £372,509,000 (31 December 2020: £348,831,000) from a range of services, solutions and equipment to the marine, and aerospace and defence markets. The Group's customers are principally larger organisations and enterprises who require robust and resilient solutions to meet the critical operational demands presented in the environments to which they operate in.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Fair review of the business (continued)**

To best serve these markets and customers, the Group is currently organised into three business units, Marine, Hansen Protection and Aerospace and Defence. The respective key strengths and characteristics of these divisions are:

##### **Marine**

- Global market leader in the provision of products and services across the full Marine Safety portfolio (liferafts, marine evacuation systems ("MES"), suits, jackets, fire systems, lifeboats);
- High barriers to entry due to regulatory requirement for Original Equipment Manufacturer (OEM) servicing in marine evacuation systems and liferafts;
- Long term, blue chip customers have an installed base of products supported by a reputation for quality;
- Global offering delivered through over 400 locations; and
- Track record of market leading innovation.

##### **Aerospace and Defence**

- Leading expertise and manufacturers of critical safety equipment and systems for NATO militaries;
- Sole source on key US / NATO platforms (ejection-seat aircraft) including F35, Typhoon;
- Main supplier on key submarine platform for submarine escape and immersion equipment;
- Development of new healthcare products within the personal protection market; and
- Benefiting from continued global investment in defence technology given general geopolitical instability.

##### **Hansen Protection (acquired May 2021)**

- Market leader in Norwegian Oil and Gas and European Offshore Wind Personal Protection;
- Strong reputation for consistent delivery of excellent products and services;
- Supports existing market leadership positions through continued product and service innovation;
- Ability to leverage the ongoing rebound in the oil and gas industry to drive revenues in both rental and sales of transportation and survival suits;
- Complements our own immersion and wearables business strengthening our position as a global leader; and
- Strong integrated services concept in the wind energy market.

The Group benefits from long term contractual relationships with its customers which are generally global in nature and operate across a range of sectors. This provides a degree of both sector and geographic diversification which generates more stability in short term revenue and a platform for sustainable growth aligned to global trends across a number of market sectors in the medium to longer term.

As of December 2021, the Group completed an internal re-organisation to be implemented from Jan 2022. It defines a new operational and management structure segmented across four lines of business. These lines of business will incorporate, Survival Craft, Fire, Leisure and Wearables plus Aerospace and Defence.

## Survitec Acquisition Company Limited

### Strategic Report for the Year Ended 31 December 2021 (continued)

#### Fair review of the business (continued)

##### Business Combinations

On 5 May 2021, Survitec acquired the Hansen Protection Group which included subsidiary undertakings in Denmark, Netherlands, Sweden, Canada, Germany and the UK, for total consideration of £107,631,000. See note 15 for further details of this acquisition.

On 1 November 2021, Survitec acquired 100% of the issued share capital of Blue Anchor Fire and Safety Limited, a company based in the UK, for total consideration of £3,102,000. See note 15 for further details of this acquisition.

##### **Key performance indicators - Company**

The key performance indicator is the net asset/liability position. As at 31 December 2021, the Company had a net asset position of £134,881,000 (31 December 2020: liability of £221,506,000 (as restated)). The reduction in the net liability is as a result of the debt for equity swap (mentioned below), and a reduction in interest charges.

##### **Key performance indicators - Group**

The key performance indicators are turnover and operating profit/(loss) before depreciation, amortisation, impairment of property, plant and equipment and intangible fixed assets and impairment of goodwill (Adjusted EBITDA). During the year the Company has recognised a reversal of impairment on intercompany loans amounting to £292,555,000, an impairment against investments in subsidiaries of £275,445,000 (see note 14) and a loss of £67,414,000 resulting from the waiver of intercompany preference shares.

Adjusted EBITDA for the year to 31 December 2021 was £51,736,000 (31 December 2020: £23,365,000 (as restated)) and is calculated as follows:

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
Operating profit/(loss)	13,395	(11,371)
Add back: Depreciation and amortisation	38,341	34,603
Add back: Reversal of impairment of intangible assets	-	(10,812)
Add back: Impairment of property, plant and equipment	-	10,945
Adjusted EBITDA	<u>51,736</u>	<u>23,365</u>



## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Fair review of the business (continued)**

The results for the Group show that turnover for the year is up 7% compared to the prior year, as a result of the revenues contributed by entities acquired during the year offset by reductions in the Marine division, as a result of lower after-market and hire revenues across the EMEA and Americas regions due to the continued impacts of the COVID-19 pandemic. The Group's overheads have reduced as a result of the COVID-19 cost saving measures implemented by management and the ongoing impacts of the Group wide transformational programmes.

The loss before tax for the year to 31 December 2021 was £25,160,000 (31 December 2020: loss £63,460,000). In addition to the above impact of increases in Adjusted EBITDA, the movement in the loss before tax is driven by an impairment reversal on intangible assets of £Nil (31 December 2020: impairment reversal £10,812,000), an impairment charge on property, plant and equipment of £Nil (31 December 2020: impairment charge £10,945,000), a release of warranty provisions of £2,206,000, and a gain on foreign exchange costs on foreign currency borrowings of £7,316,000 (31 December 2020: loss of £6,838,000).

During the year, Management was focused on both the organic recovery of the core trading environment to pre COVID-19 levels and also delivering further growth via acquisition. The acquisition of Hansen Protection Group was a key strategic priority which provided a complementary addition, to the portfolio.

Supply chain challenges have necessitated an increased investment in inventory to buffer stock levels and negate the impact of longer lead times, which has facilitated the Group's ability to continue to meet manufacturing requirements and customer demand. The Group has been focussed on maintaining a strong underlying balance sheet, ensuring servicing of debt and management of working capital.

To ensure that the Group can maintain its strong position in the global marketplace, the Group invested in new and existing product development and research programmes. During the year, the Group has expensed £614,000 (31 December 2020: £135,000) on research programmes and has also capitalised £5,952,000 (31 December 2020: £5,197,000) in respect of development projects, please refer to notes 9 and 16. The key new product development, the Seahaven programme, passed heavy weather trials in December 2021 before its commercial launch in April 2022 at the Miami Seatrade Cruise Fair.

Net cash inflows from operating activities for the year ended 31 December 2021 amounted to £18,459,000 (31 December 2020: £22,571,000).

The Consolidated Statement of Financial Position shows a net asset position as at 31 December 2021 of £54,189,000 (31 December 2020: net deficit of £324,116,000 (as restated)). This improvement is as a result of intercompany refinancing activities, where a further 1 share of £1 was issued at a premium of £405,298,000 in exchange for the waiver of amounts owed to the Company by the immediate parent company. See note 23 for further details. Additionally, this was driven by a loss in the year of £25,107,000 (31 December 2020: loss £71,438,000 as restated), and losses within Other Comprehensive Expense of £1,886,000 (31 December 2020: £1,016,000).

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Fair review of the business (continued)**

There were bank loans of £260,796,000 (net of capitalised transaction costs) as at 31 December 2021 (31 December 2020: £152,263,000) and amounts owed to group companies of £nil (31 December 2020: £379,627,000) as described in note 26.

The average number of full-time equivalent employees for the year ended 31 December 2021 has increased by 51, from 2,910 to 2,961.

#### **Refinancing Activity**

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, fees and fund strategic Mergers and Acquisitions including Hansen Protection. The loan is a floating rate plus margin rolled quarterly and has standard compliance terms including a leverage test and minimum liquidity.

A Revolving Credit Facility of £27,500,000 along with a renewed £15,000,000 guarantee facility was completed at the same time.

In December 2021, a further 1 share of £1 was issued at a premium of £405,298,000 in exchange for the waiver of amounts owed to the Company by the immediate parent company.

#### **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, regulatory requirements and increase in key commodity prices.
- Impact: Customer sales lost to competitors as a result of increased sales pricing passed onto customers due to inflationary pricing pressures.
- Mitigation: The Group manages this risk by providing a high standard of service to its customers, sourcing quality, price competitive materials and maximising global purchasing capabilities. Additionally, investing in new and existing products, responding quickly to customer requirements and maintaining strong relationships. The risk is additionally offset by a broad, highly regulated product, a global geographical footprint and further acquisitions to broaden the Group's portfolio.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Principal risks and uncertainties (continued)**

##### **Geopolitical and Inflation Risks**

War in Ukraine heightens inflation risks and challenges the global economy.

- **Risk drivers:** The negative effects of growing tensions between Russia and the West could cause prolonged negative effects on business investment and consumer spending. Combined with the disruptions to the energy and commodity supply, the war is likely to push up inflation for longer and impact global economic growth.
- **Impact:** Higher energy prices are one of the main factors which would directly impact production costs for manufacturing goods. Availability of gas exports, especially to Europe, could change if sanctions are tightened further. Supply chain pressures and raw material shortages create further disruption and delays plus an increase in the raw material cost base.
- **Mitigation:** The Group manages this risk by actively sourcing new products and maximising global purchasing capabilities. Maintaining strong relationships with suppliers across our global network, to plan for both supply chain challenges and inflationary price increases. There is a continuous review of sales pricing, and where necessary, passing on price increases to the customer to mitigate exposure.

##### **COVID-19**

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

- **Risk drivers:** The COVID-19 pandemic has continued to cause business impacts during 2021. 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 2021. Although certain industries in which the Group operates, specifically the cruise ship sector have continued to see a slower recovery in activity, other opportunities have been realised across the group's diverse range of capabilities. Furthermore, there have been different lockdown approaches from countries such as China, Australia and New Zealand, whereby stricter enforcements have been applied to eradicate the virus thus curtailing movement of people, whereas in USA, UK and Europe, the businesses have been able to operate in a continuous operating environment through 2021.
- **Mitigation:** The Group has worked closely with its 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 worked closely with each region to ensure working patterns are flexible and can support the changing needs of its people, whilst ensuring the business delivers a high-quality standard of service to its customer's.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Warranty risk**

As the Group's activities include the development of critical safety products, if a product failed to operate as designed, this could expose the Group 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 Group 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 Management's ongoing operational reviews, additional assessments were performed and modelled to consider the risk of product warranty matters and additional warranty provisions of £200,000 (31 December 2020: £86,000) were recognised. A total of £682,000 (31 December 2020: £983,000) was utilised and a total of £2,206,000 (31 December 2020: £25,000) was released to the Income Statement. In addition, £655,000 was acquired through business combinations (31 December 2020: £Nil) and £7,000 of foreign exchange differences were recognised (31 December 2020: £8,000). There remained a warranty provision of £8,941,000 at the year-end (31 December 2020: £10,981,000). Releases were based on updated information available to management around the number of products subject to warranty as well as the passage of time.

Please refer to note 28 for additional information.

#### **Future developments**

Looking forward across the next 12 months, the Group anticipates growth in the Marine division with continued success in MES and New Build Fire with Liferaft Hire anticipating a gradual aftermarket recovery. Hansen Protection is targeting growth in Offshore Wind market & Protective Rainwear. Defence and Aerospace revenue anticipate growth in Liferrafts, Immersion Suits & Rescue Boats.

Supply chain challenges, cost inflationary pressures and geopolitical impacts, are proactively managed across the Board and Executive Management team. Group is taking active steps to mitigate associated risks and manage any potential exposure to its business operations.

Transformational programmes will transition into continuous improvement initiatives embedded in the culture of the business to further align the organisational structure to its identified market opportunities, in turn delivering sustainable growth.

## **Survitec Acquisition Company Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Future Developments (continued)**

Continuous project management of the improvement programmes, monitoring both benefits achieved, benefits still to be achieved and ongoing costs to achieve, and therefore managing the risk to the business, is a key programme for management review.

In addition to the digital transformation programmes, the Group will continue to invest in the continued enhancement of manufacturing and supply chain operations, giving the business the opportunity to meet customer demands while reducing cost and improving working capital management. Targeted cost reduction opportunities for the business will be pursued across all three divisions to align with management reporting lines.

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

Approved by the Board on 31 March 2022 and signed on its behalf by:



.....  
R C A Leclercq  
Director



.....  
R M Krisanda  
Director

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the audited consolidated Financial Statements for the year ended 31 December 2021.

#### **Directors' of the group**

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

R C A Leclercq

R M Krisanda

#### **Principal Activities**

The principal activity of the Company is that of an intermediate holding company.

In recent years, Survitec Group has solidified its position as the world's leading provider of critical safety and survival solutions for the marine and defence markets. Survitec provides survival and safety solutions across the globe through the design, manufacture and service of critical safety solutions. The Group operates in over 35 countries and employs 2,961 people.

The subsidiary undertakings affecting the profits and/or net assets and net liabilities of the Group in the year are listed in note 14 to the financial statements.

#### **Events after the year end and future developments**

Future developments have already been included in the Strategic Report. There are no further events after the year end impacting on these financial statements.

#### **Results and Dividends**

The loss after tax for the year-ended 31 December 2021 is £25,107,000 (31 December 2020: £71,438,000 (as restated)). A review of the performance of the business and a view on future developments of the business is set out in the Strategic report and is included in this report by cross-reference.

The Directors do not recommend a dividend on the ordinary shares for the year ended 31 December 2021 (31 December 2020: £Nil).

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Business conduct**

The Directors are committed to and responsible for ensuring that the Group conducts itself in accordance with the highest standards of integrity and transparency. The Group complies with all relevant anti-bribery and corruption legislation, including the UK Bribery Act 2010 and all relevant trade sanctions and export controls. The Group 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 the Group. The Policy will be kept under review and may be varied from time to time so as to ensure effective compliance. The Group has branches in Azerbaijan, Fujairah and Italy.

#### **Whistleblowing**

Our internal whistleblowing facility (Survitec Hotline), which includes a telephony service and web-based portal, is operated by a new third-party service provider. Our global programme continues to provide a confidential and secure means for our employees, business partners, and other external stakeholders to report concerns about conduct that is contrary to our Values, Code of Business Conduct and Ethics. All reports are confidential and reporters are able to submit their disclosures anonymously. We review, assess and, where necessary, investigate all reports made. Oversight is provided by the Board Compliance & Ethics Committee.

#### **Risk Management**

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

#### **Foreign exchange rate risk**

The Group, whilst headquartered in the UK, operates in geographically diverse locations, with 76% (31 December 2020: 79%) of its sales being made outside the UK. It is therefore exposed to movements in exchange rates. The Group is generally naturally hedged, but where not, we seek 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. The key currencies that impact the Group's performance, and that the Group therefore seeks to mitigate the impact of exchange rate movements on, are the Euro, Norwegian Krone, US Dollar, Australian Dollar and Singapore Dollar.

#### **Interest rate risk**

The Group has both interest-bearing and non-interest bearing assets and liabilities. Interest bearing assets include only cash balances, all of which earn interest at variable rates. Interest bearing liabilities relate mainly to bank loans, overdrafts and leases. Core debt is subject to interest at a variable rate. The Audit and Risk Committee regularly reviews interest rate risk.

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Risk management (continued)**

##### **Credit risk**

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group has adopted a policy of only holding cash with creditworthy counterparties. Credit risk for the Group is primarily attributed to trade receivables. The amount presented in the financial statements is net of expected credit loss provisions. The Group 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 Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### **Liquidity and funding risk**

The Group uses a mixture of central long term debt, committed facilities and cash to maintain liquidity. This is managed by Group Treasury who ensure that sufficient funds are available for ongoing operations and developments and also manage liquidity thresholds per the debt covenants. The Group centralises cash at Head Office by regular cash repatriation from subsidiaries. A weekly sixteen week cash flow forecast is used to monitor short term liquidity in conjunction with available committed facilities. In addition, liquidity is monitored against budget and longer term forecasts. The Group continues to use budget and five year forecasts to determine any future anticipated funding requirements. In March 2021 the Group borrowed £270,000,000 over 6 years, with £160,000,000 used to refinance existing debt and the remainder to cover fees and strategic Mergers and Acquisitions such as Hansen Protection.

##### **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 by the Group during the year (31 December 2020: £Nil).

#### **Gender equality**

Survitec are an equal opportunities employer and are committed to reducing the gender pay gap where it exists.

#### **Research and development**

The Group is continually undertaking research and development in respect of improvements to the production process and the development of new products. During the period, the Group has capitalised £5,952,000 of development expenditure (31 December 2020: £5,197,000). During the year, the Group received capital grants of £1,011,000 in respect of development projects (31 December 2020 £1,035,000) and has also expensed £614,000 (year ended 31 December 2020: £135,000) on research programmes.



## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Corporate governance**

The Survitec Group is part of 'Ark TopCo Limited' at which level the Board administers oversight to its operating companies which include Survitec Acquisition Company Limited. The Board consists of 7 members and includes the Executive Chairman, Group Chief Finance Officer, two Shareholder Representatives and three Non-Executive Directors. The role of a Non-Executive Director has been strengthened to provide further transparency to the Board. The size of the Board is guided by its constitutional documentation, scale and complexity of the Group, and markets in which it operates.

The Survitec Group has its own Corporate Governance Guidelines which details the roles of the Executive and Non-Executive Directors. Directors meet five times a year (previously monthly) and on an as-needed basis for discussion of matters such as corporate governance and management of the business. In addition, the Shareholder Representatives are invited to monthly operational reviews, which fall in the months when no board meeting is held.

The Board and independent Non-Executive Directors have a clear understanding of their accountability and responsibilities. The Board's policies and procedures are there to support effective decision-making and independent challenge. This is clearly shown as the Group adopts the 'Company with committees' governance structure.

The Board has responsibility for the Group's overall approach to strategic decision-making and effective risk management (financial and non financial) including reputational risk. The Board is also key in promoting the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks. The Board utilises each of the committees to help with the consideration of matters such as financial control and reporting risk, succession, remuneration and compliance. The terms of each committee have been clearly set out.

In addition to appointing an established Board of Directors the Group also relies on the support of the following committees; each of which meet, at a minimum quarterly, and are Chaired by an independent Non-Executive Director:

- Audit and Risk Committee;
- Remuneration Committee; and
- Compliance & Ethics Committee.

A quarterly management certification process continues, and the outcomes are discussed with Management and Non-Executive Directors.

The Survitec Group has an Executive Chairman whose role is to set the strategic direction of the Group by continuously re-evaluating and enhancing the strategy, to drive operational and financial improvements. The Executive Chairman is supported by a Group CFO and senior management team with a balance of skills, backgrounds, experience and knowledge, and who have sufficient capacity to make a valuable contribution.

In year, further steps have been taken, as part of the transformation programmes, to enhance and increase the Board's visibility by further separating functions within the business and their execution teams. For details of engagement with suppliers, customers and others in a business relationship with the Group please refer to the s.172(1) disclosures included within the Strategic Report.

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Employment of disabled persons**

The Group'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 Group 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 Group.

Directors and Management consider the interests of employees when taking strategic 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 Group's operating locations.

#### **Streamlined Energy and Carbon Reporting**

This report summarises Survitec's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Under the SECR legislation the Group is mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented in our most recent financial year. An organisational boundary has been applied for the purposes of the reporting, such that only Group entities that are incorporated in the United Kingdom are considered.

The three broad scopes for emissions:

- **Scope 1** comprises direct emissions from fuel (including natural gas) use to generate electricity, heat, or steam. These emissions result from combustion of fuels in stationary sources, for example boilers, furnaces, turbines, material, chemical processing, and waste processing, transportation of materials, products, waste, and employees. These emissions result from the combustion of fuels in Group owned transportation (e.g. trucks, trains, ships, aeroplanes, buses, and cars) from transport (where a journey starts or ends in the UK).
- **Scope 2** comprises indirect emissions from purchased renewable and non-renewable electricity purchased and used in operations.
- **Scope 3** comprises indirect emissions and energy use, and related emissions from transportation of purchased materials, goods, sold products and business travel in trains, ships, aeroplanes, buses, not owned by the Group, and rental cars and employee owned vehicles where the Group is responsible for purchasing the fuel.

The data below shows a reduction in total consumption largely due to reduced transportation emissions, partly as a result of the Covid-19 pandemic.

## Survitec Acquisition Company Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### Streamlined Energy and Carbon Reporting (continued)

##### Greenhouse emissions

	Year ended 31 December 2021 UK Consumption (kWh)	Year ended 31 December 2021 UK Consumption (tCo2e)
<b>Utility and Scope</b>		
Grid-Supplied Electricity (Scope 2)	1,424,293	302
Gaseous and other fuels (Scope 1)	3,119,446	612
Transportation (Scope 1 and 3)	1,001,288	235
<b>Total</b>	<u>5,545,027</u>	<u>1,149</u>

	Year ended 31 December 2020 UK Consumption (kWh)	Year ended 31 December 2020 UK Consumption (tCo2e)
<b>Utility and Scope</b>		
Grid-Supplied Electricity (Scope 2)	1,445,544	337
Gaseous and other fuels (Scope 1)	2,809,872	517
Transportation (Scope 1 and 3)	4,450,826	1,054
<b>Total</b>	<u>8,706,242</u>	<u>1,908</u>

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Streamlined Energy and Carbon Reporting (continued)**

##### **Greenhouse emissions**

###### **Intensity metric**

An intensity metric of 3.08 tCO<sub>2</sub>e per £m turnover has been calculated for the annual total emissions, the prior year figure was 5.47.

###### **Energy Efficiency Improvements**

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next 5 years.

###### **Measures ongoing and undertaken through 2021**

ISO 14001 accreditation - The Group is taking steps to obtain ISO 14001 accreditation during 2021/22 with the implementation of the strategy being completed during 2021.

Investment is being made in high efficiency, low carbon manufacturing equipment to reduce the power consumption and in turn a reduction of carbon emissions.

###### **Measures prioritised for implementation in 2022**

ESOS compliance energy surveys will be completed during the 2022 financial period in order to meet compliance.

##### **Reporting Methodology**

Scope 1 and 2 consumption and CO<sub>2</sub>e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting year 01/01/2021 - 31/12/2021.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Survitec Group Ltd were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 4% of reported consumption.

Intensity metrics have been calculated utilising the 2021 reportable figures for the following metrics, and tCO<sub>2</sub>e for both individual sources and total emissions were then divided by this figure to determine the tCO<sub>2</sub>e per metric.

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (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 Group and the Company have a net asset position as at 31 December 2021 (31 December 2020: net liability position) following a number of intercompany debt to equity conversions during the year.

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.

A Revolving Credit Facility of £27,500,000 has also been secured in March 2021.

The COVID-19 pandemic continued to be an evolving situation throughout 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 2021, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to going forward.

In reviewing the appropriateness of the Going Concern assumption, Management has prepared forecasts covering the 15 month period to 30 June 2023 "the Going Concern period". 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 and continued growth of the business, the full year impact of profits arising from entities acquired during the year, as well as continued transformation projects resulting in reduced overheads.

The forecasts have been sensitised to reflect a severe but plausible downside scenario. The forecasts indicate sufficient headroom on the Group's new facilities through to 30 June 2023 as well as the compliance with all banking covenants. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, and as such mitigations could be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors.

The Group's facility requires at least 80% of Group EBITDA to be generated by the guarantors. As at 31 December 2021, this ratio was not achieved and as a result, in advance of the covenant certificate being submitted, the lenders have reduced the coverage percentage required until 30 June 2022. If at June 2022, the guarantor coverage test is still not met, one or more additional subsidiaries will be added as guarantors to the facility, which will ensure sufficient guarantor coverage is maintained throughout the remainder of the Going Concern period. This is not a financial covenant which could have been deemed a breach. The subsidiaries that are added as guarantors is under the discretion of the Group, as long as the relevant legal processes required in the loan agreement to add the guarantors are followed.

Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until late 2022, 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 Company can continue as a going-concern over a period of at least twelve months from the date of signing of these financial statements.

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **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 group and the company financial statements in accordance with UK-adopted international accounting standards.

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 group and company and of the profit or loss of the group 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 UK-adopted international accounting standards 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 group and company will continue in business.

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

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

#### **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 group's and 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 group's and company's auditors are aware of that information.

## **Survitec Acquisition Company Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Directors' liabilities**

The Group has made a qualifying third-party indemnity provision for the benefit of its Directors during the period and it remained in force at the date of signing of this report.


#### **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 8 April 2022 and signed on its behalf by:



.....  
R C A Leclercq  
Director



.....  
R M Krisanda  
Director

# Independent auditors' report to the members of Survitec Acquisition Company Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Survitec Acquisition Company Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Consolidated and Company Statement of Financial Position as at 31 December 2021; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Cash Flows, and the Consolidated and Company 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 group 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 group's and 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 group's and 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 2021 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 group and company and their 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 in respect of the financial statements, 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 group's and 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 group or 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 group 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 by the engagement team included:

- Discussions with the Group and Divisional management teams, internal audit, internal legal counsel and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation 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 relating to the valuation of intangibles, property, plant and equipment and warranty 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](http://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 company 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  
8 April 2022

## Survitec Acquisition Company Limited

### Consolidated Income Statement for the Year Ended 31 December 2021

		Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
	Note		
Revenue	5	372,509	348,831
Changes in inventories of finished goods and work in progress		(12,178)	(4,563)
Raw materials and consumables used		(135,718)	(138,212)
Employee benefits expense	6	(116,544)	(119,659)
Depreciation and amortisation expense	9	(38,341)	(34,603)
Impairment reversal of intangible assets	9	-	10,812
Impairment of property, plant and equipment	9	-	(10,945)
Other operating expenses		(61,084)	(67,177)
Other operating income	10	<u>4,751</u>	<u>4,145</u>
<b>Operating profit/(loss)</b>		13,395	(11,371)
Finance income	11	7,327	34,860
Finance costs	11	<u>(44,896)</u>	<u>(86,521)</u>
Net finance cost	11	(37,569)	(51,661)
Other losses	12	<u>(986)</u>	<u>(428)</u>
<b>Loss before tax</b>		(25,160)	(63,460)
Income tax credit/(expense)	13	<u>53</u>	<u>(7,978)</u>
<b>Loss for the year after tax</b>		<u>(25,107)</u>	<u>(71,438)</u>
<b>Loss attributable to:</b>			
Owners of the Company		(25,142)	(71,496)
Non-controlling interests		<u>35</u>	<u>58</u>
		<u>(25,107)</u>	<u>(71,438)</u>

All operations are continuing.

The Company has taken advantage of the exemptions under section 408 of the Companies Act 2006 from presenting its own Income Statement.

The notes on pages 47 to 161 form an integral part of these financial statements.

## Survitec Acquisition Company Limited

### Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
Note		
Loss for the year	(25,107)	(71,438)
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurements of post employment benefit obligations (net)	423	(2,954)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	<u>(2,309)</u>	<u>1,938</u>
Total Other Comprehensive expense	<u>(1,886)</u>	<u>(1,016)</u>
Total Comprehensive expense for the year	<u>(26,993)</u>	<u>(72,454)</u>
<b>Total comprehensive expense attributable to:</b>		
Owners of the Company	(27,028)	(72,512)
Non-controlling interests	<u>35</u>	<u>58</u>
	<u>(26,993)</u>	<u>(72,454)</u>

The notes on pages 47 to 161 form an integral part of these financial statements.

# Survitec Acquisition Company Limited

(Registration number: 09333067)

## Consolidated Statement of Financial Position as at 31 December 2021

		31 December 2021 £ 000	(As restated) 31 December 2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	16	45,262	-
Intangible assets	16	135,494	100,605
Property, plant and equipment	17	56,692	33,515
Right of use assets	18	35,241	30,348
Deferred tax assets	13	14,620	11,537
Finance lease receivable	25	76	138
Other receivables		742	924
<b>Total non-current assets</b>		<b>288,127</b>	<b>177,067</b>
<b>Current assets</b>			
Inventories	19	77,414	55,638
Trade and other receivables	20	83,302	72,590
Contract assets	20	6,989	6,417
Income tax asset		415	526
Cash and cash equivalents	21	56,795	83,947
<b>Total current assets</b>		<b>224,915</b>	<b>219,118</b>
Assets classified as held for sale		340	-
<b>Total assets</b>		<b>513,382</b>	<b>396,185</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	23	(928)	(928)
Share premium	23	(405,298)	-
Capital contribution reserve		(533,333)	(533,333)
Foreign currency translation reserve		15,622	13,313
Accumulated losses		870,032	845,313
<b>Equity attributable to owners of the Company</b>		<b>(53,905)</b>	<b>324,365</b>
Non-controlling interests		(284)	(249)
<b>Total equity</b>		<b>(54,189)</b>	<b>324,116</b>

The notes on pages 47 to 161 form an integral part of these financial statements.

# Survitec Acquisition Company Limited

(Registration number: 09333067)

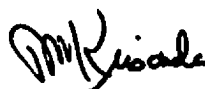
## Consolidated Statement of Financial Position as at 31 December 2021 (continued)

		31 December 2021 £ 000	(As restated) 31 December 2020 £ 000
	Note		
<b>Non-current liabilities</b>			
Long term lease liabilities	24	(28,768)	(25,986)
Loans and borrowings	26	(260,796)	(533,705)
Retirement benefit obligations	27	(6,990)	(9,509)
Provisions	28	(4,938)	(3,823)
Deferred tax liabilities	13	(25,707)	(14,383)
Other non-current liabilities		(4)	(9)
<b>Total non-current liabilities</b>		<b>(327,203)</b>	<b>(587,415)</b>
<b>Current liabilities</b>			
Current portion of lease liabilities	24	(7,860)	(6,527)
Trade and other payables	30	(79,721)	(86,517)
Contract liabilities	30	(17,117)	(10,689)
Income tax liability		(2,107)	(3,103)
Loans and borrowings	26	(7,260)	(13,921)
Provisions	28	(17,925)	(12,087)
Derivative financial instruments	29	-	(42)
<b>Total current liabilities</b>		<b>(131,990)</b>	<b>(132,886)</b>
<b>Total liabilities</b>		<b>(459,193)</b>	<b>(720,301)</b>
<b>Total equity and liabilities</b>		<b>(513,382)</b>	<b>(396,185)</b>

The financial statements on pages 34 to 161 are approved by the Board on 8 April 2022 and signed on its behalf by:



R C A Leclercq  
Director



R M Krisanda  
Director

The notes on pages 47 to 161 form an integral part of these financial statements.

# Survitec Acquisition Company Limited

(Registration number: 09333067)

## Company Statement of Financial Position as at 31 December 2021

		31 December 2021 £ 000	(As restated) 31 December 2020 £ 000
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	14	134,939	-
<b>Current assets</b>			
Trade and other receivables	20	-	154,382
Cash and cash equivalents	21	21	20
<b>Total current assets</b>		21	154,402
<b>Total assets</b>		134,960	154,402
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	23	(928)	(928)
Share premium		(405,297)	-
Capital contribution reserve		(533,333)	(533,333)
Accumulated losses		804,677	755,767
<b>Total equity</b>		(134,881)	221,506
<b>Non-current liabilities</b>			
Loans and borrowings	26	-	(375,826)
<b>Current liabilities</b>			
Trade and other payables	30	(79)	(82)
<b>Total current liabilities</b>		(79)	(82)
<b>Total liabilities</b>		(79)	(375,908)
<b>Total equity and liabilities</b>		(134,960)	(154,402)

The notes on pages 47 to 161 form an integral part of these financial statements.



**Survitec Acquisition Company Limited**

**(Registration number: 09333067)**

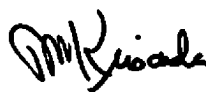
**Company Statement of Financial Position as at 31 December 2021 (continued)**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The Company's result for the year amounted to a loss of £48,910,000 (31 December 2020: £73,831,000 profit (As restated)).

The financial statements on pages 34 to 161 were approved by the Board on 8 April 2022 and signed on its behalf by:



.....  
R C A Leclercq  
Director



.....  
R M Krisanda  
Director

The notes on pages 47 to 161 form an integral part of these financial statements.

**Survitec Acquisition Company Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Foreign currency translation £ 000	Accumulated losses £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2021 As previously presented	928	-	533,333	(13,313)	(683,112)	(162,164)	249	(161,915)
Prior period adjustment (note 35)	-	-	-	-	(162,201)	(162,201)	-	(162,201)
At 1 January 2021 (As restated)	928	-	533,333	(13,313)	(845,313)	(324,365)	249	(324,116)
Loss for the year	-	-	-	-	(25,107)	(25,107)	35	(25,072)
Other comprehensive expense	-	-	-	(2,309)	423	(1,886)	-	(1,886)
Total comprehensive loss	-	-	-	(2,309)	(24,684)	(26,993)	35	(26,958)
Dividends to non-controlling interest	-	-	-	-	(35)	(35)	-	(35)
New share capital subscribed	-	405,298	-	-	-	405,298	-	405,298
At 31 December 2021	928	405,298	533,333	(15,622)	(870,032)	53,905	284	54,189

The notes on pages 47 to 161 form an integral part of these financial statements.

**Survitec Acquisition Company Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021 (continued)**

	Share capital £ 000	Capital contribution reserve £ 000	Foreign currency translation £ 000	(As restated) Accumulated losses £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2020	928	-	(15,251)	(770,863)	(785,186)	249	(784,937)
Loss for the year	-	-	-	(71,496)	(71,496)	58	(71,438)
Other comprehensive expense	-	-	1,938	(2,954)	(1,016)	-	(1,016)
Total comprehensive expense	-	-	1,938	(74,450)	(72,512)	58	(72,454)
Dividends to non-controlling interest	-	-	-	-	-	(58)	(58)
Other capital redemption reserve movements	-	533,333	-	-	533,333	-	533,333
At 31 December 2020 (As restated)	<u>928</u>	<u>533,333</u>	<u>(13,313)</u>	<u>(845,313)</u>	<u>(324,365)</u>	<u>249</u>	<u>(324,116)</u>

The notes on pages 47 to 161 form an integral part of these financial statements.

**Survitec Acquisition Company Limited**

**Company Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2021 (As previously presented)	928	-	533,333	(596,482)	(62,221)
Prior period adjustment (note 35)	-	-	-	(159,285)	(159,285)
At 1 January 2021 (As restated)	928	-	533,333	(755,767)	(221,506)
Loss for the year	-	-	-	(48,910)	(48,910)
Total comprehensive income	-	-	-	(48,910)	(48,910)
New share capital subscribed	-	405,297	-	-	405,297
At 31 December 2021	928	405,297	533,333	(804,677)	134,881

The notes on pages 47 to 161 form an integral part of these financial statements.

**Survitec Acquisition Company Limited**

**Company Statement of Changes in Equity for the Year Ended 31 December 2021 (continued)**

	Share capital £ 000	Capital contribution reserve £ 000	Accumulated losses £ 000	Total equity deficit £ 000
At 1 January 2020	928	-	(829,598)	(828,670)
Profit for the year (As restated)	-	-	73,831	73,831
Total comprehensive expense	-	-	73,831	73,831
Other capital redemption reserve movements	-	533,333	-	533,333
At 31 December 2020 (As restated)	928	533,333	(755,767)	(221,506)

The notes on pages 47 to 161 form an integral part of these financial statements.

## Survitec Acquisition Company Limited

### Consolidated Statement of Cash Flows

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
<b>Cash flows from operating activities</b>		
Loss for the year	(25,107)	(71,438)
Income tax (credit)/charge	(53)	7,978
Depreciation and amortisation	28,656	26,657
Depreciation on right of use assets	9,685	7,946
Impairment of intangible assets	-	(10,812)
Impairment of property, plant and equipment	-	10,945
(Profit)/loss on disposal of property, plant and equipment	(2,229)	170
Loans waived	(2,165)	-
Interest income	(11)	(855)
Interest expense	44,896	79,682
Interest released	-	(34,005)
Foreign exchange movement on Euro denominated loans	(7,316)	7,418
Difference between pension charge and cash contributions	(716)	(1,186)
(Decrease)/increase in provisions	(78)	86
	<u>45,562</u>	<u>22,586</u>
<b>Working capital adjustments</b>		
(Increase)/decrease in inventories	(11,556)	3,767
(Increase)/decrease in trade and other receivables	(5,536)	1,843
Decrease in trade and other payables	(6,415)	(4,634)
	<u>22,055</u>	<u>23,562</u>
Cash generated from operations	22,055	23,562
Income taxes paid	(3,596)	(991)
	<u>18,459</u>	<u>22,571</u>
<b>Net cash flow from operating activities</b>	<u>18,459</u>	<u>22,571</u>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(98,759)	-
Acquisitions of property, plant and equipment	(25,486)	(16,507)
Proceeds from sale of property, plant and equipment	6,607	629
Government grants received in respect of purchase of intangible assets	1,011	1,035
Acquisition of intangible assets	(8,369)	(7,858)
	<u>(124,996)</u>	<u>(22,701)</u>
<b>Net cash flows used in investing activities</b>	<u>(124,996)</u>	<u>(22,701)</u>

The notes on pages 47 to 161 form an integral part of these financial statements.

## Survitec Acquisition Company Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2021 (continued)

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
<b>Cash flows from financing activities</b>		
Cash interest paid	(15,615)	(2,922)
Cash interest received	11	29
Proceeds from bank borrowing drawdowns	270,000	35,979
Repayment of banks borrowings	(146,655)	-
Payments to lease creditors	(11,064)	(8,742)
Payment of capitalised finance costs	(11,359)	-
Loans from parent undertakings	934	4,715
Dividends paid to non-controlling interest	-	(58)
Net cash flows from financing activities	<u>86,252</u>	<u>29,001</u>
Net increase in cash and cash equivalents	(20,285)	28,871
Cash, cash equivalents and overdrafts at beginning of the period	70,973	41,859
(Decrease)/increase from exchange rate fluctuations on cash held	<u>(1,153)</u>	<u>243</u>
Cash, cash equivalents and overdrafts at 31 December	<u>49,535</u>	<u>70,973</u>

The notes on pages 47 to 161 form an integral part of these financial statements.

## Survitec Acquisition Company Limited

### Company Statement of Cash Flows

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(48,910)	73,831
Reversal of Impairment in investments and intercompany receivables	(292,555)	(67,819)
Impairment of investments	275,445	-
Preference shares waived	67,414	-
Foreign exchange loss/(gain)	325	(4,229)
Interest received	(24,633)	(35,986)
Interest paid	22,918	66,145
Interest released	-	(34,005)
Income tax expense	27	140
	<u>31</u>	<u>(1,923)</u>
<b>Working capital adjustments</b>		
Increase in trade and other receivables	-	20
Decrease in trade and other payables	(30)	(142)
Net cash flows used in operating activities	<u>1</u>	<u>(2,045)</u>
<b>Cash flows used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Cash interest paid	-	(1,228)
Repayments of borrowings	-	(100,000)
Receipt of intercompany loans	-	103,138
Draw down of intercompany loans	-	127
Net cash flows from financing activities	<u>-</u>	<u>2,037</u>
Net decrease in cash and cash equivalents	1	(8)
Cash and cash equivalents at beginning of the period	20	28
Cash and cash equivalents at 31 December	<u>21</u>	<u>20</u>

The notes on pages 47 to 161 form an integral part of these financial statements.



## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

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

The address of its registered office is:  
The Aspect, Fourth Floor  
12 Finsbury Square  
London  
England  
EC2A 1AS

These financial statements were authorised for issue by the Board on 8 April 2022.

#### **2 Accounting policies**

##### **Basis of preparation**

The Group and Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other receivables which are measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has taken the exemption from IFRS 8 Operating Segments as it does not have any debt, equity instruments or any class of instruments traded in a public market.

The consolidated financial statements are presented in sterling (£) and all values are rounded to the nearest thousand, except when otherwise indicated.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Statement of compliance**

The Group and Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

##### **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. The key accounting estimates applied in the preparation of these financial statements are set out in Note 3.

##### **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 Group and the Company have a net asset position as at 31 December 2021 (31 December 2020: net liability position) following a number of intercompany debt to equity conversions in the year.

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.

A Revolving Credit Facility of £27,500,000 has also been secured in March 2021.

The COVID-19 pandemic continued to be an evolving situation throughout 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 2021, COVID-19 has not had a material effect on the measurement of assets and liabilities and is not expected to going forward.

In reviewing the appropriateness of the Going Concern assumption, Management has prepared forecasts covering the 15 month period to 30 June 2023 "the Going Concern period". 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 and continued growth of the business, the full year impact of profits arising from entities acquired during the year, as well as continued transformation projects resulting in reduced overheads.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern (continued)**

The forecasts have been sensitised to reflect a severe but plausible downside scenario. The forecasts indicate sufficient headroom on the Group's new facilities through to 30 June 2023 as well as the compliance with all banking covenants. Through both treasury and financial quarterly forecasting, there is continuous focus on the Group's cash and profitability position, and as such mitigations could be implemented immediately to maintain the minimum cash requirements. The forecasts have been reviewed by the Directors.

The Group's facility requires at least 80% of Group EBITDA to be generated by the guarantors. As at 31 December 2021, this ratio was not achieved and as a result, in advance of the covenant certificate being submitted, the lenders have reduced the coverage percentage required until 30 June 2022. If at June 2022, the guarantor coverage test is still not met, one or more additional subsidiaries will be added as guarantors to the facility, which will ensure sufficient guarantor coverage is maintained throughout the remainder of the Going Concern period. This is not a financial covenant which could have been deemed a breach. The subsidiaries that are added as guarantors is under the discretion of the Group, as long as the relevant legal processes required in the loan agreement to add the guarantors are followed.

Whilst the Group is not forecast to recover back to 2019 levels from the impact of COVID-19 until late 2022, 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 Company can continue as a going-concern over a period of at least twelve months from the date of signing of these financial statements.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2021.

##### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

##### **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Changes in accounting policy**

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, in anticipation of the phasing out of the LIBOR benchmark rate by 2021. The amendments are effective from 1 January 2021. The Group has no material LIBOR linked exposures hence no material impact from the reform.

A small number of minor additions, amendments and expansions to accounting policies were applied during the year. None of these had a significant impact on the Group's financial position or reporting.

##### **Standards and interpretations issued but not yet effective**

Minor amendments to IFRSs: The IASB has published a number of minor amendments to IFRSs that were effective from 1 January 2021. None of these had a significant effect on the financial statements when adopted.

Major new IFRSs: The IASB has published a new standard, IFRS 17 (Insurance Contracts). The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. The standard is effective for reporting periods beginning on or after 1 January 2023, and is not yet endorsed by the UK. The impact of the new standard is not expected to be material.

##### **Business combinations**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is measured at cost as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (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 Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

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

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

##### **(a) Sale of goods**

For contracts for the sale of an individual item, the performance obligation is the acceptance or delivery of the item. For contract 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. Revenue is recognised point over time in case of longer term contracts or where the performance obligation is satisfied over time.

##### **(b) Sale of goods 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.

Revenue in respect of goods is in line with 'a) Sales of goods'. Revenue in respect of installation is recognised over the period of the installation service and revenue in respect of training is recognised over the period of the training.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition (continued)**

###### **(c) Sales of Fire Safety Systems**

The performance obligation is the overall contracted requirement to design, deliver and commission a bespoke fire safety system. Revenue on these contracts is recognised over the period of the contract. Stage of completion is determined using the input method based on costs incurred to date relative to the total expected cost to deliver the contract.

###### **(d) Rendering of services**

The performance obligation is the provision of servicing work as specified in the customer contract. Revenue is recognised as follows:

- Where a contractual right to receive payment exists, revenue is recognised over the period services are provided using the percentage of completion method, based on the input method using time spent; and
- Where no contractual right to receive payment exists, revenue is recognised upon completion of each separate performance obligation, which is typically when implementation services are complete or training materials have been provided to the customer.

The Group moreover receives revenue from sales-based royalty agreements, where the Group grants exclusive licence to use its technical information and copyright in the agreed territory. The revenue is recognised later of the subsequent sale and the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied).

###### **(d) Lease income**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Incremental costs for servicing the leased assets are also added to the carrying value and recognised over the residual lease term.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **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.

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.

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.

##### **Foreign currency transactions and balances**

###### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling (£) which is the Group's presentation currency.

###### **(b) Transactions and balances**

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 re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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 and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating expenses'.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances (continued)**

###### **(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- iii) All resulting exchange differences on translation of long-term intercompany receivables and payables, which are deemed to be part of the net investment in foreign operations, are recognised in Other Comprehensive Income; and
- iv) All resulting exchange differences are recognised in Other Comprehensive Income.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except when an item of income or expense is recognised as Other Comprehensive Income, then the attributable tax is also recognised directly in Other Comprehensive Income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Company and its subsidiaries operate and generate 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.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax (continued)**

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.

##### **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.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

##### **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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	2 - 4% Straight-line
Leasehold property improvements	Life of lease Straight-line
Plant and machinery	5 - 25% Straight-line
Computer equipment	20 - 50% Straight-line
Motor vehicles	20 - 33% Straight-line
Survival suits	8 - 10% Straight-line
Liferafts	10% Straight-line

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Depreciation (continued)**

The depreciation methods and rates applied to asset class includes assets where the Group has right of use.

The assets' residual values and estimated 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses' in the income statement.

##### **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 Group will exercise an option to purchase the asset, the depreciation period is through the end of the asset's useful economic life.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Intangible assets

(a) Goodwill is measured as described in note 15. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for management reporting purposes.

##### (b) Contractual customer relationships

Separately acquired customer relationships are shown at historical cost. Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 8 to 20 years.

##### (c) Developed technology

Separately acquired developed technology is shown at historical cost. Developed technology acquired in a business combination is recognised at fair value at the acquisition date. Developed technology has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of developed technology over the estimated useful lives of 10 to 20 years.

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.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Intangible assets (continued)**

Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalised, this includes capitalisation of labour costs associated with the development phase. 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.

##### **(d) Patents, trademarks, brands and other intangibles**

Separately acquired patents, trademarks, brands and other intangibles are shown at historical cost. Those acquired in a business combination are recognised at fair value at the acquisition date, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 to 15 years.

Included within other intangibles is 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 group are recognised as intangible assets when the criteria as per (b) 'Developed technology' are met.

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

Capitalised costs are also reviewed for potential impairment where there are indicators of impairment.

##### **Investments**

Investments in subsidiaries are shown at cost less accumulated impairment losses. Investments are reviewed annually for impairment.

##### **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.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **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, 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 provisions for impairment. The Group assesses impairments based on the lifetime expected credit loss.

##### **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. Costs are assigned to individual items of inventory on a standard cost basis. 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 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 Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Provisions**

###### **a) Warranty**

Due to the nature of products manufactured by the Group, 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.

###### **b) Dilapidations**

Within the Group 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) Employee Benefits**

Long-term employee benefits may include paid long-service leave, other long service benefits, and profit sharing and bonus schemes (other than share based payments). These should include situations in which an employee could require settlement after 12 months of the end of the period in which the services have been rendered, and should be considered at the end of the reporting period. A liability is recognised for the present value of the obligation.

###### **d) Other**

Provisions for legal disputes and other claims are recognised when the Group 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 Group 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.



## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Leases**

###### *Definition*

The Survitec Group predominantly engages in leases for land and buildings, or commercial and motor vehicles. The majority of leases for the Group are located in North America or Europe as a result of the manufacturing and office locations.

###### *Initial recognition and measurement*

The group 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 group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

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.

###### *Subsequent measurement*

After the commencement date, the group 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 substance fixed lease payments or on the occurrence of other specific events.

The related right-of-use asset is accounted for using the Cost model and depreciated over the life of the lease. Right of use assets are tested for impairment at least annually.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### *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.

For all 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.

##### *Short term and low value leases*

The group 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 low value leases

##### *Group as Lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as income. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The Group will continue to recognise the leased asset in its statement of financial position.

Leases in which the Group transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Under a finance lease, the present value of the minimum future lease payments receivable by the Group is recognised as an investment in lease and the related asset is derecognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

In determining whether contracts for which the group is a lessor (such as Extended Service Revenue (ESR) liferaft contracts) are classified as operating or finance leases, management assesses whether or not the risk and rewards incidental to ownership of the asset in question have been transferred to the lessee, taking into account factors such as the lease term in comparison to the life of the asset, and any option to purchase exercisable by the lessee.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (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).

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.

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.

##### **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 Group include cash and cash equivalents, trade and other receivables, contract assets and lease receivables, and favourable derivative financial instruments. Financial liabilities of the Group include trade and other payables, borrowings, and unfavourable derivative financial instruments.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments (continued)**

###### ***Initial recognition and measurement***

Financial assets and liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual obligations of the instrument.

The Group 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).

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

Regular way purchases and sales of financial assets are recognised on the trade date at which the commitment to purchase or sell the asset is made.

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

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments (continued)**

###### ***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.

###### **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.

###### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and 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 contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Defined benefit pension obligation**

Typically defined benefit plans define 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 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 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 UK and Dutch defined benefit schemes are funded, with the assets of the UK scheme held separately from those of the Group in separate trustee administered funds. In Germany, the Group operates an unfunded defined benefit scheme.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, 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.

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 they 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 Group is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.

The Group's balance sheet includes the net scheme surplus or deficit, being the difference between the fair value of the schemes' assets and the present value of scheme liabilities at the balance sheet date. Surpluses are recognised as an asset to the extent the Group has an unconditional right under the scheme rules to reduced contributions in future or obtain refunds from the schemes in accordance with IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Share based payments**

The Group 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 Group 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:

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 Group 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.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group'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.

##### **Critical accounting judgements:**

##### **Cash generating units**

The Group has assessed its global operations and concluded that the Group is made up of three Cash Generating Units (CGU's) at 31 December 2021 (31 December 2020: two) based on its operating divisions Marine, Hansen Protection and Aerospace and Defence. The newly recognised CGU is as a result of the acquisition made during the year.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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

##### **Key sources of estimation uncertainty:**

##### **Impairment of intangibles and property, plant and equipment**

The Group tests at least annually whether non-current assets have suffered any impairment, in accordance with its accounting policies. The carrying amount of a CGU 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 exists. In assessing fair value, the Group gives consideration to the likely terminal value using a discounted cashflow. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any impairment. Long term growth rates and weighted average cost of capital are sensitised when evaluating the value of any impairment. The sensitivity analysis for these key estimates is included in note 16.

In accordance with IAS 36, intangibles not yet brought into use are required to be tested for impairment annually.

##### **Defined benefit pension scheme**

The Group 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 estimates is included in note 27.

##### **Warranty provisions**

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 Group's survival products, there is a 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 details of the critical estimate and the sensitivity analysis for these key estimations are included in note 28.



## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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

##### **Lease liabilities**

Estimates that are made in calculating the lease liability include determining the lease term (being defined as the non-cancellable period for which the Group has the right to use an underlying asset including optional period in which the Group is reasonably certain to exercise an option to extend) and selecting an appropriate discount factor.

The weighted average discount rate used in the calculation of lease liabilities is 5.6% (31 December 2020: 7.7%). If the individual discount rates underlying this average rate each increased by 0.5% the Group's lease liability would decrease by £1,800,000 (31 December 2020: decrease by £1,500,000). If the individual discount rates underlying this average rate each decreased by 0.5% the Group's lease liability would increase by £2,000,000 (31 December 2020: increase by £1,600,000).

##### **Recoverability of investments and intragroup receivables**

The Company has considered the expected credit loss applied to amounts owed by subsidiary undertakings in accordance with IFRS 9. In the prior year, the Company assessed whether the subsidiary undertakings had sufficient liquid resources to repay this balance immediately. The Company determined that the most likely scenario for recovery of these balances was to seek to sell the operating group and therefore calculated the expected credit loss by discounting the Fair Value less Costs of Disposal of the operating group for the estimated period to any disposal. On this basis the Company partially reversed an expected credit loss brought forward from prior periods totalling £67,819,000, resulting in a carrying value of the amounts due from subsidiary undertakings of £154,382,000 as restated.

During the current year these loans owed from subsidiary undertakings have been converted into equity in order to recapitalise the entities. As such the amounts owed have been reassessed under IFRS 9 at the point of conversion, and the accumulated impairments recognised against these loans totalling £292,555,000 have been reversed through the income statement.

Management have subsequently performed an impairment assessment of the investment, comparing the carrying value to the higher of the Group's value in use and fair value less costs to sell. This has resulted in an impairment being recognised in the income statement amounting to £275,445,000 (31 December 2020: £Nil).

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **4 Financial risk management**

##### ***Financial risk factors***

The Group's Head Office function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to minimise these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

##### ***a) Market risk***

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign currency risk, specifically forward foreign exchange contracts, to mitigate the exchange rate risk arising on the sale of goods or purchase of materials in non-functional currencies.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **4 Financial risk management (continued)**

##### *i) Foreign currency risk*

The Group's operations undertake transactions denominated in currencies other than their functional currency; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group may also enter into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 12 months. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The carrying amounts of the Group's non-functional currency denominated monetary assets and monetary liabilities at the reporting date that are not covered by some form of natural hedge or derivative financial instrument are estimated to be less than 1% (31 December 2020: < 1%) of total assets. A quantitative sensitivity analysis for 5% movement in key exchange rates is as shown below:

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Financial risk management (continued)

##### Impact of 5% movement in currency v GBP

##### 31 December 2021

	+5%	-5%
Loss before tax	(863)	954
Equity	19,087	(21,096)

##### 31 December 2020

	+5%	-5%
Loss before tax	401	443
Equity	7,304	(8,073)

##### ii) Interest rate risk

In the current year, the Group's bank debt interest is based on fixed margin plus 3 months SONIA, previously this was the higher of EURIBOR or 0%. As at 31 December 2021 the Group has not hedged its interest rate exposure.

The sensitivity analysis below has been calculated for 31 December 2021 and has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase or decrease is used when considering interest rate risk internally to key management personnel. If interest rates had been 1 per cent higher and all other variables were held constant the Group's profit for the year ended 31 December 2021, based on the closing level of such debt for the year, would decrease by approximately £2,700,000 (31 December 2020: £728,000).

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Financial risk management (continued)

##### *b) Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Please refer to note 20 for default rates and ageing profiles.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty did not exceed ten per cent of gross monetary assets at any time during the period.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

##### *c) Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the directors, who have established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or the Company can be required to pay. The table includes both interest and principal cash flows. The table below excludes lease liabilities that are financial liabilities under IFRS 9 and the remaining contractual maturity is disclosed in note 24.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Financial risk management (continued)

##### Group

	Up to 1 year £ 000	2-3 years £ 000	4-5 years £ 000	Total £ 000
<b>31 December 2021</b>				
Borrowings	19,294	35,100	312,257	366,651
Trade and other payables	71,979	-	-	71,979
Contract liabilities	17,117	-	-	17,117
	<u>108,390</u>	<u>35,100</u>	<u>312,257</u>	<u>455,747</u>
	Up to 1 year £ 000	2-3 years £ 000	4-5 years £ 000	Total £ 000
<b>31 December 2020</b>				
Borrowings	26,284	418,341	26,204	470,829
Trade and other payables	68,395	-	-	68,395
Contract liabilities	10,689	-	-	10,689
Derivative financial instruments	42	-	-	42
	<u>105,410</u>	<u>418,341</u>	<u>26,204</u>	<u>549,955</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Financial risk management (continued)

##### Company

	Up to 1 year £ 000	2-3 years £ 000	4-5 years £ 000	Total £ 000
<b>31 December 2021</b>				
Trade and other payables	79	-	-	79
	<u>79</u>	<u>-</u>	<u>-</u>	<u>79</u>
	Up to 1 year £ 000	2-3 years £ 000	4-5 years £ 000	Total £ 000
<b>31 December 2020</b>				
Borrowings	-	399,169	-	399,169
Trade and other payables	82	-	-	82
	<u>82</u>	<u>399,169</u>	<u>-</u>	<u>399,251</u>

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes bank borrowings, cash and cash equivalents, and share capital.

In April 2021 the Group entered into a new £270,000,000 loan agreement, denominated in sterling, for 6 years at a floating rate of interest paid quarterly. The loan has standard compliance terms including a leverage test and minimum liquidity. At the same time the Group entered into a £27,500,000 rolling credit facility ("RCF") as well as renewed its £15,000,000 guarantee facility. This loan was drawn down partially in April to repay existing debt and the balance in May to fund the acquisition of Hansen Protection.

The Group does not manage to a target gearing figure, but it does manage the business to keep below the Consolidated Total Net Debt to pro-forma EBITDA covenant included in its banking facilities agreement. The covenant targets vary over time, and are periodically re-negotiated.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **4 Financial risk management (continued)**

##### ***d) Capital risk management***

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain adequate liquidity levels for both sustaining and growing the business. For covenant purposes the Consolidated Total Net Debt includes bank borrowings and overdrafts and the capital portion of any leases, net of cash balances. Pro-forma EBITDA is based on Earnings before Interest, Tax, Depreciation and Amortisation. Under this new arrangement there is a need to maintain a minimum level of available liquidity and management has undertaken a number of measures to ensure these requirements are met.

##### ***e) Fair value estimation***

The Group's financial instruments that are carried at fair value fall within level 2 of the valuation hierarchy. The valuation hierarchy is defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 4 Financial risk management (continued)

##### *Fair value instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

Quoted market prices or dealer quotes for similar instruments;

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 £ 000	Level 2 £ 000	Level 3 £ 000	Total £ 000
<b>31 December 2021</b>				
Forward currency contracts - assets	-	433	-	433
	Level 1 £ 000	Level 2 £ 000	Level 3 £ 000	Total £ 000
<b>31 December 2020</b>				
Forward currency contracts - assets	-	633	-	633
Forward currency contracts - liabilities	-	(42)	-	(42)

The directors consider the carrying value of the other financial assets and liabilities held by the Group and Company to be a reasonable approximation of their fair value at the period end given that they are generally short term in nature and/or on terms which are considered equivalent to current market terms.

There were no transfers between levels during the period.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 5 Revenue

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Analysis of revenue recognition		
Revenue from contracts with customers	341,453	308,749
Leasing	31,056	40,082
	<u>372,509</u>	<u>348,831</u>

#### Analysis of revenue by geography:

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
United Kingdom	89,682	73,199
Europe (excluding the UK)	127,438	110,163
Asia & Oceania	89,979	97,343
North America	60,665	63,232
South America	2,325	2,006
Africa	2,420	2,888
	<u>372,509</u>	<u>348,831</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 6 Employee benefits expense

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

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Wages and salaries	100,829	104,304
Social security costs	11,593	12,809
Pension costs, defined contribution scheme	4,788	3,751
Share-based payment expenses (note 22)	-	-
Capitalisation of staff costs	(666)	(1,205)
	<u>116,544</u>	<u>119,659</u>

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

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

	Year ended 31 December 2021 No.	Year ended 31 December 2020 No.
Production and sales	2,005	2,043
Management and administration	956	867
	<u>2,961</u>	<u>2,910</u>

There were no employees in the Company during the year (31 December 2020: nil).

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Remuneration	1,574	2,775
Contributions paid to money purchase schemes	50	67
	<u>1,624</u>	<u>2,842</u>

The directors are not remunerated for their services to the Company and their remuneration cannot be split between all the companies they are directors of. The above includes payments made to directors upon their departure of £Nil (31 December 2020: £Nil).

The number of directors accruing benefits under a money purchase pension scheme is 1 (31 December 2020: 2).

In respect of the highest paid Director:

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Remuneration	859	871
	<u>859</u>	<u>871</u>

The highest paid director did not exercise any share options in the period.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 8 Auditors' remuneration

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Audit of the Company's financial statements	5	5
Audit of the financial statements of subsidiaries of the Company	2,372	2,553
Audit of Group's consolidated financial statements	<u>250</u>	<u>250</u>
	<u>2,627</u>	<u>2,808</u>
<b>Other fees to auditors</b>		
Taxation compliance services	309	314
All other tax advisory services	30	71
All other non-audit services	<u>10</u>	<u>105</u>
	<u>349</u>	<u>490</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 9 Operating profit/(loss)

Arrived at after charging/(crediting)

		Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
Depreciation expense	17	13,077	12,327
Depreciation on right of use assets - Machinery	18	1,439	2,366
Depreciation on right of use assets - Property	18	8,246	5,580
Amortisation expense	16	15,579	14,330
Reversal of impairment of intangible assets	16	-	(10,812)
Impairment of property, plant and equipment	17	-	10,945
Research and development cost		614	135
Warranty provisions	28	(2,013)	(124)
(Profit)/loss on disposal of property, plant and equipment		(2,229)	171
Expense on short term leases	24	210	75
Expense on low value leases	24	11	14
Cost of inventories recognised as an expense		147,896	142,775
Employee benefits expense	6	<u>116,544</u>	<u>119,659</u>

The research and development expenditure of £614,000 (31 December 2020: £135,000) is after capitalisation of £5,952,000 (31 December 2020: £5,197,000) of costs that relate solely to the development phase of a self-initiated project. In accordance with IAS 36, intangibles not yet brought into use are required to be tested for impairment annually. No impairments were identified from these impairment reviews (31 December 2020: None). Please refer to note 35 for details of the prior year restatement.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 10 Other operating income

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

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Government grants	2,511	2,976
Sub lease rental income	-	5
R&D expenditure credits	1,474	291
Other operating income	<u>766</u>	<u>873</u>
	<u>4,751</u>	<u>4,145</u>

Government grants relate to support for capital development projects as well as COVID-19 support measures made available by governments in territories where the Group operates. These Covid-19 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.

#### 11 Finance income and finance costs

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
<b>Finance income</b>		
Interest income on bank deposits	1	24
Interest on bank borrowings released	-	34,005
Gain on movement of fair value of interest rate swaps	-	826
Foreign exchange gains on unhedged portion of foreign currency borrowings	7,316	-
Other finance income	<u>10</u>	<u>5</u>
Total finance income	<u>7,327</u>	<u>34,860</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 11 Finance income and finance costs (continued)

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
<b>Finance costs</b>		
Net finance costs on pensions	(77)	(72)
Interest on bank overdrafts and borrowings	(15,862)	(26,837)
Foreign exchange costs on unhedged portion of foreign currency borrowings	-	(6,838)
Other finance costs	(1,828)	(236)
Interest expenses on leases	(2,720)	(2,110)
Interest on amount owed to parent undertakings	(23,328)	(41,686)
Amortisation of finance costs	(1,081)	(8,742)
<b>Total finance costs</b>	<b>(44,896)</b>	<b>(86,521)</b>
<b>Net finance costs</b>	<b>(37,569)</b>	<b>(51,661)</b>

#### 12 Other losses

The analysis of the Group's other losses for the year is as follows:

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
Change in fair value of forward currency derivative assets/liabilities	986	428

No other gains or losses have been recognised in respect of financial assets or liabilities held at fair value through profit or loss, other than as disclosed in note 10 and impairment losses recognised/reversed in respect of trade receivables in the prior year, as disclosed in note 20.

See note 35 for details of the restatement of prior year comparatives.



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Income tax expense

Tax charged in the income statement

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
<b>Current taxation</b>		
Adjustments in respect of prior periods	(201)	(69)
Foreign tax	2,398	3,144
Total current income tax	2,197	3,075
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(2,510)	7,150
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	260	(2,247)
Total deferred taxation	(2,250)	4,903
Tax (credit)/charge in the income statement	(53)	7,978

The applicable tax rate is the weighted average for the period of the local tax rates in the territories in which the Group operates. The weighted average rate is subject to fluctuations from year to year based on the level of taxable profits and losses in each jurisdiction.

During the period, there has been an impact to other comprehensive income. These movements relate to actuarial gains or losses on Defined Benefit Pension schemes within the Group.

#### Factors affecting the tax charge in future years

The Group's future tax charge, and effective tax rate, could be affected by several factors including tax reform in countries around the world, future corporate acquisitions and disposals, any restructuring of our businesses and the resolution of open tax issues. During 2021, the UK Government announced and enacted that from 1 April 2023 the main rate of corporation tax will increase from 19% to 25%.

The tax (credit)/charge in the income statement can be reconciled to the loss per the income statement as follows:

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Income tax expense (continued)

	Year ended 31 December 2021 £ 000	(As restated) Year ended 31 December 2020 £ 000
Loss before tax	(25,160)	(63,460)
Tax on loss at 23.0% (31 December 2020: 18.7%)	(5,747)	(11,867)
Decrease in current tax from adjustment for prior periods	(201)	(69)
Increase/(decrease) from effect of different tax rates on some earnings	861	(1,047)
Decrease from effect of income exempt from taxation	(1,322)	(1,833)
Increase from effect of expenses not deductible in determining taxable profit	2,277	2,383
Effect of group relief surrendered for nil consideration	4,434	1,612
Increase from tax losses for which no deferred tax asset was recognised	(620)	20,986
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	260	(2,247)
Other tax effects for reconciliation between accounting profit and tax expense	5	60
Total tax (credit)/charge	(53)	7,978

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Income tax expense (continued)

##### Deferred tax

##### Group

##### Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
<b>2021</b>			
Property, plant & equipment and intangibles	11,236	(25,359)	(14,123)
Other items	1,614	(348)	1,266
Tax losses carry-forwards	1,770	-	1,770
	<u>14,620</u>	<u>(25,707)</u>	<u>(11,087)</u>
	Asset £ 000	Liability £ 000	Net deferred tax £ 000
<b>2020 (As restated - see note 35)</b>			
Property, plant & equipment and intangibles	4,028	(12,793)	(8,765)
Other items	2,252	(1,590)	662
Tax losses carry-forwards	5,257	-	5,257
	<u>11,537</u>	<u>(14,383)</u>	<u>(2,846)</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Income tax expense (continued)

	31 December 2021 £ 000	(As restated) 31 December 2020 £ 000
<b>Deferred tax assets</b>		
- to be utilised within 12 months	1,827	1,049
- to be utilised after more than 12 months	12,793	10,488
	<u>14,620</u>	<u>11,537</u>
<b>Deferred tax liabilities</b>		
- to be utilised within 12 months	(3,213)	(1,955)
- to be utilised after more than 12 months	(22,494)	(12,428)
	<u>(25,707)</u>	<u>(14,383)</u>

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Acquired in business combinations £ 000	At 31 December 2021 £ 000
Property, plant & equipment and intangibles	(8,765)	5,090	710	(11,158)	(14,123)
Other items	662	695	35	(126)	1,266
Tax losses carry-forwards	5,257	(3,535)	48	-	1,770
Net tax assets/(liabilities)	<u>(2,846)</u>	<u>2,250</u>	<u>793</u>	<u>(11,284)</u>	<u>(11,087)</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Income tax expense (continued)

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2020 £ 000 (As restated)
Property, plant & equipment and intangibles	(4,401)	(4,305)	(59)	(8,765)
Other items	1,369	(824)	117	662
Tax losses carry-forwards	4,982	226	49	5,257
Net tax assets/(liabilities)	<u>1,950</u>	<u>(4,903)</u>	<u>107</u>	<u>(2,846)</u>

#### Unrecognised deferred tax assets

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge it is probable that there will be sufficient taxable profits in the relevant entity or tax group against which to utilise the assets in the future.

At 31 December 2021, the Group has unrecognised deferred income tax assets totalling £76,300,000 (31 December 2020: £62,400,000). £18,600,000 (31 December 2020: £14,600,000) of this amount relates to temporary differences and £57,700,000 (31 December 2020: £47,800,000) relates to tax losses. The majority of the unrecognised tax losses of £53,000,000 (31 December 2020: £42,600,000) relates to undertakings in the UK, US, Norway, Italy and Singapore. No deferred tax asset is recognised since it is uncertain whether losses will be utilised. Deferred tax assets will be recognised when it is considered more likely than not that there would be sufficient taxable profits against which to utilise the losses.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments

<u>Company</u>	Ordinary share capital £'000	Preference share capital £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	114,745	259,683	374,428
At 1 January 2021	114,745	259,683	374,428
Additions	410,384	-	410,384
At 31 December 2021	525,129	259,683	784,812
<b>Impairment</b>			
At 1 January 2020	114,745	259,683	374,428
At 1 January 2021	114,745	259,683	374,428
Charge for the year	275,445	-	275,445
At 31 December 2021	390,190	259,683	649,873
<b>Carrying value</b>			
At 31 December 2021	134,939	-	134,939
At 31 December 2020	-	-	-

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **14 Investments (continued)**

In May 2021 and December 2021, the Group restructured its intercompany loan position. To achieve an optimised position for the Group entities, the Group converted certain loans into equity. This was completed via intercompany debt to equity swaps with no cash movement within the Group.

In the Company, the following key items were converted creating share premium and investment in Group Companies.

- On 17 December 2021 intercompany loans with Survitec Group Holdco Limited, along with other intercompany and cash pooling balances were converted in equity. This resulted in an investment value of £410,384,000 as at 31 December 2021 (31 December 2020: £Nil) held in Survitec Group Holdco Limited.
- Prior year expected credit losses in respect of these intercompany loans were reversed and credited to the Company income statement, totalling £292,555,000.
- At the year end, an impairment assessment of the investment was performed, by comparing the carrying value of the investment to the higher of the value in use and fair value less costs to sell of the Group. This has resulted in an impairment of £275,445,000 recognised in the Company income statement.
- During 2021, a reassessment was performed of the accounting treatment that was applied in the prior year which resulted in an intercompany loan with Ark Topco Limited being substantially modified, creating a gain in the Company income statement of £159,285,000.
- As the contractual liability of the intercompany position was not amended, and the conversion value of the loan into equity was the full nominal value of the loan, the substantial modification recognised in the prior year has been reversed and prior year comparatives have been restated under IAS 8. See Note 35 for further details.

As a result of the above restructure, Ark Aquireco Limited subscribed for shares in Survitec Acquisition Company Limited generating a share premium of £405,297,000 as of 31 December 2021 (31 December 2020: £Nil).

In addition to the above, on 5 May 2021 the preference shares totalling 12,255 shares with a nominal value of €1 each with Survitec Holdings 1 Limited were cancelled and the related accrued interest was recognised as a loss in the Company income statement.

The subsidiary undertakings of the Group at 31 December 2021 are set out below. Unless otherwise stated, the 100% interest in each undertaking is represented by equity capital and each undertaking operates from its country of incorporation. The share capital of all of the companies below, except for the share capital of Survitec Holdings 1 Limited and 1% of Wilhelmsen Safety do Brazil Ltda was held by subsidiary undertakings of the Company.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

##### Group subsidiaries

Details of the Group subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec AUD Newco Limited	Finance Company	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Group Limited	Inflatable lifesaving, submarine escape & pilot flight equipment	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
RFD Beaufort Limited	Inflatable lifesaving, submarine escape & pilot flight equipment	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Beaufort Air-Sea Equipment Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Shark Sports Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Lifeguard Equipment Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Nauticair Components Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
RFD (Northern Ireland) Limited	Dormant	Kingsway Dunmurry Belfast BT17 9AF	100%	100%
Survitec Group Pension Trust Limited	Trustee of Survitec Group Pension Scheme	1-5 Beaufort Road Birkenhead Merseyside CH41 1HQ	0%	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	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Seawether Aviation Services Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Seawether Holdings Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Seawether Marine Services Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Group (USA) Inc	Holding Company	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274, USA	100%	100%
RFD Beaufort Inc.	Dormant	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274, USA	100%	100%
Survitec Survival Products Inc.	Sales of marine safety equipment	1420 Wolf Creek Trail PO Box 359 Sharon Center Ohio OH 44274, USA	100%	100%
DSB Deutsche Schlauchboot GmbH	Inflatable liferafts, boats & special products	Angerweg 5 37632 Escherhausen Germany	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Eurovinil S.p.A	Inflatable liferafts & large inflatable buildings	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 New Zealand Limited	Sales & service of marine safety equipment	Lockhart Place, Mount Wellington PO Box 2386 Auckland New Zealand	100%	100%
RFD Japan Limited	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	100%	100%
W H Brennan & Co (Private) Limited	Sales & service of marine safety equipment	25 Senoko South Road Singapore 758081	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
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) Co Limited	Sales & service of marine safety equipment	Block 11 128 Dieqiao Road Shanghai 201315 China	100%	100%
Survitec Korea Co. Limited	Sales & service of marine safety equipment	90 Hwajconsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
RFD France SAS	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.	Holding Company	C/Jose Agustin Goytisilo 33 nave B1 08908 Hospitalet de LLobregat Barcelona Spain	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
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	Winsbergring 8 D-22525 Hamburg Germany	100%	100%
Oceana Air Sea Trading Company B.V.	Holding Company	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaard, the Netherlands	100%	100%
Survitec Service & Distribution B.V.	Sales & service of marine safety equipment	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaard, the Netherlands	0%	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 Marine Safety Systems Limited	Inflatable lifesaving equipment	1689 Cliveden Avenue, Delta Vancouver V3M 6V5 British Columbia Canada	100%	100%
Survitec Group Norway AS	Holding Company	Gangstovikeien 66 6009 Aalesund Norway	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Norway AS	Sales & service of marine safety equipment	Gangstovikeien 66 6009 Aalesund Norway	100%	100%
Survitec Sweden AB	Sales & service of marine safety equipment	Ovådersgaten 7 418 34 Göteborg Sweden	100%	100%
Risk Security Service US Inc.	Sales & service of offshore oil & gas related safety equipment	1640-B Brittmore Road Houston Texas 77043 USA	100%	100%
Servaux Survitec SAS	Sales & service of marine safety equipment	765 Chemin du Littoral Anse de Saumaty 13016 Marseille France	50%	50%
Survitec Global Solutions Limited	Operation of global raft hire projects	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Group International Limited	Administration of group network of service stations	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Survival Craft Limited	Sales & service of marine safety equipment	Findon Shore Findon Aberdeen AB12 3RL Scotland	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Survival Craft Inc	Sales & service of marine safety equipment	5847 San Felipe San Felipe Plaza, Suite 1700 Houston, Texas TX77062 USA	100%	100%
Survitec Viscom Limited	Training & media services	Findon Shore, Findon Aberdeen AB12 3RL Scotland	100%	100%
Survitec Safety Solutions do Brasil Ltda	Maritime products and services	Rua Bispo Lacerda 61/67 Del Castilho Rio de Janeiro Brazil	100%	100%
Survitec Safety Solutions Canada Inc.	Maritime products and services	1689 Cliveden Avenue, Delta Vancouver V3M 6V5 British Columbia Canada	100%	100%
Survitec Safety Solutions Panama S.A.	Maritime products and services	Int.Business Park Flexi Bodegas Unit #4 Panama Pacifico	100%	100%
Survitec Safety Solutions US LLC	Maritime products and services	9400 New Century Drive Pasadena Texas 77507 United States	100%	100%
Survitec Safety Solutions Australia Pty Limited	Maritime products and services	2 Burilda Close Wetherill Park NSW 2164 Australia	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Safety Solutions China Co. Ltd	Maritime products and services	Block 11 128 Dieqiao Road Shanghai 201315 China	100%	100%
Survitec Safety Solutions Hong Kong Ltd	Maritime products and services	Room 1104-6, 11th Floor Lu Plaza 2 Wing Yip Street Kwun Tong Kowloon Hong Kong	100%	100%
Survitec Safety Solutions Japan Co. Limited	Maritime products and services	13th Floor Gontenyama Trust Tower 7-35 Kitashinagawa 4-chome Shinagawa-Ku 140-0001 Tokyo	100%	100%
Survitec Safety Solutions Korea Co. Limited	Maritime products and services	90 Hwajeonsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
Survitec Safety Solutions Malaysia Sdn. Bhd.	Maritime products and services	18th Floor, 1 Sentral Jalan Rakyat, Kuala Lumpur Sentral Kuala Lumpur 50470 Malaysia	100%	100%
Survitec Safety Solutions Singapore Pte Limited	Maritime products and services	25 Senoko South Road Singapore 758081	100%	100%
Survitec Safety Solutions Belgium NV	Maritime products and services	Vossesdijnsstraat 44 2030 Antwerpen Antwerp Belgium	100%	100%



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Safety Solutions Cyprus Limited	Maritime products and services	Atlantis Building, Office 101, 1st Floor 2 Makariou III Ave, Mesa Yito Limassol CY-3036 Cyprus	100%	100%
Survitec Safety Solutions Germany GmbH	Maritime products and services	1 Riedemannstr Bremerhaven 27572 Germany	100%	100%
Survitec Safety Solutions Hellas Sole-Shareholder SA	Maritime products and services	D. Moutsopoulos 100, Piraeus Greece 18541	100%	100%
Survitec Safety Solutions Italy Srl	Maritime products and services	Corso Perrone 9N/19S Genova Italy 16152	100%	100%
Survitec Safety Solutions Netherlands BV	Maritime products and services	Willem Barentszstraat 47-49 Rotterdam 3165 AA Albrandswaard, the Netherlands	100%	100%
Survitec Safety Solutions Poland Sp. z o.o	Maritime products and services	UL. Plac Rodla 9 2nd Floor Szczecin 70-419 Poland	100%	100%
Survitec Safety Solutions Portugal SUL	Maritime products and services	Fracção E, Zona Industrial do Carvalhinho Moita 2860-579 Portugal	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Safety Solutions Spain SL	Maritime products and services	C/Jose Agustin Goytisilo 33 nave B1 08908 Hospitalet de Llobregat Barcelona Spain	100%	100%
Survitec Safety Solutions Canarias SLU	Maritime products and services	12 Cuzco Las Palmas de Gran Canaria 35008 Spain	100%	100%
Survitec Safety Solutions UK Limited	Maritime products and services	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Safety Solutions South Africa Proprietary Limited	Maritime products and services	49 Island Circle, Riverhorse Valley Durban 4017 South Africa	100%	100%
Survitec Turkey Emniyet Cozum Leri LTD STİ	Maritime products and services	Abide-i Hürriyet Caddesi Bolkan Center C Blok No:211 K:3 Şişli İstanbul 34381 Turkey	100%	100%
Survitec Safety Solutions Norway AS	Maritime products and services	Strandveien 20 1366 Lysaker Norway	100%	100%
Survitec Fire Solutions Japan Co. Limited	Fire safety systems	2-63 Imazunishihama-cho Nishinomiya-shi Hyogo	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Survitec Fire Solutions Norway AS	Holding Company	Strandveien 20 1366 Lysaker Baerum Oslo Norway	100%	100%
Survitec Fire Solutions Poland Sp. z o.o	Fire Safety Solutions	Stobno 74 72-002 Stobno Poland	100%	100%
Survitec Fire Solutions Singapore Pte. Limited	Fire Safety Solutions	25 Senoko South Road Singapore 758081	100%	100%
Survitec Fire Solutions Korea Co. Limited	Fire Safety Solutions	90 Hwajconsandan 5-ro, Gangseo-gu Busan 46738 South Korea	100%	100%
Novenco Fire Fighting A/S	Fire Fighting Solutions	Lille Tombjerg Vej 30 5220 Odense SØ Denmark	100%	100%
Maritime Protection AS	Fire Safety Solutions	Rigedalen 13 Kristiansand 4626 Norway	100%	100%
Survitec Fire Solutions China Co. Limited	Fire Safety Solutions	Block 11 128 Dieqiao Road Shanghai 201315 China	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
RFD Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Holdings I Limited (formerly - Survitec Group (Cayman Islands) Limited)	Holding Company	c/o Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town KY1-9005 Cayman Islands	100%	100%
Survitec Group (Finance I) Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London CH41 1HQ United Kingdom	100%	100%
Survitec Safety Equipment Trading and Installation LLC	Maritime products and services	24th Damac Executive Height Bldg P.O.Box:12089 Tecom C Dubai	49%	49%
Survitec Group Holdco Limited	Intermediate holding company	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Battlefield Sim Limited	Maritime products and services	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom England	100%	100%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Hansen Protection AS	Manufacturing, sale and rental of survival suits	Tykkemyr 27 Moss 1597  Norway	100%	0%
Lyngsø Rainwear ApS	Sale of protective workwear	Hammershusvej 1B Heming 7400  Denmark	100%	0%
Biardo Survival Suits BV	Sale, service and rental of survival suits	De Trompet 2800 Heemserk 1967  Netherlands	100%	0%
Helippe ApS	Rental of protective suits for offshore windmills	Vesterhavsgade 145 Esbjerg 6700  Denmark	100%	0%
Helippe Limited	Rental of protective suits for offshore windmills	Fish Dock Service Quay, Humber Bridge Road Grimsby DN31 3AS  United Kingdom	100%	0%
Helippe GmbH	Rental of protective suits for offshore windmills	Gorch Fock Strasse 103 Emden 2671  Germany	100%	0%
Helippe Holding Aps	Holding company	Vesterhavsgade 145 Esbjerg 6700  Denmark	100%	0%

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Hansen Protection AB	Sale of protective suits and equipment	Lappesandsvägen 61 Hönö 475 41 Sweden	100%	0%
Hansen Protection Canada Limited	Dormant	24 Quindora Crescent Dartmouth Nova Scotia B2W6G3 Canada	100%	0%
Blue Anchor Fire and Safety Limited	Service and supply of fire and safety equipment	Hopetown Boyndie Banff Aberdeenshire AB45 2LR United Kingdom	100%	0%
Survitec Aerospace & Defence (UK) Limited*	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	100%	100%
Survitec Safety Maintenance and Trading LLC	Maritime products and services	The Aspect, Fourth Floor 12 Finsbury Square London EC2A 1AS United Kingdom	49%	0%

As noted in note 15, the Hansen Protection group of legal entities were acquired on 5 May 2021. In December 2021, two of the holding companies acquired in the transaction, Hansen Protection ASA and Protection AS were subsequently merged into the immediate parent company, Survitec Group Norway, and dissolved.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 15 Business Combinations

On 5 May 2021, the Group acquired the share capital of Hansen Protection AS and its subsidiaries ("Hansen Protection"), a leading European provider of personal protective equipment for £107,631,000.

In the period from 5 May 2021 to 31 December 2021 the business contributed revenue of £32,702,000 and net profit of £2,550,000 to the result for the year. If the acquisition had occurred on 1 January 2021, revenue would have been an estimated £45,787,000 and net profit would have been an estimated £4,276,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2021.

#### *Effect of acquisition:*

The acquisition had the following effect on the Company's assets and liabilities:

	<b>Recognised values on acquisition £'000</b>
<b>Acquiree's net assets at the acquisition date:</b>	
Tangible fixed assets	16,256
Right of use assets	4,027
Intangible assets	43,376
Stocks	11,242
Trade and other debtors	7,229
Cash	6,150
Trade and other creditors	(6,672)
Provisions	(6,507)
Deferred tax liabilities	(11,231)
<b>Net identifiable assets and liabilities</b>	<b>63,870</b>
<b>Consideration paid:</b>	
Initial cash price paid	21,509
Settlement of interest bearing loans and borrowings	81,394
Initial cash consideration relating to business combination	102,903
Equity instruments issued	1,408
Contingent consideration expected to be paid at fair value	3,320
<b>Total consideration</b>	<b>107,631</b>
<b>Goodwill on acquisition</b>	<b>43,761</b>

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **15 Business Combinations (continued)**

Equity instruments issued were 1,408,303 £1 Ordinary Shares in Ark Topco Limited which is the ultimate parent of Survitec Acquisition Company Limited. The nominal value of the shares issued equated to fair value.

Total acquisition related costs of £1,812,000 have been recognised within other expenses in the income statement.

#### ***Contingent consideration***

The Company has agreed to pay the vendors additional consideration of £3,458,000 subject to certain future financial performance criteria. The Company has included £3,320,000 as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date.

#### **Blue Anchor**

On 1st November 2021, the Group acquired the share capital of Blue Anchor Fire and Safety Limited, one of Scotland's leading providers of survival solutions providers to the fisheries, maritime and offshore energy industries.

In the 2 months to 31 December 2021 the business contributed net profit of £58,000 to the net profit for the year, with revenue of £229,000 for the post acquisition period.



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 15 Business Combinations (continued)

##### *Effect of acquisition*

The acquisition had the following effect on the Company's assets and liabilities:

	<b>Recognised values on acquisition £'000</b>
<b>Acquiree's net assets</b>	
Tangible fixed assets	655
Stocks	86
Trade and other debtors	191
Cash	896
Trade and other creditors	(175)
Deferred tax liabilities	(53)
<b>Net identifiable assets</b>	<u>1,600</u>
<b>Consideration paid:</b>	
Initial cash price paid	2,902
Contingent consideration expected to be paid	<u>200</u>
<b>Total Consideration</b>	<u>3,102</u>
Goodwill on acquisition	<u>1,502</u>

##### *Contingent consideration*

The Company has agreed to pay the vendors additional consideration of £200,000 subject to certain future financial performance criteria. No formal purchase price adjustment exercise was undertaken for this acquisition as it was deemed immaterial to the Group.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 16 Intangible assets

	Goodwill £ 000	Contractual customer relationships £ 000	Developed technology £ 000	Patents, trademarks, brands and other intangibles £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 January 2020	-	191,657	122,516	48,129	362,302
Additions	-	-	5,197	1,626	6,823
Foreign exchange movements	-	(354)	84	229	(41)
At 31 December 2020	-	191,303	127,797	49,984	369,084
At 1 January 2021	-	191,303	127,797	49,984	369,084
Additions	-	-	5,952	2,417	8,369
Acquired through business combinations	45,262	32,395	-	10,981	88,638
Disposals	-	-	-	(124)	(124)
Foreign exchange movements	-	(1,412)	(345)	(305)	(2,062)
At 31 December 2021	45,262	222,286	133,404	62,953	463,905
<b>Accumulated Amortisation</b>					
At 1 January 2020	-	131,843	97,555	35,371	264,769
Amortisation charge	-	8,457	3,820	2,053	14,330
Impairment reversal (as restated - note 35)	-	(5,580)	(1,783)	(3,449)	(10,812)
Foreign exchange movements	-	26	9	157	192
At 31 December 2020 (as restated)	-	134,746	99,601	34,132	268,479
At 1 January 2021	-	134,746	99,601	34,132	268,479
Amortisation charge	-	8,897	3,300	3,382	15,579
Amortisation eliminated on disposals	-	-	-	(115)	(115)
Foreign exchange movements	-	(417)	(157)	(220)	(794)
At 31 December 2021	-	143,226	102,744	37,179	283,149

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 16 Intangible assets (continued)

	Goodwill £ 000	Contractual customer relationships £ 000	Developed technology £ 000	Patents, trademarks, brands and other intangibles £ 000	Total £ 000
<b>Carrying amount</b>					
At 31 December 2021	<u>45,262</u>	<u>79,060</u>	<u>30,660</u>	<u>25,774</u>	<u>180,756</u>
At 31 December 2020 (as restated)	<u>-</u>	<u>56,557</u>	<u>28,196</u>	<u>15,852</u>	<u>100,605</u>
At 1 January 2020	<u>-</u>	<u>59,814</u>	<u>24,961</u>	<u>12,758</u>	<u>97,533</u>

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **16 Intangible assets (continued)**

Under the terms of the Group's facilities agreement, the Group has granted a fixed and floating charge over the assets held by Group companies that are subject to the Group's banking facilities. As at the reporting date the total value of intangible assets subject to such charge was £16,737,000 (31 December 2020: £nil).

The Group tests its non-current assets annually for impairment or more frequently if there are indications that they might be impaired. Fair values are estimated based on level 3 inputs within the IFRS 13 fair value hierarchy. The carrying amount of each CGU is compared to the higher of value in use and fair value less costs to sell of the CGU. Discounted cashflow models has been used to determine the carrying value of each CGU. As disclosed in note 3 (Critical accounting judgements and key sources of estimation uncertainty), there are three CGU's for the year ended 31 December 2021 (31 December 2020: two).

The recoverable amount of the CGUs has been determined based on the higher of value in use and fair value less costs to sell calculations. The calculation uses cash flow projections based on financial forecasts approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value. The growth rate does not exceed the long-term average growth rate for the sector in which the CGU operates.

The key assumptions for the Defence CGU were growth rates within the five-year financial budgets (long term growth rate 2%) and weighted average cost of capital (11.26%) (31 December 2020: long term growth rate 2% and weighted average cost of capital (11.16%). The key assumptions for the Marine CGU were growth rates within the five-year financial budgets (long term growth rate at 2%), weighted average cost of capital (10.10%) and operating efficiencies (31 December 2020: long term growth rate at 2%, weighted average cost of capital 9.72% and operating efficiencies). The key assumptions for the Hansen Protection CGU were growth rates within the five-year financial budgets (long term growth rate at 2%), weighted average cost of capital (10.82%) and operating efficiencies.

The unimpaired goodwill as at 31 December 2021 relates to the Hansen protection CGU.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 16 Intangible assets (continued)

The impairment review concluded on 31 December 2021 that the recoverable amount of the Defence CGU exceeded its carrying amount (31 December 2020: recoverable amount exceeded the carrying amount). The recoverable amount of the CGU was £133,189,000 (31 December 2020: £184,680,000), compared to a carrying value of £65,026,000 (31 December 2020: £67,911,000). In the prior year, the Defence CGU fully reversed all previous impairments (as restated - see note 35).

The impairment review concluded on 31 December 2021 that the recoverable amount of the Marine CGU exceeded its carrying amount (31 December 2020: recoverable amount did not exceed carrying amount). The recoverable amount of the CGU was £164,444,000 (31 December 2020: £121,549,000), compared to a carrying value of £128,987,000 (31 December 2020: £94,899,000). In the prior year, the Marine CGU recognised a further impairment of £26,650,000 (as restated - see note 35), with a total impairment to date in that CGU of £160,151,000. The impairment is recognised in intangible assets and property, plant and equipment. No impairment reversal has been recognised in the current year.

The impairment review concluded on 31 December 2021 that the recoverable amount of the Hansen Protection CGU exceeded its carrying amount. The recoverable amount of the CGU was £107,229,000 compared to a carrying value of £83,124,000.

The Marine CGU is the most sensitive to the assumptions. If the long term growth rate percentage and/or WACC percentage increased or decreased by 0.5%, the change in the recoverable amount of the Marine CGU would be as follows (all amounts stated in £m and positive numbers represent an increase recoverable amount):

	Growth rate +0.5%	Growth rate +0%	Growth rate -0.5%
Discount rate +0.5%	(5,599)	(11,255)	(16,290)
Discount rate +0%	6,689	-	(5,911)
Discount rate -0.5%	20,737	12,765	5,777

Additionally, the Marine CGU is sensitive to the value of capital expenditure. Management have therefore performed sensitivities around this assumption and identified areas where capital expenditure could be reduced under a severe but plausible downside scenario. Although some capital expenditure is committed or necessary for business requirements, a significant portion is under managements' control. This further sensitivity identified no further risk of impairment.

Sensitivity calculations have also been performed on the Defence and Hansen Protection CGU's and do not result in any risk of impairment.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 17 Property, plant and equipment

##### Group

	Land £ 000	Freehold buildings £ 000	Leasehold improvements £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost</b>					
At 1 January 2020	1,117	19,020	2,999	109,284	132,420
Additions	-	602	1,451	14,454	16,507
Disposals	-	(553)	(46)	(3,133)	(3,732)
Foreign exchange movements	30	412	45	886	1,373
At 31 December 2020	1,147	19,481	4,449	121,491	146,568
At 1 January 2021	1,147	19,481	4,449	121,491	146,568
Additions	-	1,683	6,082	17,721	25,486
Acquired through business combinations	-	-	76	16,835	16,911
Classified as held for sale or in a disposal group classified as held for sale	-	(225)	-	(469)	(694)
Disposals	-	(2,359)	(1,439)	(5,741)	(9,539)
Foreign exchange movements	(37)	(837)	(116)	(2,570)	(3,560)
At 31 December 2021	1,110	17,743	9,052	147,267	175,172
<b>Accumulated Depreciation</b>					
At 1 January 2020	544	12,713	1,632	76,619	91,508
Charge for year	-	847	588	10,892	12,327
Eliminated on disposal (Impairment reversal)/ impairment (as restated - see note 35)	(41)	519	671	9,796	10,945
Foreign exchange movements	8	370	-	828	1,206
At 31 December 2020 (as restated)	511	13,896	2,870	95,776	113,053

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 17 Property, plant and equipment (continued)

	Land	Freehold buildings	Leaschold improvements	Other property, plant and equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2021	511	13,896	2,870	95,776	113,053
Charge for the year	-	1,143	1,024	10,910	13,077
Classified as held for sale or in a disposal group classified as held for sale	-	-	-	(353)	(353)
Eliminated on disposal	-	(869)	(1,234)	(3,061)	(5,164)
Foreign exchange movements	(9)	(638)	(59)	(1,427)	(2,133)
At 31 December 2021	<u>502</u>	<u>13,532</u>	<u>2,601</u>	<u>101,845</u>	<u>118,480</u>
<b>Carrying amount</b>					
At 31 December 2021	<u>608</u>	<u>4,211</u>	<u>6,451</u>	<u>45,422</u>	<u>56,692</u>
At 31 December 2020 (as restated)	<u>636</u>	<u>5,585</u>	<u>1,579</u>	<u>25,715</u>	<u>33,515</u>
At 1 January 2020	<u>573</u>	<u>6,307</u>	<u>1,367</u>	<u>32,665</u>	<u>40,912</u>

Under the terms of the Group's facilities agreement, the Group has granted a fixed and floating charge over the assets held by Group companies that are subject to the Group's banking facilities. As at the reporting date the total cost of property, plant and equipment subject to such charge was £57,552,000 (31 December 2020: £53,123,000).

The Group tests its non-current assets annually for impairment or more frequently if there are indications that they might be impaired. Fair values are estimated based on level 3 inputs within the IFRS 13 fair value hierarchy. The carrying amount of each CGU is compared to the higher of value in use and fair value less costs to sell of the CGU. Discounted cashflow models has been used to determine the carrying value of each CGU. As disclosed in note 3, there are three CGU's for the year ended 31 December 2021 (31 December 2020: two).

Please refer to note 16 for sensitivity analysis.

The 2020 impairment review resulted in a reversal of prior year impairment in respect of intangibles and property, plant and equipment in the Defence CGU (as restated - see note 35).

There were no impairments identified for the year ended 31 December 2021.

During the year the Group began actively marketing a property for sale, and in accordance with IFRS5, has recognised certain land and other property, plant and equipment with a net book value of £340,000 as assets held for sale at the year end. The asset held for sale is recognised at net book value which is lower than the fair value less costs to sell.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 18 Right of use assets

##### Group

	Machinery £ 000	Property £ 000	Total £ 000
<b>Cost</b>			
At 1 January 2020	6,723	26,046	32,769
Additions	848	13,088	13,936
Disposals	(967)	(3,490)	(4,457)
Movements in Foreign Exchange	286	546	832
At 31 December 2020	6,890	36,190	43,080
At 1 January 2021	6,890	36,190	43,080
Additions	1,883	9,776	11,659
Acquired through business combination	-	4,027	4,027
Disposals	(1,203)	(4,047)	(5,250)
Movements in Foreign Exchange	(353)	(873)	(1,226)
At 31 December 2021	7,217	45,073	52,290
<b>Depreciation</b>			
At 1 January 2020	2,191	6,007	8,198
Charge for year	2,366	5,580	7,946
Eliminated on disposal	(959)	(2,674)	(3,633)
Movements in Foreign Exchange	104	117	221
At 31 December 2020	3,702	9,030	12,732
At 1 January 2021	3,702	9,030	12,732
Charge for the year	1,439	8,246	9,685
Eliminated on disposal	(1,177)	(3,742)	(4,919)
Movements in Foreign Exchange	(191)	(258)	(449)
At 31 December 2021	3,773	13,276	17,049
<b>Carrying amount</b>			
At 31 December 2021	3,444	31,797	35,241
At 31 December 2020	3,188	27,160	30,348



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 19 Inventories

	Group	
	31 December 2021 £ 000	31 December 2020 £ 000
Raw materials and consumables	22,131	16,774
Work in progress	9,886	8,894
Finished goods and goods for resale	45,397	29,970
	77,414	55,638

Provisions against inventory at the start of the period totalling £248,000 (31 December 2020: Nil) were released to raw materials and consumables used during the period. Provisions against finished goods as at 31 December 2021 are £6,336,000 (31 December 2020: £5,940,000).

#### 20 Trade and other receivables (current)

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Trade receivables	59,389	51,058	-	-
Provision for impairment of trade receivables	(861)	(651)	-	-
Net trade receivables	58,528	50,407	-	-
Prepayments	9,773	7,202	-	-
Other receivables	10,600	9,080	-	-
Amounts due from Group undertakings	-	162	-	154,382
VAT	4,401	5,739	-	-
	83,302	72,590	-	154,382

There are no customers who each represent more than 5 per cent of the total balance of trade receivables (31 December 2020: two). The total balance owing from these customers at 31 December 2021 is £Nil (31 December 2020: £6,038,000).

Amounts due from Group undertakings accrued interest between 0% - 6%, are unsecured and receivable on demand.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Trade and other receivables (current) (continued)

Other receivables include loans made to management (see note 33).

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

	31 December 2021 £ 000	31 December 2020 £ 000
Contract assets recognised at start of the year	6,417	6,491
Revenue recognised in the previous period that was invoiced and received during the year	(6,417)	(6,491)
Revenue recognised during the year which will not be invoiced until after the year end	6,989	6,417
<b>Balance at the end of the year</b>	<b><u>6,989</u></b>	<b><u>6,417</u></b>

Revenue recognised in advance of invoicing £6,989,000 (31 December 2020: £6,417,000) are expected to be invoiced in the year ending 31 December 2021.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Trade and other receivables (current) (continued)

As at 31 December 2021, there was a loss allowance against trade receivables of £861,000 (31 December 2020: £651,000). See below for the movements in the loss allowance for trade receivables.

	31 December 2021 £ 000	31 December 2020 £ 000
Loss allowance at start of the year	(651)	(1,208)
Effect of foreign exchange rate movements	35	(18)
Added on acquisition	(116)	-
Amounts written off as uncollectible	111	406
Release of loss allowance	89	714
Additional loss allowance	(329)	(545)
<b>Balance at the end of the year</b>	<b><u>(861)</u></b>	<b><u>(651)</u></b>

Trade receivables disclosed above include amounts (see below for aged analysis) against which the Group has not fully recognised a loss allowance for receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

#### Age of trade receivables

	Group 31 December 2021 £ 000	31 December 2020 £ 000
Neither past due nor impaired	12,928	42,653
7 to 30 days	41,234	5,165
31 to 60 days	1,825	1,493
61 to 90 days	1,001	350
> 90 days	1,540	746
	<b><u>58,528</u></b>	<b><u>50,407</u></b>

Past due receivables that are not impaired relate to customers for whom there is no recent history of default and for which there are no other indications that they will not be able to meet their obligations.

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **20 Trade and other receivables (current) (continued)**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and lease receivables. To measure the expected credit losses, receivables are 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. As at 31 December 2021 using the simplified approach, the Group has not recognised any impairment loss on contract assets (31 December 2020: £Nil)

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2021 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% (2020: <1%).

The Company has considered the expected credit loss applied to amounts owed by subsidiary undertakings in accordance with IFRS 9. In December 2021, all amounts owing to the parent Company from subsidiary undertaking were settled by way of a debt for equity swap with the immediate subsidiary entity as disclosed in note 14. In the prior year, the Company determined that the most likely scenario for recovery of these balances was to seek to sell the operating group and has therefore calculated the expected credit loss by discounting the Fair Value less Costs of Disposal of the operating group for the estimated period to any disposal. On this basis, in the prior year, the Company partially reversed an expected credit loss brought forward from prior periods totalling £67,819,000 resulting in a carrying value of the amounts due from subsidiary undertakings of £154,382,000. In the current year, the expected credit loss was reassessed prior to settlement of the amounts receivable from subsidiary undertakings and a further £244,386,000 of expected credit loss from prior periods was reversed as the full principal balance of £397,725,000 was settled. A further £48,169,000 reversal of prior period impairments against intercompany receivables has also been recognised in the Company income statement during the year.

The Directors consider the carrying amount of trade and other receivables is approximately equal to their fair value. The maximum exposure to customer credit risk at the reporting date is the currency value of the trade receivables shown above.

Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Trade and other receivables (current) (continued)

	31 December 2021		31 December 2020	
	Group	Company	Group	Company
	£ 000	£ 000	£ 000	£ 000
UK pound	31,529	-	29,487	154,382
Euro	9,404	-	8,011	-
US dollars	3,374	-	2,814	-
Canadian dollars	2,380	-	1,450	-
Australian dollars	2,311	-	2,795	-
Singapore dollars	2,415	-	2,002	-
Norwegian Krone	21,088	-	17,308	-
Chinese Yuan Renminbi	3,055	-	3,128	-
Other currencies	7,746	-	5,595	-
	<u>83,302</u>	<u>-</u>	<u>72,590</u>	<u>154,382</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 21 Cash and cash equivalents

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Cash at bank	56,795	83,947	21	20
Bank overdrafts	<u>(7,260)</u>	<u>(12,974)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>49,535</u>	<u>70,973</u>	<u>21</u>	<u>20</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying period of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### 22 Share-based payments

##### Share-based payment transactions

	2021 £ 000	2020 £ 000
<b>Group</b>		
Arising from equity settled share-based payment transactions	<u>-</u>	<u>-</u>
<b>Company</b>		
Arising from equity settled share-based payment transactions	<u>-</u>	<u>-</u>

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **22 Share-based payments (continued)**

The Ultimate Parent Undertaking issued B and C Ordinary Shares to certain of the Group's employees as a staff incentive arrangement. A total of 1,613,995 (2020: 1,258,576) B Ordinary Shares and 403,501 (2020: 321,396) C Ordinary Shares were outstanding at 31 December 2021. 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 during the year were acquired for total consideration of £473,172 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 in the current year.

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 be appropriate for the valuation of an award subject to a ratchet (market-based performance condition).

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 23 Share capital

##### Authorised, allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	928	928	928	928

The ordinary shares are non-redeemable but shall hold full rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of a winding up of the Company. The shares may be considered by the Directors when considering dividends from time to time.

In December 2021, a further 1 share of £1 was issued at a premium of £405,298,000 in exchange for the waiver of amounts owed to the Company by the immediate parent company.

#### 24 Leases

##### Group

For details of Right of Use Assets, see Note 18. 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 2021	31 December 2020
	£ 000	£ 000
Within one year	7,860	6,527
Later than one year and not later than five years	18,212	15,372
Later than five years	10,556	10,614
Total lease liabilities	36,628	32,513



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 24 Leases (continued)

##### Total cash outflows related to leases

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

	31 December 2021	31 December 2020
	£ 000	£ 000
<b>Payment</b>		
Payment of capital element of lease liabilities	11,064	7,968
Interest	2,720	2,071
Low value leases	11	14
Short term leases	210	75
Termination payments	4	3
<b>Total cash outflow</b>	<b>14,009</b>	<b>10,131</b>

The Group is potentially exposed to future cash outflows of £Nil (31 December 2020: £314,000) relating to extension options on leases for which exercise is not deemed to be reasonably certain. These have not been included in the lease liability. There are no other significant potential cash outflows relating to leases. Amounts recognised in the Consolidated Income Statement are set out in note 9 and 11.

##### Leases as lessor

The Group rents out liferafts as operating leases. These leases have terms of between one and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis accounting to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at this periods end are as follows:

	31 December 2021	31 December 2020
	£ 000	£ 000
No later than 1 year	16,490	22,126
Later than 1 year and no later than 5 years	29,079	13,621
Later than 5 years	1,686	50
	<b>47,255</b>	<b>35,797</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 25 Finance lease receivable

##### Lease receivables maturity analysis

	31 December 2021 £ 000	31 December 2020 £ 000
<b>Amounts falling due over one year:</b>		
Finance lease - gross receivable	76	138
<b>Amounts falling due within one year:</b>		
Finance lease - gross receivable	248	176
	<u>324</u>	<u>314</u>

#### 26 Loans and borrowings

	Group (As restated)		Company (As restated)	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
<b>Non-current loans and borrowings</b>				
Bank borrowings	260,796	151,316	-	-
Other loans	-	2,762	-	-
Amounts owed to parent undertakings	-	379,627	-	375,826
	<u>260,796</u>	<u>533,705</u>	<u>-</u>	<u>375,826</u>

In April 2021, the company completed a refinancing exercise, drawing down £270,000,000 under a new GBP facility and repaying all previous borrowings. The borrowings have been accounted for under the effective interest rate method, net of capitalised transaction costs of £11,359,000. Please refer to note 35 for details of the prior period restatement.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Loans and borrowings (continued)

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
<b>Current loans and borrowings</b>				
Bank borrowings	-	947	-	-
Bank overdrafts	7,260	12,974	-	-
	<u>7,260</u>	<u>13,921</u>	<u>-</u>	<u>-</u>

#### Analysis of loans and borrowings by currency:

##### Group

	Sterling £ 000	Euro £ 000	Other £ 000	Total £ 000
<b>31 December 2021</b>				
Bank overdrafts	7,260	-	-	7,260
Bank borrowings	259,722	-	1,074	260,796
	<u>266,982</u>	<u>-</u>	<u>1,074</u>	<u>268,056</u>

	Sterling £ 000	Euro £ 000	Other £ 000	Total £ 000
<b>31 December 2020</b>				
Bank overdrafts	12,974	-	-	12,974
Bank borrowings	947	150,496	820	152,263
Amounts owed to parent undertakings	379,627	-	-	379,627
Other loans	-	-	2,762	2,762
	<u>393,548</u>	<u>150,496</u>	<u>3,582</u>	<u>547,626</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Loans and borrowings (continued)

##### Company

	Sterling £ 000	Euro £ 000	Other £ 000	Total £ 000
<b>31 December 2021</b>				
Amounts owed to parent undertakings	-	-	-	-

	Sterling £ 000	Euro £ 000	Other £ 000	Total £ 000
<b>31 December 2020</b>				
Amounts owed to parent undertakings	375,826	-	-	375,826

The other principal features of the Group's borrowing after deduction of unamortised finance costs are as follows:

	<b>Group</b>		<b>Company</b>	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
New External Loan at 7.75%	259,722	-	-	-
Euro loans at 6% plus EURIBOR	-	150,496	-	-
Yen loans at 5%	257	284	-	-
Sterling loans at 6.05%	-	947	-	-
Other currency loans at 6.4%/4% above LIBOR	532	536	-	-
Loan notes owed to parent undertaking at 10%	-	379,627	-	375,826
Danish Maritime Foundation interest free loan	-	380	-	-
USD government interest free loans	285	2,382	-	-
Bank overdrafts	7,260	12,974	-	-
	<u>268,056</u>	<u>547,626</u>	<u>-</u>	<u>375,826</u>
	<u>268,056</u>	<u>547,626</u>	<u>-</u>	<u>375,826</u>

The external loans will be repayable in full in 2027 with the exception of bank overdrafts which are repayable on demand. Interest payable at a minimum quarterly. The loans are secured by fixed and floating charges over the Group's major assets. Bank loans under a Group facility are subject to quarterly covenant calculations based on EBITDA, net leverage and liquidity. The Company loan notes owed to parent undertakings that were reported in the 2020 financial statements were converted into equity during the reporting year.

The fair value of total borrowings of the Group is not considered to be different to the carrying value.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Loans and borrowings (continued)

##### Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Bank Overdrafts £'000	Other loans and borrowings £'000	Lease liability £'000	Accrued interest £'000	Total £'000
Balance at 1 January 2021 (As restated)	(12,974)	(534,652)	(32,513)	(1,575)	(581,714)
Loans waived	-	2,165	-	-	2,165
Loans acquired	-	(1,408)	-	-	(1,408)
Interest capitalised	-	(2,231)	-	2,231	-
Capitalisation of transaction costs	-	11,359	-	-	11,359
Amortisation of transaction costs	-	(1,081)	-	1,081	-
Loans capitalised	-	405,297	-	-	405,297
New leases	-	-	(9,609)	-	(9,609)
Leases acquired	-	-	(4,027)	-	(4,027)
Leases disposed of	-	-	331	-	331
Lease payments	-	-	11,064	-	11,064
Drawdown of loans and borrowings	-	(270,934)	-	-	(270,934)
Repayments of loans and borrowings	-	146,655	-	-	146,655
Interest paid	-	-	-	15,615	15,615
Effect of changes in foreign exchange rates	7	7,362	826	-	8,195
Change in bank overdrafts	5,707	-	-	-	5,707
Interest charges	-	(23,328)	(2,700)	(18,790)	(44,818)
<b>Balance as at 31 December 2021</b>	<b>(7,260)</b>	<b>(260,796)</b>	<b>(36,628)</b>	<b>(1,438)</b>	<b>(306,122)</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Loans and borrowings (continued)

Group	Bank Overdrafts £'000	Other loans and borrowings £'000	Lease liability £'000	Accrued interest £'000	Total £'000
Balance at 1 January 2020	(9,140)	(971,901)	(26,060)	(17,927)	(1,025,028)
Capital contribution	-	533,333	-	-	533,333
Interest Capitalised	-	(6,457)	-	6,457	-
Interest released	-	-	-	34,005	34,005
Unamortised finance cost released	-	-	-	8,822	8,822
New leases	-	-	(13,936)	-	(13,936)
Lease payments	-	-	8,730	-	8,730
Leases disposed of	-	-	824	-	824
Drawdown of loans and borrowings	-	(40,694)	-	-	(40,694)
Interest paid	-	-	-	2,922	2,922
Effects of changes in foreign exchange rates	6	(7,247)	-	-	(7,241)
Change in bank overdraft	(3,840)	-	-	-	(3,840)
Interest charges	-	(41,686)	(2,071)	(35,854)	(79,611)
<b>Balance as at 31 December 2020</b>	<b>(12,974)</b>	<b>(534,652)</b>	<b>(32,513)</b>	<b>(1,575)</b>	<b>(581,714)</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Loans and borrowings (continued)

Company	Other loans and borrowings £'000	Accrued interest £'000	Total £'000
Balance at 1 January 2021 (As restated)	(375,826)	-	(375,826)
Effect of changes in foreign exchange rates	(5)	-	(5)
Interest charges	(22,918)	-	(22,918)
Loans converted to equity	398,749	-	398,749
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>

Company	Other loans and borrowings £'000	Accrued interest £'000	Total £'000
Balance at 1 January 2020	(970,183)	(17,847)	(988,030)
Drawdown of loans and borrowings	(127)	-	(127)
Interest paid	-	1,228	1,228
Effect of changes in foreign exchange rates	1,169	-	1,169
Interest charges	(40,018)	(26,127)	(66,145)
Capital contribution	533,333	-	533,333
Unamortised finance costs released	-	8,741	8,741
Interest released	-	34,005	34,005
Repayments of loans and borrowings	100,000	-	100,000
<b>Balance as at 31 December 2020 (As restated)</b>	<b>(375,826)</b>	<b>-</b>	<b>(375,826)</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes

##### Defined contribution schemes

In the UK the Group operates defined contribution schemes in respect of certain employees. The charge against profit is the amount of contributions payable to the pension scheme during the period.

In the USA, the Group operates defined contribution plans with optional funding opportunities provided by a designated company for all eligible full time employees.

In Australia, the Group operates a defined contribution scheme in accordance with statutory requirements and local customs and practice.

The total pension charge during the period for the Group's defined contribution plans amounts to £4,346,000 (31 December 2020: £3,362,000) The Group also contributed £442,000 to personal pension plans during the period (31 December 2020: £389,000).

##### Defined benefit schemes

	31 December 2021			31 December 2020		
	Funded	Unfunded	Total	Funded	Unfunded	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Net employee defined benefit liability (before deferred tax)	<u>1,400</u>	<u>5,590</u>	<u>6,990</u>	<u>2,329</u>	<u>7,180</u>	<u>9,509</u>
	31 December 2021			31 December 2020		
	Funded	Unfunded	Total	Funded	Unfunded	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Fair value of scheme assets	<u>74,942</u>	<u>2,813</u>	<u>77,755</u>	<u>78,504</u>	<u>3,532</u>	<u>82,036</u>

In Germany the Group operates an unfunded defined benefit plan, which in accordance with local customs and practice is financed through book reserves. The obligations held at 31 December 2021 amounts to £5,202,000 (31 December 2020: £6,189,000).



## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **27 Retirement benefit schemes (continued)**

The fair value of the plan assets is therefore the present value of these accrued pension rights assessed using the discount rate at the statement of financial position date. In addition to allowing for cash flows, the asset value has therefore also been adjusted for the change in discount rates. The value of accruing benefits over the period plus interest on past benefits passes through the income statement, offset by expected return on the plan assets. The re-measurement of plan liabilities (and also that of the plan assets) passes through other comprehensive income.

In the UK, the Group operates a defined benefit pension scheme, which provide benefits in the form of a guaranteed level of pension payable to the members. 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 Group. 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 periods. The most recent formal actuarial valuation was carried out as at 31 March 2020 by a qualified Actuary. 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 Group does not recognise the surplus but recognises an additional liability due to minimum funding requirements. As at 31 December 2021, the minimum funding liability amounted to £1,400,039 (31 December 2020: £1,750,000).

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

The key assumptions used are as follows:

	<b>31 December 2021</b>			
	<b>UK</b>	<b>Germany</b>	<b>Norway</b>	<b>Netherlands</b>
Rate of increase in salaries	N/A	2.5%	2.7%	2.0%
Rate of pension increases	3.65%	1.8%	0.1%	N/A
Discount rate	1.95%	1.2%	2.1%	1.5%
Inflation assumption	3.3%	1.8%	1.5%	1.8%

	<b>31 December 2020</b>			
	<b>UK</b>	<b>Germany</b>	<b>Norway</b>	<b>Netherlands</b>
Rate of increase in salaries	N/A	2.5%	1.75%	1.5%
Rate of pension increases	3.5%	1.75%	0.1%	N/A
Discount rate	1.4%	0.8%	1.7%	1.2%
Inflation assumption	2.85%	1.75%	1.5%	N/A

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

##### Mortality assumptions

Investigations have been carried out within the past three periods into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	31 December 2021			
	UK	Germany	Norway	Netherlands
Retiring today:				
Males	20.8	20.5	22.6	21.3
Females	23.3	23.9	25.9	24.0
Retiring in 25 years:				
Males	22.5	23.9	24.8	23.7
Females	25.1	26.7	28.4	26.2

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

	31 December 2020			
	UK	Germany	Norway	Netherlands
Retiring today:				
Males	21.1	20.3	22.5	21.2
Females	24.3	23.8	25.8	23.9
Retiring in 25 periods:				
Males	22.5	23.7	24.8	23.6
Females	25.6	26.6	28.3	26.1

The amount included in the balance sheet arising from the Group's Obligations in respect of its defined benefit retirement scheme is as follows:

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Equities	625	12,236
Bonds	72,130	61,281
Other	5,000	8,519
<b>Fair value of scheme assets</b>	<b>77,755</b>	<b>82,036</b>
<b>Present value of defined benefit obligations</b>	<b>(65,432)</b>	<b>(78,212)</b>
<b>Surplus in the scheme</b>	<b>12,323</b>	<b>3,824</b>
Surplus in the UK scheme not recognised	(17,913)	(11,004)
Additional liability recognised due to minimum funding requirements	(1,400)	(2,329)
<b>Net pension liability in the balance sheet</b>	<b>(6,990)</b>	<b>(9,509)</b>

As the Group does not control the use of the UK pension scheme asset it has not been recognised in these financial statements.

As at 31 December 2021, 96% of the total scheme assets have a quoted market price (31 December 2020: 94%), consisting of equities and bonds, including Liability Driven Instruments.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

##### Analysis of the amount charged to loss before tax

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Net interest cost	77	72
Service cost	<u>97</u>	<u>209</u>

##### Analysis of amount recognised in statement of other comprehensive income

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Return on scheme assets	(14)	8,574
Changes in assumptions underlying the present value of the scheme liabilities	<u>6,231</u>	<u>(6,917)</u>
Actuarial gain	6,217	1,657
Actuarial loss not recognised in respect of UK pension scheme	<u>(5,794)</u>	<u>(4,611)</u>
Net actuarial gain/(loss)	<u>423</u>	<u>(2,954)</u>
Exchange loss	<u>(415)</u>	<u>(360)</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

##### Movements in the fair value of scheme assets during the period

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
At start of the period	82,036	74,984
Interest income	1,109	1,535
Actuarial (losses)/gains on scheme assets	(14)	8,574
Contributions from the sponsoring companies	1,345	1,186
Contributions from scheme members	-	84
Benefits paid	(6,572)	(4,432)
Exchange rate movements	(149)	105
<b>At end of the period</b>	<b>77,755</b>	<b>82,036</b>

##### Movements in the present value of defined benefit obligations during the period

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
At start of the period	78,212	73,574
Service cost	97	209
Interest expense	1,000	1,395
Contribution from scheme members	-	84
Actuarial (gains)/losses on scheme liabilities	(6,741)	6,917
Benefits paid	(6,572)	(4,432)
Exchange rate movements	(564)	465
<b>At end of the period</b>	<b>65,432</b>	<b>78,212</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

##### Expected maturity analysis of undiscounted pension benefits

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Within the next 12 months (next annual reporting period)	2,962	2,932
Between 2 and 5 years	11,683	11,594
Between 5 and 10 years	15,462	15,761
<b>Total expected payments</b>	<b>30,107</b>	<b>30,287</b>

The average duration of the defined benefit obligation at the end of the reporting period is 16.3 years (31 December 2020: 17.3 years).

The most recent finalised triennial valuation of the Group's UK pension scheme for funding purposes has been performed as at 31 March 2020. Under the funding schedule agreed with the scheme Trustees, the Group aims to eliminate the current deficit over a period of 3 years from 31 March 2020. A triennial valuation has not been completed during the year for the other schemes within the Group.

The defined benefit pension plans are exposed to a number of risks, mainly:

- The plan liabilities are calculated using a discount rate set with reference to corporate bond yield curves; if plan assets underperform this yield, this will create a deficit. Additionally, a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' asset holdings;
- Some of the group's pension obligations are linked to inflation assumptions, and higher inflation will lead to higher liabilities; and
- The plans' obligations are to provide benefits for the life of the member, so increases in life - expectancy will result in an increase in the plans' liabilities.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 27 Retirement benefit schemes (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is as shown below:

Impact on gross defined benefit obligation			
	<u>Change in assumption</u>	<u>Increase in assumption £ 000</u>	<u>Decrease in assumption £ 000</u>
Discount rate	0.25%	(2,624)	2,782
Inflation rate	0.25%	(1,514)	1,465
		<u>Decrease by 1 year in assumption</u>	
Life expectancy		3,269	

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 28 Provisions

##### Group

	<b>Warranties</b>	<b>Dilapidations</b>	<b>Employee</b>	<b>Other</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>benefits</b>	<b>provisions</b>	<b>£ 000</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2021	10,981	4,571	276	82	15,910
Additional provisions	200	3,209	417	1,417	5,243
Increase through business combinations	655	670	-	5,181	6,506
Provisions used	(682)	(628)	(36)	(90)	(1,436)
Unused provision released	(2,206)	(840)	-	(224)	(3,270)
Increase/(decrease) due to foreign exchange differences	(7)	(51)	(1)	(31)	(90)
At 31 December 2021	<u>8,941</u>	<u>6,931</u>	<u>656</u>	<u>6,335</u>	<u>22,863</u>
Non-current liabilities	<u>-</u>	<u>4,095</u>	<u>-</u>	<u>843</u>	<u>4,938</u>
Current liabilities	<u>8,941</u>	<u>2,836</u>	<u>656</u>	<u>5,492</u>	<u>17,925</u>

	<b>Warranties</b>	<b>Dilapidations</b>	<b>Employee</b>	<b>Other</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>benefits</b>	<b>provisions</b>	<b>£ 000</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2020	11,845	4,308	366	121	16,640
Additional provisions	86	595	5	175	861
Provisions used	(983)	(56)	(4)	(43)	(1,086)
Unused provision released	25	(303)	(95)	(169)	(542)
Increase/(decrease) due to foreign exchange differences	8	27	4	(2)	37
At 31 December 2020	<u>10,981</u>	<u>4,571</u>	<u>276</u>	<u>82</u>	<u>15,910</u>
Non-current liabilities	<u>683</u>	<u>3,075</u>	<u>10</u>	<u>55</u>	<u>3,823</u>
Current liabilities	<u>10,298</u>	<u>1,496</u>	<u>266</u>	<u>27</u>	<u>12,087</u>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 28 Provisions (continued)

Due to the nature of critical safety products manufactured by Survitec, the Group could be exposed to warranty claims from customers and other affected third parties. The provision is 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 accounting estimate it is particularly sensitive to movement and sensitivity analysis of the key assumptions is shown below:

Impact of 10% movement in the no. of units replaced or repaired on the total provision:

		No. of units replaced		
		-10%	0%	+10%
		£ 000	£ 000	£ 000
No. of units repaired	-10%	(963)	(373)	217
	0%	(590)	-	-
	+ 10%	(217)	-	-

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

Employee benefits include provisions in respect of long service awards and termination benefits.

'Other' includes provisions for legal costs, deferred consideration on acquisitions made during the year and restructuring provisions.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments

Group	Amortised cost £ 000	FVTPL £ 000	Total £ 000
<b>31 December 2021</b>			
<b>Financial assets</b>			
<u>Current</u>			
Trade receivables	58,528	-	58,528
Other receivables	10,167	433	10,600
Cash and short-term deposits	56,795	-	56,795
<b>Total</b>	<b>125,490</b>	<b>433</b>	<b>125,923</b>
<u>Non-current</u>			
Other receivables	742	-	742
<b>Total</b>	<b>742</b>	<b>-</b>	<b>742</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments (continued)

Group	Amortised cost £ 000	FVTPL £ 000	Total £ 000
<b>31 December 2021</b>			
<b>Financial liabilities</b>			
<u><b>Current</b></u>			
Current portion of lease liabilities	7,860	-	7,860
Trade and other payables	71,939	-	71,939
Loans and borrowings	7,260	-	7,260
<b>Total</b>	<b>87,059</b>	<b>-</b>	<b>87,059</b>
<u><b>Non-current</b></u>			
Long term lease liabilities	28,768	-	28,768
Loans and borrowings	260,796	-	260,796
Other non-current liabilities	4	-	4
<b>Total</b>	<b>289,568</b>	<b>-</b>	<b>289,568</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments (continued)

Group	Amortised cost £ 000	FVTPL £ 000	Total £ 000
<b>31 December 2020</b>			
<b>Financial assets</b>			
<u>Current</u>			
Trade receivables	50,407	-	50,407
Contracts	6,417	-	6,417
Other receivables	8,447	633	9,080
Amounts due from Group undertakings	162	-	162
Cash and short-term deposits	83,947	-	83,947
<b>Total</b>	<b>149,380</b>	<b>633</b>	<b>150,013</b>
<u>Non-current</u>			
Other receivables	924	-	924
<b>Total</b>	<b>924</b>	<b>-</b>	<b>924</b>
<b>Financial liabilities</b>			
<u>Current</u>			
Current portion of lease liabilities	6,527	-	6,527
Trade and other payables	68,395	-	68,395
Contracts	10,689	-	10,689
Derivative financial instruments	-	42	42
Loans and borrowings	13,921	-	13,921
<b>Total</b>	<b>99,532</b>	<b>42</b>	<b>99,574</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments (continued)

Group	Amortised cost £ 000	FVTPL £ 000	Total £ 000
<u>Non-current</u>			
Long term lease liabilities	25,986	-	25,986
Loans and borrowings	151,316	-	151,316
Other borrowings	379,627	-	379,627
Other non-current liabilities	9	-	9
<b>Total</b>	<b>556,938</b>	<b>-</b>	<b>556,938</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments (continued)

Company	Amortised cost £ 000	Total £ 000
<b>31 December 2021</b>		
<b>Financial assets</b>		
<u>Current</u>		
Cash and short-term deposits	21	21
<b>Total</b>	<b>21</b>	<b>21</b>
<b>Financial liabilities</b>		
<u>Current</u>		
Trade and other payables	79	79
<b>Total</b>	<b>79</b>	<b>79</b>

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 29 Financial instruments (continued)

Company	(As restated) Amortised cost £ 000	Total £ 000
<b>31 December 2020</b>		
<b>Financial assets</b>		
<u>Current</u>		
Amounts due from Group undertakings	154,382	154,382
Cash and short-term deposits	20	20
<b>Total</b>	<b>154,402</b>	<b>154,402</b>
<b>Financial liabilities</b>		
<u>Current</u>		
Trade and other payables	82	82
<b>Total</b>	<b>82</b>	<b>82</b>
<u>Non-current</u>		
Other borrowings	375,826	375,826
<b>Total</b>	<b>375,826</b>	<b>375,826</b>



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 30 Trade and other payables

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Trade payables	27,119	26,609	-	-
Accrued expenses	33,922	32,582	33	82
Social security and other taxes	5,712	5,493	-	-
Other payables	10,898	9,204	46	-
Deferred income	2,070	12,629	-	-
	<u>79,721</u>	<u>86,517</u>	<u>79</u>	<u>82</u>

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

Included within other payables of the Group is an amount of interest payable of £1,438,000 (31 December 2020: £1,575,000).

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

	31 December 2021 £ 000	31 December 2020 £'000
Contract liabilities recognised at start of the period	10,689	11,530
Revenue recognised that was included in contract liabilities at the beginning of the period	(10,689)	(11,530)
Amounts invoiced during the year which did not meet revenue recognition criteria during the year	17,117	10,689
<b>Balance at the end of the year</b>	<u><b>17,117</b></u>	<u><b>10,689</b></u>

## **Survitec Acquisition Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **31 Commitments**

##### **Capital commitments**

The total amount contracted for in relation to property, plant and equipment but not provided for in the financial statements was £402,000 (31 December 2020: £1,800,000).

The total amount authorised in relation to property, plant and equipment but not contracted for and not provided for in the financial statements was £68,000 (31 December 2020: £384,000).

There were no capital commitments in respect of intangible fixed assets at the year end (2020: £Nil).

#### **32 Contingent liabilities**

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

Throughout the Group, there are guarantees and performance bonds outstanding amounting to £13,756,000 (31 December 2020: £9,144,157).

Under the terms of the loan facility, the lenders have a fixed and floating charge over all the property or undertakings of the Company and its subsidiaries who are registered as guarantors under the facility.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 33 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

31 December 2021	Amounts owed from/(to) related parties	Loans (drawn down) /issued	Interest receivable / (payable)	Reversal of impairment in Amount due from Subsidiary Undertakings	Loans waived	Loans settled by way of debt to equity swap
<i>Group</i>	£ 000	£ 000	£ 000	£ 000	£'000	£'000
Parent undertakings	-	-	(23,328)	-	-	(397,725)
Subsidiary undertakings	-	-	-	-	-	-
Key management personnel	2,629	585	106	-	-	-
<i>Company</i>						
Immediate parent	-	-	(23,328)	-	-	(397,725)
Subsidiary undertakings	-	1,977	24,633	292,555	67,414	405,297

See Note 14 for further details of the transactions arising due to loan capitalisation exercise completed during the year.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 33 Related party transactions (continued)

31 December 2020	Amounts owed from/(to) related parties	Loans (drawn down) /issued	Capital contribution	Interest receivable/ (payable)	Impairment reversal	Loans novated
<i>Group (As restated)</i>	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>	<u>£'000</u>	<u>£'000</u>
Parent undertakings	(379,627)	(4,715)	533,333	(41,686)	-	(366,647)
Subsidiary undertakings	162	5	-	-	-	-
Key management personnel	3,100	-	-	-	-	-
<i>Company (As restated)</i>	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>	<u>£'000</u>	<u>£'000</u>
Immediate parent	(374,807)	-	533,333	(41,579)	-	(366,647)
Subsidiary undertakings	153,363	(103,265)	-	38,225	67,819	-

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 33 Related party transactions (continued)

##### Remuneration of key management personnel

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

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020 £ 000
Short term employee benefits	2,511	2,775
Post employee benefits	105	67
	<u>2,616</u>	<u>2,842</u>

The above includes payments made to key management upon their departure of £Nil (31 December 2020: £Nil).

##### Directors' transactions

There were no advances, credits or guarantees with Directors or other key Management that are disclosable in accordance with section 413 of the 2006 Act and IAS 24 in the current or prior periods.

#### 34 Parent and ultimate parent undertaking

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

These financial statements are the largest Group into which the Company's financial statements are consolidated.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 35 Prior period adjustment

##### Substantial modification of debt

In the prior year there was a substantial modification of debt, where the existing debt was derecognised and a new debt instrument recognised at fair value of £220,342,000. This gave rise to a gain on substantial modification of £159,285,000 against amounts owed to parent undertakings recognised in the income statement. As the underlying contractual amount under the loan agreement ultimately remained at £379,627,000, it has been confirmed that this fair value adjustment was calculated in error and accordingly has been corrected in accordance with IAS8. Accordingly, the gain arising on substantial modification recorded in other gains and losses has been reversed and prior period comparatives have been restated.

The restated disclosures are as follows:

Group	As previously stated 31 December 2020	Adjustment	As restated 31 December 2020
	£000	£000	£000
Amounts owed to parent undertakings	(220,342)	(159,285)	(379,627)
Other gains / (losses)	158,857	(159,285)	(428)
Effect on profit/(loss) for the year		(159,285)	

Company	As previously stated 31 December 2020	Adjustment	As restated 31 December 2020
	£000	£000	£000
Amounts owed to parent undertakings	(220,342)	(159,285)	(379,627)
Profit/(loss) for the year	233,116	(159,285)	73,831
Accumulated losses at 31 December	(596,482)	(159,285)	(755,767)

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 35 Prior period adjustment (continued)

##### Impairment and impairment reversal

In the prior year, there was an impairment in the Marine CGU and reversal of impairment in Defence (see note 16). These adjustments were booked pro-rata across intangible fixed assets and tangible fixed assets the wrong way round. The effect is that the Group's intangible fixed assets were understated, property, plant and equipment were overstated, and deferred tax liabilities were understated as a result of the way in which the impairment and impairment reversal were recognised. This error has been corrected and prior period comparatives have been restated.

The restated disclosures are as follows:

Group	As previously stated 31 December 2020	Adjustment	As restated 31 December 2020
	£000	£000	£000
Intangible fixed assets	78,981	21,624	100,605
Property, plant and equipment	55,405	(21,890)	33,515
Deferred tax liabilities (non-current)	(11,733)	(2,650)	(14,383)
Effect on profit/(loss) for the prior year		(2,916)	

Accordingly, within note 16, the impairment reversal line has been restated from £10,812,000 to (£10,812,000). In note 17, the impairment line has been restated from (£10,945,000) to £10,945,000.

## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 35 Prior period adjustment (continued)

The total impact as a result of the above adjustments on the Group and Company profit/(loss) for the year is shown below:

Group	As previously stated 31 December 2020	Adjustment	As restated 31 December 2020
	£000	£000	£000
Other gains/(losses)	158,857	(159,285)	(428)
Impairment reversal/ (impairment) of property, plant and equipment	10,945	(21,890)	(10,945)
(Impairment)/impairment reversal of intangible fixed assets	(10,812)	21,624	10,812
Deferred tax liabilities (non current)	(11,733)	(2,650)	(14,383)
Profit/(loss) for the year	90,763	(162,201)	(71,438)
<b>Company</b>			
Other gains/(losses)	233,116	(159,285)	73,831
Profit/(loss) for the year	233,116	(159,285)	73,831

As a result of the above adjustments, the prior period Group and Company cashflow statements have also been restated. The sections amended were within Cash flows from operating activities as follows: Loss for the year, Income tax (credit)/charge, Substantial modification of debt, Impairment of intangible assets and Impairment of property, plant and equipment.



## Survitec Acquisition Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 36 Subsidiary companies audit exemption

Survitec Acquisition Company Limited has provided the following subsidiaries with a parental guarantee in accordance with section 479C of the Companies Act. As such, advantage has been taken by the audit exemption available for the following subsidiary companies conferred by section 479A of the Companies Act relating to the audit of individual financial statements:

Subsidiary undertaking name	Registration number
Survitec Group Holdco Limited	12382931
Survitec AUD Newco Limited	09491698
Survitec Services and Distribution Limited	00553893
Survitec Safety Solutions UK Limited	10338650
Survival-One Limited	SC188500
Survitec Survival Craft Ltd	SC131397
Survitec Viscom Ltd	SC136955
Survitec Global Solutions Limited	08374445
Battlefield Sim Limited	07896409
Blue Anchor Fire and Safety Limited	SC297185

The directors acknowledge their responsibilities for:

- a. Ensuring that each Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- b. Preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 December 2021 and of its profit or loss for the year then ended in accordance with the requirements of Section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.