

Ten Cate Advanced Armour Danmark A/S

DK-Damsbovej 10
5492 Vissenbjerg

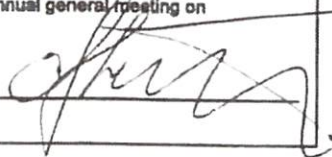
CVR no. 28 31 00 64

Annual report 2020

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

18 May 2021

Steen Tanderup
Chairman

A handwritten signature in black ink, appearing to read 'Steen Tanderup', is written over a horizontal line. The signature is cursive and extends slightly above and below the line. A long horizontal line extends from the right side of the signature box across the page.

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13

Ten Cate Advanced Armour Danmark A/S
Annual report 2020
CVR no. 28 31 00 64

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ten Cate Advanced Armour Danmark A/S for the financial year 1 January – 31 December 2020.

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

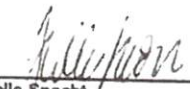
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

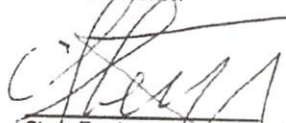
Vissenbjerg, 18 May 2021

Executive Board:




Helle Specht

Board of Directors:



Steen Tanderup
Chairman



Wilfred Sluiter



Helle Specht



Independent auditor's report

To the shareholders of Ten Cate Advanced Armour Danmark A/S

Opinion

We have audited the financial statements of Ten Cate Advanced Armour Danmark A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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


Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 18 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Ten Cate Advanced Armour Danmark A/S
Annual report 2020
CVR no. 28 31 00 64

Management's review

Company details

Ten Cate Advanced Armour Danmark A/S
Damsbovej 10
5492 Vissenbjerg
Denmark

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

CVR no.: 28 31 00 64
Registered office: Vissenbjerg
Financial year: 1 January – 31 December

Board of Directors

Steen Tanderup, Chairman
Wilfred Sluijter
Helle Specht

Executive Board

Helle Specht

Auditor

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

Management's review

Financial highlights

EUR	2020	2019	2018	2017	2016
Key figures					
Gross profit	8,786,985	12,404,741	11,283,771	7,278,032	6,019,452
Operating profit	3,568,443	6,306,893	5,395,460	2,022,363	826,846
Profit/loss from financial income and expenses	-122,474	-79,818	3,937	-53,947	85,341
Profit for the year	2,806,050	4,855,110	4,211,737	1,533,996	710,951
Total assets					
Equity	20,673,031	17,329,666	11,323,341	7,987,289	5,234,594
Investment in property, plant and equipment	15,710,657	12,845,968	7,997,197	3,804,829	2,273,506
	146,366	638,545	560,631	242,858	219,730
Ratios					
Return on equity	19.7%	24.4%	1.8%	50.5%	24.4%
Solvency ratio	76.0%	43.4%	62.7%	47.6%	43.4%

The financial ratios have been calculated as follows:

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

Principal activities

TenCate Advanced Armour Danmark A/S develops, designs and manufactures lightweight survivability solutions for personnel, land vehicles, naval vessels, aircraft, structures and fixed installations for the Danish, European and Asian markets.

Events after the balance sheet date

Moreover, reference is made to note 13, in which the matter is described in further detail.

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

Development in activities and financial position

The Company's income statement for 2020 shows a profit of EUR 2,806,050 as against EUR 4,855,110 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at EUR 15,710,657 as against EUR 12,845,968 at 31 December 2019.

Profit/loss for the year

TenCate Advanced Armour Danmark A/S faced a decrease in revenue in 2020.

This was attributable to the pandemic, which caused project delays in the market.

The team has been strengthened, and new technologies within sales and technical support have been taken into use securing good customer contact and new business development within and outside of Europe – despite restricted travelling.

TenCate Advanced Armour Danmark A/S has strengthened its market position as strategic supplier to a variety of OEM customers within the defence and civilian sectors. Qualification of new materials and new processes have opened business opportunities within protection systems for external optonics, weapon stations and other mission critical parts on the exterior.

The activity level has allowed the site and team to spend the resources on further internal improvements resulting in an improved automation level, new processes in building complex shapes/3 dimensional structures and improved H&S with new systems and new equipment.

The focus onwards is increasing customer satisfaction by the offering of innovative solutions, a wider range of complex designs in an efficient manufacturing environment with a new capability of surface treatment. This is supported by an improved environmental and climatic focus.

TenCate will keep focus on quality management and works according to requirements from the TS-16949 standard. The Company maintains the certification in accordance with the quality standard ISO9001:2015 and the environmental ISO 14001:2015.

The Company reported a profit before tax of EUR 3,598 thousand in 2020, which is considered satisfactory.

In 2021, the Company plans to contract on more advanced products and services, with higher performance criteria and at the same time to increase the level of industrialisation and technical support.

Management's review

Operating review

New products

The development of products for new protection levels has been successfully finalised.

New materials, new designs and new technologies have been implemented. The engineering services have advanced to include technical support on qualification and simulation.

Investments

The automation of the paint shop has been successfully implemented. The same goes for the integration of new IT systems and equipment throughout the site.

Outlook

2021 is expected to become a profitable year with growth compared to 2020. The company expect an increase in profit of around 1-5% compared to 2020.

However, the COVID-19 effect is still measurable and may have some new unforeseen effects.

TenCate Advanced Armour Danmark A/S is focused on keeping the team healthy and motivated, keeping the site running and delivering services and products.

Intellectual capital

The team has been strengthened with a sales manager. New equipment and tools within the design and project team have been implemented and will further improve customer and engineering services.

Environmental matters

The Company processes and manufactures products with due consideration of the impact on the environment. The environmental policies include processes for minimising energy consumption, waste handling, noise pollution and CO2 footprint on manufacturing and transport and are drawn up and implemented as part of the Company's ISO 14001 certification.

Research and development activities

Research and development activities have been strengthened with new team members adding new skillsets.

Financial statements 1 January – 31 December

Income statement

EUR	Note	2020	2019
Gross profit	2	8,786,985	12,404,741
Distribution costs	2	-946,597	-1,091,023
Administrative expenses	2	-4,271,945	-5,006,825
Operating profit		3,568,443	6,306,893
Other operating income		151,677	0
Profit before financial income and expenses		3,720,120	6,306,893
Other financial income		0	12,426
Other financial expenses		-122,474	-92,244
Profit before tax		3,597,646	6,227,075
Tax on profit for the year	3	-791,596	-1,371,965
Profit for the year	4	2,806,050	4,855,110

Financial statements 1 January – 31 December

Balance sheet

EUR	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets			
Patents and licenses	5	1,545	7,893
Property, plant and equipment			
Plant and machinery	6	1,421,922	1,477,054
Fixtures and fittings, tools and equipment		0	0
		<u>1,421,922</u>	<u>1,477,054</u>
Total fixed assets		<u>1,423,467</u>	<u>1,484,947</u>
Current assets			
Inventories			
Raw materials and consumables		1,451,359	1,853,116
Work in progress		382,370	461,003
Finished goods and goods for resale		286,956	8,290
		<u>2,120,685</u>	<u>2,322,409</u>
Receivables			
Trade receivables		2,978,924	7,863,335
Receivables from group entities		11,643,466	4,366,416
Other receivables		588,170	496,325
Prepayments	7	261,242	203,623
		<u>15,471,802</u>	<u>12,929,699</u>
Cash at bank and in hand		<u>1,657,077</u>	<u>592,611</u>
Total current assets		<u>19,249,564</u>	<u>15,844,719</u>
TOTAL ASSETS		<u><u>20,673,031</u></u>	<u><u>17,329,666</u></u>

Financial statements 1 January – 31 December

Balance sheet

EUR	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	134,000	134,000
Retained earnings		12,349,987	12,711,968
Proposed dividends for the financial year		3,226,670	0
Total equity		<u>15,710,657</u>	<u>12,845,968</u>
Provisions			
Provisions for deferred tax	9	37,569	113,372
Total provisions		<u>37,569</u>	<u>113,372</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		2,425,607	1,499,073
Payables to group entities		830,289	1,295,780
Other payables		868,595	706,009
Deferred income	10	800,314	869,464
		<u>4,924,805</u>	<u>4,370,326</u>
Total liabilities other than provisions		<u>4,924,805</u>	<u>4,370,326</u>
TOTAL EQUITY AND LIABILITIES		<u><u>20,673,031</u></u>	<u><u>17,329,666</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

EUR	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2020	134,000	12,711,968	0	12,845,968
Exchange adjustment	0	58,639	0	58,639
Transferred over the profit appropriation	0	-420,620	3,226,670	2,806,050
Equity at 31 December 2020	134,000	12,349,987	3,226,670	15,710,657

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ten Cate Advanced Armour Danmark A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

All amounts are stated in EUR.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Tennessee Acquisition Holding B.V.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

Exchange differences arising between the transaction date and the date of payment are recognised in the income statement as a financial expense.

Receivables, payables and other monetary items denominated in foreign currencies are translated into EUR at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Income statement

Revenue

Income from the sale of goods for resale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

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

Gross profit

In the income statement, revenue, production costs and other operating income have been aggregated into one item called 'gross margin', see section 32 of the Danish Financial Statements Act.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Production costs

Production costs include expenses incurred to generate the year's revenue. The item includes direct and indirect expenses relating to raw materials, consumables, labour, rent and leasing as well as depreciation of productive equipment.

Research costs and development costs not satisfying the criteria for capitalisation and amortisation/depreciation of capitalised development costs are also recognised under production costs.

Distribution costs

Distribution costs include costs relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and amortisation/depreciation of assets that are related to sale and distribution of the Company's products.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation with refund for tax losses).

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include acquired patents and software licences.

Acquired patents and software licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	7-10 years
Fixtures and fittings, tools and equipment	4-7 years
Leasehold improvements	6-7 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Impairment of fixed assets

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

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is objective indication that an individual receivable has been impaired, writedown is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Prepayments

Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash at bank and in hand

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

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

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

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Financial statements 1 January – 31 December

Notes

2 Staff costs and incentive schemes

	<u>2020</u>	<u>2019</u>
Staff costs		
Wages and salaries	3,490,324	4,154,730
Pensions	284,539	372,096
Other social security costs	<u>80,356</u>	<u>93,824</u>
	<u>3,855,219</u>	<u>4,620,650</u>
 Average number of full-time employees	 <u>52</u>	 <u>64</u>

In accordance with section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

EUR

	<u>2020</u>	<u>2019</u>
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3 Tax on profit for the year

Current tax for the year	867,399	1,295,793
Deferred tax for the year	<u>-75,803</u>	<u>76,172</u>
	<u>791,596</u>	<u>1,371,965</u>

4 Proposed profit appropriation

Proposed dividends for the year	3,226,670	0
Retained earnings	<u>-420,620</u>	<u>4,855,110</u>
	<u>2,806,050</u>	<u>4,855,110</u>

5 Intangible assets

EUR	<u>Patents and licences</u>
Cost at 1 January 2020	347,460
Exchange rate adjustment	<u>1,886</u>
Cost at 31 December 2020	349,346
Amortisation and impairment losses at 1 January 2020	-339,567
Exchange rate adjustment	-1,886
Amortisation for the year	<u>-6,348</u>
Amortisation and impairment losses at 31 December 2020	<u>-347,801</u>
Carrying amount at 31 December 2020	<u>1,545</u>

Financial statements 1 January – 31 December

Notes

6 Property, plant and equipment

EUR	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	3,415,958	28,032	3,443,990
Disposals for the year	-44,761	0	-44,761
Exchange rate adjustment	15,735	0	15,735
Additions for the year	146,366	0	146,366
Cost at 31 December 2020	3,533,298	28,032	3,561,330
Depreciation and impairment losses at 1 January 2020	-1,938,904	-28,032	-1,966,936
Exchange rate adjustment	-9,524	0	-9,524
Depreciation for the year	-207,709	0	-207,709
Depreciation and impairment losses for the year on assets sold	44,761	0	44,761
Depreciation and impairment losses at 31 December 2020	-2,111,376	-28,032	-2,139,408
Carrying amount at 31 December 2020	1,421,922	0	1,421,922

7 Prepayments

Prepayments comprise prepaid operating costs. Prepayments are measured at cost.

8 Equity

The Company's contributed capital has remained unchanged at EUR 134,000 over the past five years.

Contributed capital consists of 1,000 shares of a value of DKK 1,000 each. No shares carry special rights.

9 Deferred tax

EUR	31/12 2020	31/12 2019
Deferred tax at 1 January	113,372	37,200
Deferred tax adjustment for the year in the income statement	-75,803	76,172
	37,569	113,372

10 Deferred income

Deferred income of EUR 800 thousand (2019: EUR 869 thousand) comprises payments received from customers that cannot be recognised until the subsequent financial year.

Financial statements 1 January – 31 December

Notes

11 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed unit. Any subsequent corrections of the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

Operating lease obligations

The Company has entered into operating leases and tenancy agreements at the following amounts:

Industrial buildings: Remaining term of 13 years with an average yearly payment of EUR 397 thousand, totalling EUR 5,359 thousand.

Other: Remaining term of up to 52 months with an average yearly payment of EUR 21 thousand, totalling EUR 91 thousand.

EUR	31/12 2020	31/12 2019
Rent and lease liabilities in total	5,449,264	5,768,672

The Company has entered into foreign exchange forward and swap contracts to hedge currency risks on operational order and balance sheet positions in GBP and USD. Operational order and balance sheet positions in EUR are not hedged due to a floating peg against the DKK. The total market value of the outstanding foreign exchange derivatives at 31 December 2020 represented a negative of EUR 97 thousand.

Financial statements 1 January – 31 December

Notes

12 Related party disclosures

TenCate Advanced Armour Danmark A/S' related parties comprise the following:

Control

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

Ten Cate Advanced Armour Danmark A/S is part of the consolidated financial statements of Tennessee Acquisition Holding B.V., Holland, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Tennessee Acquisition Holding B.V. can be obtained by contacting the companies at the addresses above.

Related party transactions

EUR	<u>2020</u>
Revenue from group entities	3,855,094
Purchase from group entities	924,694

Receivables and payables to group entities are disclosed in the balance sheet.

13 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date affecting the Company's financial position significantly.