

# **CIPP Technology Holding ApS**

Energivej 3, 4180 Sorø

Central Business Registration

No. 24221458

## **Annual report 2019/20**

(1 May 2019 - 30 April 2020)

The Annual General Meeting adopted the annual report on 29.09.2020

**Chairman of the General Meeting**



.....  
Name: Søren Friis Knudsen

## **Contents**

	<b>Page</b>
Company details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	5
Income statement for 2019/20	7
Balance sheet at 30.04.2020	8
Statement of changes in equity for 2019/20	10
Notes	11
Accounting policies	15

## Company details

CIPP Technology Holding ApS  
Energivej 3  
4180 Sorø

Central Business Registration No: 24221458  
Registered in: Sorø  
Financial year: 01.05.2019 - 30.04.2020

### **Board of Directors**

Søren Friis Knudsen, Chairman  
Robert Papp  
Nicolai Krøjer Westh

### **Executive Board**

Nicolai Krøjer Westh

### **Auditors**

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cipp Technology Holding ApS for the financial year 01.05.2019 - 30.04.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020.

We believe that the management review contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

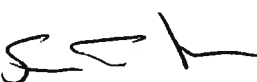
Sorø, 29.09.2020

### Executive Board



Nicolai Krøjer Westh

### Board of Directors



Søren Friis Knudsen  
Chairman



Robert Papp



Nicolai Krøjer Westh

## Independent auditor's report

### To the shareholders of CIPP Technology Holding ApS

#### Opinion

We have audited the financial statements of CIPP Technology Holding ApS for the financial year 01.05.2019 - 30.04.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 financial position at 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board of 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 requirements.

#### Management's responsibilities 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 content of the financial statements, including the disclosures in the notes, 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 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.

Copenhagen, 29.09.2020  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Mikkel Sthyr  
State Authorised  
Public Accountant  
mne26693



Ole Becker  
State Authorised  
Public Accountant  
mne33732

## Management's review

EUR'000	2019/20	2018/19	*2017/18	*2016/17	*2015/16
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	3,619	4,052	2,189	3,806	1,049
Operating profit/loss	2,847	2,625	1,364	3,044	726
Net financials	-3,741	-2,578	778	184	62
Profit/loss for the year	-3,198	-1,517	1,877	2,484	617
Total assets	49,627	53,310	19,578	12,528	13,610
Investments in property, plant and equipment	0	0	0	0	3
Equity	5,912	8,865	8,581	6,964	8,986

### Ratios

Solvency ratio (%)	11.9	16.6	43.8	55.6	66.0
--------------------	------	------	------	------	------

\*With accounting effect from 1 May 2019 Anpartsselskabet af 16. November 2015, CIPP Technology Solution ApS and CIPP Technology ApS were merged with CIPP Technology ApS as the continuing company. Only 2018/19 figures have been adjusted.

Financial highlights are defined and calculated in accordance with current "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

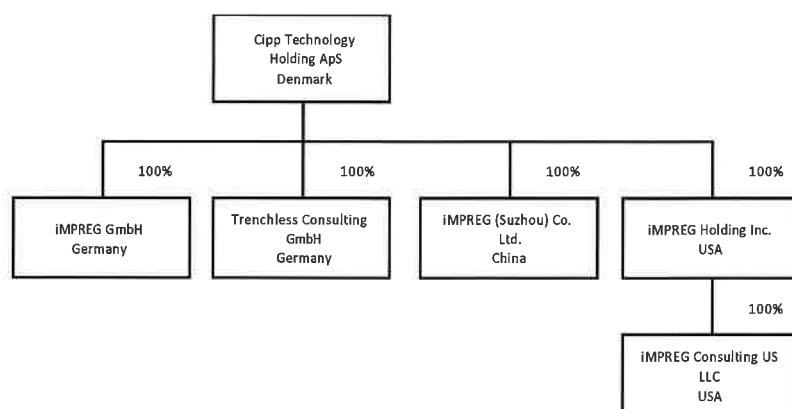
### Ratios

Solvency ratio (%)

### Calculation formulas

$$\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year-end}}$$

## Group Structure



## Management's review

### Primary activities

The activities of the Company consist of commercial, investment and consultancy activities. The activities can be exercised directly or through capital investments in other enterprises.

### Development in activities and finances

With accounting effect from 1 May 2019 Anpartsselskabet af 16. November 2015, CIPP Technology Solution ApS and CIPP Technology ApS was merged with CIPP Technology ApS as the continuing company. Comparative figures have been adjusted.

The income statement for the period 01.05.2019 – 30.04.2020 showed a loss of tEUR 3,198 driven by amortization of goodwill related to the investments and other financial cost impacted by one-off fees related to repayment of loans.

Management considers result of the year as expected but not satisfactory.

### Risks

#### *General*

As a result of its operations and financing, the Company is exposed to financial risks, including market risks (currency, interest rate and credit risks), which may affect the Company's results of operations and financial position.

The Company's risks are managed centrally in the Group's finance function. It is the Group's policy not to engage in active speculation in financial risks. Thus, the Group's financial management is aimed at managing the financial risks directly attributable to the Company's operations and financing.

#### *Currency risks*

The Company is exposed to currency fluctuations in connection with transactions in foreign currencies with its subsidiaries.

#### *Credit risks*

The Company is further exposed to credit risk if subsidiaries are not able to repay the intercompany balances. Credit risk in subsidiaries in connection with sales to customers is assessed individually by performing credit checks and where possible partial up-front payment is demanded in the subsidiaries to reduce the overall risk including the risk for the Company.

#### *Interest risks*

The Company's floating-rate loans and the interest is not hedged, hence there is a risk related to increased interest rates.

#### *Key employees*

The Company and the Group is in a niche market where access to key employees is key, and the Company strives to ensure key personal is available to take on the increased activity level.

### Outlook

The Company expects a positive development of the underlying activities and financial performance for the coming financial year.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



## Income statement for 2019/20

EUR'000	<u>Notes</u>	<u>2019/20</u>	<u>2018/19</u>
<b>Gross profit</b>		<b>3,619</b>	<b>4,052</b>
<b>Staff costs</b>	1	<b>-438</b>	<b>-499</b>
Depreciation, amortisation and impairment losses		-334	-929
<b>Operating profit/loss</b>		<b>2,847</b>	<b>2,625</b>
Income from investments in group enterprises		-2,048	-1,382
Other financial income	2	869	504
Other financial expenses	3	-4.610	-3,082
<b>Profit/loss before tax</b>		<b>-2,942</b>	<b>-1,335</b>
Tax on profit/loss for the year	4	-256	-182
<b>Profit/loss for the year</b>		<b>-3,198</b>	<b>-1,517</b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		-2,048	-1,382
Retained earnings		-1,150	-135
		<b>-3,198</b>	<b>-1,517</b>

## Balance sheet at 30.04.2020

EUR'000	<u>Notes</u>	<u>2019/20</u>	<u>2018/19</u>
Completed development projects		2,600	2,112
Acquired rights		0	63
<b>Intangible assets</b>	5	<b><u>2,600</u></b>	<b><u>2,175</u></b>
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	6	<b><u>0</u></b>	<b><u>0</u></b>
Investments in group enterprises		30,457	35,135
Receivables from group enterprises		0	1,000
<b>Fixed asset investments</b>	7	<b><u>30,457</u></b>	<b><u>36,135</u></b>
<b>Fixed assets</b>		<b><u>33,057</u></b>	<b><u>38,310</u></b>
Manufactured goods and goods for resale		0	0
<b>Inventories</b>		<b><u>0</u></b>	<b><u>0</u></b>
Trade receivables		214	266
Receivables from group enterprises		11,201	14,151
Joint taxation		0	65
Other receivables		40	450
<b>Receivables</b>		<b><u>11,455</u></b>	<b><u>14,931</u></b>
Cash		5,115	69
<b>Current assets</b>		<b><u>16,570</u></b>	<b><u>15,000</u></b>
<b>Assets</b>		<b><u>49,627</u></b>	<b><u>53,310</u></b>

## Balance sheet at 30.04.2020

<b>EUR'000</b>	<b>Notes</b>	<b>2019/20</b>	<b>2018/19</b>
Contributed capital		17	17
Development reserve		2,028	1,647
Reserve for net revaluation according to the equity method		0	0
Retained earning		3,867	7,201
<b>Equity</b>		<b>5,912</b>	<b>8,865</b>
Bonds		0	29,411
Deferred tax		545	290
Bank loans		0	475
Payables to group enterprises		42,379	0
Other payables		0	1,540
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>42,924</b>	<b>31,716</b>
Current portion of long-term liabilities other than provisions	8	0	258
Bank loans		0	3,866
Trade payables		367	1,318
Payables to group enterprises		46	2,287
Income tax payable		91	1,081
Other payables		287	3,919
<b>Current liabilities other than provisions</b>		<b>791</b>	<b>12,280</b>
<b>Liabilities other than provisions</b>		<b>43,715</b>	<b>44,446</b>
<b>Equity and liabilities</b>		<b>49,627</b>	<b>53,310</b>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Mortgages and securities	11		
Related parties	12		

## Statement of changes in equity for 2019/20

EUR'000	Contributed capital	Development Reserve	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity beginning of year	17	1,647	0	8,516	10,180
Impact by merger	0	0	0	-1,315	-1,315
<b>Equity beginning of year merged</b>	<b>17</b>	<b>1,647</b>	<b>0</b>	<b>7,201</b>	<b>8,865</b>
Transfer	0	381	2,193	-2,574	0
Exchange rate adjustments	0		-145	0	-145
Change in ownership as part of the merger	0		0	390	390
Profit/loss for the year	0		-2,048	-1,149	-3,198
<b>Equity end of year</b>	<b>17</b>	<b>2,028</b>	<b>0</b>	<b>5,514</b>	<b>5,912</b>

## Notes

EUR'000	2019/20	2018/19
<b>1. Staff costs</b>		
Wages and salaries	429	494
Other social security costs	3	4
Other staff costs	6	1
	<b>438</b>	<b>499</b>
Average number of employees	3	4
Referring to section 98B of the Danish Financial Statements Act, Management's remuneration has not been disclosed.		
<b>2. Other financial income</b>		
Interest income, intergroup enterprises	590	504
Exchange rate adjustments, net	279	0
	<b>869</b>	<b>504</b>
<b>3. Other financial expenses</b>		
Interest expense, intergroup enterprises	368	3
Interest expenses etc.	3,652	2,768
Amortisation loan costs	590	310
Exchange rate adjustments, net	0	1
	<b>4,610</b>	<b>3,082</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable	0	182
Change in deferred tax for the year	255	0
Adjustment prior year	1	0
	<b>256</b>	<b>182</b>
	<b>Completed development projects</b>	<b>Acquired rights</b>
<b>EUR'000</b>		
<b>5. Intangible assets</b>		
Cost beginning of year	3,042	889
Additions	759	0
<b>Cost end of year</b>	<b>3,801</b>	<b>889</b>
Amortisation and impairment losses beginning of year	-930	-826
Amortisation for the year	-271	-63
<b>Amortisation and impairment losses end of year</b>	<b>-1,201</b>	<b>-889</b>
<b>Carrying amount of year</b>	<b>2,600</b>	<b>0</b>

All intangible assets are considered to have finite useful lives over which the assets are amortised, cf. the description of accounting policies. The company is largely patenting its inventions. In the past year, the company has further developed its products, which is crucial for the company and the group to maintain its market position in this segment.

## Notes

<b>EUR'000</b>	<b>Other fixtures and fittings, tools and equipment</b>	
<b>6. Property, plant and equipment</b>		
Cost beginning of year		50
<b>Cost end of year</b>		<b>50</b>
Depreciation and impairment losses beginning of year		-50
<b>Depreciation and impairment losses end of year</b>		<b>-50</b>
<b>Carrying amount end of year</b>		<b>0</b>
	<b>Investments in group enterprises</b>	<b>Receivables from group enterprises</b>
<b>EUR'000</b>		
<b>7. Fixed asset investments</b>		
Cost beginning of year	35,947	1.000
Disposals	0	-1.000
<b>Cost end of year</b>	<b>35,947</b>	<b>0</b>
Revaluations beginning of year	-3,297	0
Exchange rate adjustments	-145	0
Share of profit/loss for the year	-2,048	0
<b>Revaluations end of year</b>	<b>-5,490</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>30,457</b>	<b>0</b>
<b>Goodwill included in carrying amount</b>	<b>26,608</b>	
<b>Recognised as:</b>		
Investments in group enterprises	36,326	
Off-set in receivables from group enterprises	-5,871	
<b>Carrying amount end of year</b>	<b>30,457</b>	
	<b>Registered in</b>	<b>Ownership and voting rights %</b>
Investment in group enterprises comprise:		
IMPREG GmbH	Germany, Ammerbuch	100
Trenchless Consulting GmbH	Germany, Ammerbuch	100
IMPREG (Suzhou) Co. Ltd.	China, Suzhou	100
IMPREG Holding Inc.	US, Richmond	100
-IMPREG Consulting US LLC	US, Richmond	100

## Notes

EUR'000	<b>Instalments within 12 months 2019/20</b>	<b>Instalments within 60 months 2019/20</b>	<b>Instalments beyond 60 months 2019/20</b>
<b>8. Liabilities other than provisions</b>			
Payables to group enterprises	0	42,379	0
	<b>0</b>	<b>42,379</b>	<b>0</b>

As per 30 April 2020, CIPP Technology Holding ApS has an intra-group payable of tEUR 42,379, which are against the parent company CIPP ApS. The Intra-group debt carry an interest of 3.5 %. Both parties have confirmed the payable is not going to be repaid the coming year and therefore classified as other non-current liabilities.

### 9. Unrecognised rental and lease commitments

EUR'000	<b>2019/20</b>	<b>2018/19</b>
Hereof liabilities under rental or lease agreements until maturity in total	<b>0</b>	<b>0</b>

### 10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which CIPP ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 11. Mortgages and securities

Loans and debts in the CIPP Group have been secured by a floating charge on mortgage in CIPP Technology Holding ApS. The carrying amount of charged claims is tDKK 8,000 equivalent to tEUR 1,074.

As security for the loans and borrowings, the following security is provided to lenders under the senior facility agreement:

- A share pledge agreement in respect of the CIPP Holding ApS;
- A share pledge agreement in respect of CIPP ApS;
- A share pledge agreement in respect of CIPP Technology Holding ApS;
- A share pledge agreement in respect of IMPREG GmbH;
- An assignment agreement in respect of security over bank accounts of IMPREG GmbH;
- An assignment agreement in respect of security over IP rights of IMPREG GmbH;
- A pledge agreement in respect of the Danish Floating Charge of CIPP Technology Holding ApS; and
- A pledge agreement in respect of an intra-group loan from the company to CIPP Technology Holding ApS in the nominal amount equivalent to approximately tEUR 42,010.

A pledge agreement in respect of an intra-group loan from the company to iMPREG GmbH in the nominal amount equivalent to approximately tEUR 42,010.

## Notes

### 12. Related parties

Information about consolidated financial statements

#### Ultimate parent

CIPP ApS

#### Domicile

Energivej 3, 4180 Sorø

#### Related party transactions

Cipp Technology Holding ApS was engaged in the below related party transactions:

EUR'000	2019/20	2018/19
Revenue	9.654	12.661
Cost of goods sold	6.647	7.977
Management fee, income	438	576
Royalty income	3.267	2.873
Other costs	450	1.314
Interest income, group enterprises	590	504
Interest expenses, group enterprises	368	3
Receivables from group enterprises	0	1.000
Receivables from group enterprises	11.201	14.151
Payables to group enterprises	46	2.287

Remuneration to management is stated in note 1.

#### Ownership

The following shareholder are registered in the Company's register of shareholder as holding minimum 5% of the votes or minimum 5% of the share capital:

#### Parent

CIPP ApS

#### Domicile

Energivej 3, 4180 Sorø

CIPP Holding ApS (ultimate parent) prepares consolidated financial statements

Energivej 3, 4180 Sorø



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (middle).

With accounting effect from 1 May 2019 Anpartsselskabet af 16. November 2015, CIPP Technology Solution ApS and CIPP Technology ApS was merged with CIPP Technology ApS as the continuing company. Comparative figures have been adjusted.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the ultimate parent company CIPP Holding ApS.

### Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

## Accounting policies

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the company's primary activities.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

### Other external expenses

Other external expenses include expenses relating to the company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Company staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises as well as net capital gains on transactions in foreign currencies etc.

### Other financial expenses

Other financial expenses comprise amortisation of loan costs, interest expenses and net capital loss on transactions in foreign currencies etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Accounting policies

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Income tax receivable or payable

The Company is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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.

Other liabilities are measured at net realisable value.