

Ten Cate Danmark A/S

Damsbovej 10
5492 Vissenbjerg
Denmark

CVR no. 30 08 05 48

Annual report 2017

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

30 May 2018

Wilfred Sluijter
chairman

W. Sluijter

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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 Danmark A/S for the financial year 1 January – 31 December 2017.

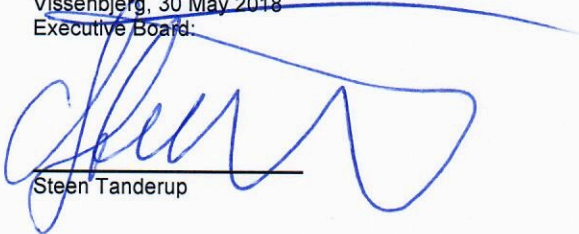
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vissenbjerg, 30 May 2018
Executive Board:

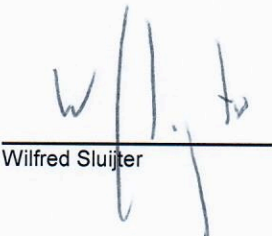


Steen Tanderup

Board of Directors:



Helle Specht
Chairman



Wilfred Sluiter



Steen Tanderup



Independent auditor's report

To the shareholders of Ten Cate Danmark A/S

Opinion

We have audited the financial statements of Ten Cate Danmark A/S for the financial year 1 January – 31 December 2017 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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.

Aarhus, 30 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen

State Authorised

Public Accountant

MNE no. 33220

Ten Cate Danmark A/S
Annual report 2017
CVR no. 30 08 05 48

Management's review

Company details

Ten Cate Danmark A/S
Damsbovej 10
5492 Vissenbjerg
Denmark

CVR no.:	30 08 05 48
Established:	6 December 2006
Registered office:	Vissenbjerg
Financial year:	1 January – 31 December

Board of Directors

Helle Specht, Chairman
Wilfred Sluijter
Steen Tanderup

Executive Board

Steen Tanderup

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

Management's review

Operating review

Principal activities

The purpose of the Company is to do business as a holding company and other business which the Board of Directors considers appropriate.

Development in activities and financial position

In 2017, the Company realised a result of DKK 6,649 thousand against a negative of DKK 94,819 thousand last year. The result in 2017 is positively impacted by the capitalisation of previously unrecognised carryforward tax losses as we expect to utilise these the coming years.

At 31 December 2017, equity amounted to DKK 45,258 thousand. The equity was positively impacted in 2017 by a capital injection of DKK 8 million.

In connection with the financial reporting, Management prepared an impairment test. The result of the impairment test supports the carrying amount of the investments. Reference is made to note 5.

The Parent Company Ten Cate Advanced Armour Holding B.V. has undertaken to financially support the Company in the 2018 financial year, ensuring the continued operations of the company.

Post balance sheet events

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

Financial statements 1 January – 31 December

Income statement

DKK	Note	2017	2016
Gross loss		-65,581	-29,599
Operating loss		-65,581	-29,599
Financial income	2	0	15,073,762
Financial expenses	3	-1,673,358	-110,090,828
Loss before tax		-1,738,939	-95,046,665
Tax on loss for the year	4	8,388,362	227,466
Profit/Loss for the year		6,649,423	-94,819,199
Proposed profit appropriation/distribution of loss			
Retained earnings		6,649,423	-94,819,199

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
ASSETS			
Fixed assets			
Investments	5		
Equity investments in group entities		<u>61,967,091</u>	<u>53,967,091</u>
		<u>61,967,091</u>	<u>53,967,091</u>
Total fixed assets		<u>61,967,091</u>	<u>53,967,091</u>
Current assets			
Receivables			
Receivables from group entities		3,224,945	2,074,000
Deferred tax asset	6	<u>6,604,138</u>	<u>0</u>
		<u>9,829,083</u>	<u>2,074,000</u>
Cash at bank and in hand		<u>85,149</u>	<u>81,295</u>
Total current assets		<u>9,914,232</u>	<u>2,155,295</u>
TOTAL ASSETS		<u>71,881,323</u>	<u>56,122,386</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	7		
Contributed capital		60,004,000	60,003,000
Retained earnings		<u>-14,745,703</u>	<u>-29,394,126</u>
Total equity		<u>45,258,297</u>	<u>30,608,874</u>
Liabilities other than provisions			
Non-current liabilities	8		
Payables to group entities		<u>25,225,000</u>	<u>24,000,000</u>
		<u>25,225,000</u>	<u>24,000,000</u>
Current liabilities			
Trade payables		8,125	0
Payables to group entities		1,249,818	1,027,360
Corporation tax		108,083	443,146
Other payables		<u>32,000</u>	<u>43,006</u>
		<u>1,398,026</u>	<u>1,513,512</u>
Total liabilities		<u>26,623,026</u>	<u>25,513,512</u>
TOTAL EQUITY AND LIABILITIES		<u>71,881,323</u>	<u>56,122,386</u>

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity at 1 January 2017	60,003,000	-29,394,126	30,608,874
Capital increase	1,000	7,999,000	8,000,000
Transferred over the profit appropriation	0	6,649,423	6,649,423
Equity at 31 December 2017	60,004,000	-14,745,703	45,258,297

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ten Cate Danmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Consolidated financial statements

In accordance with section 112 of the Danish Financial Statements Act, the Company has decided not to prepare consolidated financial statements, as Management considers the terms for this to be complied with.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration.

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 as well as allowances and surcharges under the advance payment-of-tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax charge is allocated between the jointly taxed enterprises in proportion to their taxable income. Enterprises with tax losses receive joint taxation contributions from enterprises that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year, including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Equity investments in group entities

Investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

Every year, investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Cash and cash equivalents

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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.

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsidiaries' income taxes vis-avis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

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.

Financial statements 1 January – 31 December

Notes

DKK	2017	2016		
2 Financial income				
Dividends from equity investments	0	15,073,762		
	0	15,073,762		
3 Financial expenses				
Interest expense to group entities	1,673,283	1,993,548		
Impairment losses on financial assets	0	108,097,280		
Other financial expenses	75	0		
	1,673,358	110,090,828		
4 Tax on loss for the year				
Current tax for the year, joint taxation	-382,567	-445,092		
Adjustment deferred tax for the year	-8,005,795	0		
Adjustment of tax concerning previous years	0	217,626		
	-8,388,362	-227,466		
5 Investments				
		Equity investments in group entities		
DKK				
Cost at 1 January 2017		345,180,371		
Additions		8,000,000		
Cost at 31 December 2017		353,180,371		
Value adjustments at 1 January 2017		-291,213,280		
Value adjustments at 31 December 2017		-291,213,280		
Carrying amount at 31 December 2017		61,967,091		
Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
Subsidiaries:			DKK	DKK
Ten Cate Active Protection ApS	Vissenbjerg, Danmark	100,00%	440,652	-2,062,931
Ten Cate Advanced Armour Danmark A/S	Vissenbjerg, Danmark	100,00%	28,302,691	11,412,819
			28,743,343	9,349,888

Financial statements 1 January – 31 December

Notes

The subsidiary, Ten Cate Active Protection ApS, is a development business and has therefore not generated sufficient historical income to support the value of the investments. The impairment test is based on projected sales. If the expected external sale and sale linked to intercompany royalty agreement are not realised as soon as expected, future tests will indicate a need for impairment write-down. Management assesses that the strategies adopted and the sales opportunities for Ten Cate Active Protection ApS support the carrying amount at 31 December 2017.

6 Deferred tax

DKK	2017	2016
Deferred tax adjustment for the year in the income statement	8,005,795	0
Used in joint taxation	-1,401,657	0
	<u>6,604,138</u>	<u>0</u>

7 Equity

The contributed capital consists of 60,004 shares of a nominal value of DKK 1,000 each.

8 Non-current liabilities other than provisions

The expiration date of this credit facility agreement is 31 December 2022.

9 Contractual obligations, contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

10 Related party disclosures

Ten Cate Danmark A/S' related parties comprise the following:

Control

Ten Cate Advanced Armour Holding B.V. holds the majority of the share capital in the Company.

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

Ten Cate Danmark A/S is part of the consolidated financial statements of Tennessee Acquisition Holding B.V., Holland, which is the 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 Company or at the following website: www.tencate.com.