

CIPP Technology Holding ApS

Energivej 3

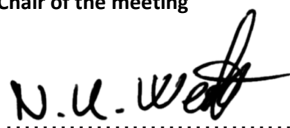
4180 Sorø

CVR no. 24 22 14 58

Annual report 2023

Approved at the Company's annual general meeting on 18 April 2024

Chair of the meeting

A handwritten signature in black ink, appearing to read 'N. K. Westh', written over a dotted line.

Nicolai Krøjer Westh

Contents

Company details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	5
Financial statements for the period 1 January – 31 December 2023	7
Notes	11
Accounting policies	16

Company details

Name	CIPP Technology Holding ApS
Address, zip code, city	Energivej 3, 4180 Sorø
CVR no.	24 22 14 58
Established	1 July 1999
Registered office	Sorø
Financial year	1 January – 31 December 2023
First financial year	1 July – 31 December
Executive Board	Nicolai Krøjer Westh, CEO Karsten Müller, Director
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, DK-2000 Frederiksberg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of CIPP Technology Holding ApS for the financial year 1 January – 31 December 2023.

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

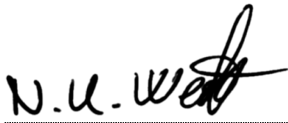
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of its operations for the period 1 January – 31 December 2023.

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.

Sorø, 18 April 2024

Executive Board



Nicolai Krøjer Westh
CFO



Karsten Müller
Director

Independent auditor's report

To the shareholder of CIPP Technology Holding ApS

Opinion

We have audited the financial statements of CIPP Technology Holding ApS for the period 1 January – 31 December 2023, which comprise 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 financial position of the Company at 31 December 2023 and of the results of the Company's operations for the period 1 January – 31 December 2023 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 our 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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.

Independent auditor's report

- 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 note 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.

Copenhagen, 18 April 2024

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	2023	2022	*2021	2020/21	2019/20
Key figures					
Gross profit	1,080	1,478	2,503	3,756	3,619
Operating profit	664	1,055	2,235	3,178	2,847
Net financials	2,798	2,122	-290	-1,109	-3,741
Profit/loss for the year	2,888	3,223	47,669	-552	-3,198

Total assets	100,464	100,949	97,780	66,101	49,627
Investments in property, plant and equipment	0	0	0	0	0
Equity	58,974	56,086	53,633	6,069	5,912

Employees	0	0	0	0	0
-----------	---	---	---	---	---

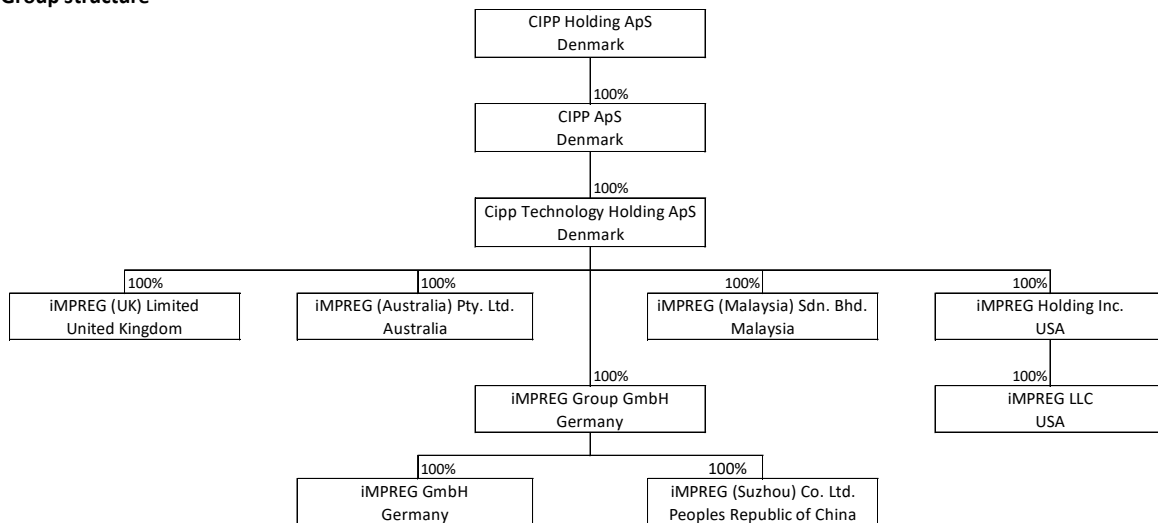
Ratios					
Solvency ratio (%)	55.8	55.6	54.9	9.2	11.9

*Including 8 months due to change in financial year to end 31 December.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ratios	Calculation formulas
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year-end}}$

Group structure



Management's review

Primary activities

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

Development in activities and finances

The income statement for the period 1 January – 31 December 2023 showed a profit of EUR 2,888 thousand. Total assets as of 31 December 2023 was EUR 102,351 thousand and equity was EUR 58,975 thousand,

Management considers result of the year as expected and satisfactory.

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 expectation for FY2024 is an operating profit range between EUR 600 thousand and EUR 900 thousand.

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.

Financial statements for the period 1 January – 31 December

Income statement

Note	EUR'000	2023	2022
	Gross profit	1,080	1,478
1	Staff costs	0	0
5,6	Depreciation, amortization and impairment losses	-416	-423
	Operating profit	664	1,055
7	Income/Loss from investments in group enterprises	218	987
2	Other financial income	5,487	3,561
3	Other financial expenses	-2,689	-1,438
	Profit/loss before tax	3,680	4,165
4	Tax on profit/loss for the year	-792	-942
	Profit/loss for the year	2,888	3,223

Financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	31 December 2023	31 December 2022
	ASSETS		
	Completed development projects etc.	2,547	2,613
5	Intangible assets	2,547	2,613
	Other fixtures and fittings, tools and equipment	0	1
6	Property, plant and equipment	0	1
	Investments in group enterprises	26,446	23,942
	Receivables from group enterprises	52,172	54,793
7	Financial assets	78,618	78,735
	Total non-current assets	81,165	81,349
	Current assets		
	Trade receivables	46	46
	Receivables from group enterprises	19,008	17,520
	Other receivables	667	218
		19,721	17,784
	Cash	1,467	1,816
	Total current assets	21,188	19,600
	TOTAL ASSETS	102,353	100,949

Financial statements for the period 1 January – 31 December

Balance sheet

Note	EUR'000	31 December 2023	31 December 2022
	EQUITY AND LIABILITIES		
	Equity		
	Contributed capital	17	17
	Development reserve	2,089	2,038
	Reserve for net revaluation according to the equity method	0	0
	Retained earnings	56,868	54,031
	Total equity	58,974	56,086
	Liabilities		
	Non-current liabilities		
	Payables to group enterprises	38,695	41,361
	Deferred tax liabilities	462	472
8	Total non-current liabilities	39,157	41,833
	Current liabilities		
	Bank overdraft	11	19
	Trade payables	530	90
	Joint taxation	3,681	2,921
	Total current liabilities	4,222	3,030
	Total liabilities	43,379	44,863
	TOTAL EQUITY AND LIABILITIES	102,353	100,949
9	Rental and lease commitments		
10	Contingent liabilities		
11	Mortgages and securities		
12	Related parties		
13	Proposed distribution of profit/loss		
14	Events after the reporting period		

Financial statements for the period 1 January – 31 December

Statement of changes in equity for 1 January – 31 December

EUR'000	Contributed capital	Development reserve	Reserve for net revaluations according to the equity method	Retained earnings	Total
Equity at 1 January 2023	17	2,038	0	54,031	56,086
Transfers	0	51	-217	166	0
Exchange rate adjustments	0	0	0	0	0
Profit/loss for the year	0	0	217	1,901	2,888
Equity at 31 December 2023	17	2,089	0	56,868	58,974

Financial statements for the period 1 January – 31 December

Notes

EUR'000	2023	2022
1. Staff costs		
Average number of employees	0	0
At 31 December 2023, no remuneration was paid to Management of CIPP Technology Holding ApS. Administration is handled by CIPP ApS.		
2. Other financial income		
Interest income, intergroup enterprises	5,429	3,561
Other financial income	58	0
Total financial income	5,487	3,561
3. Other financial expenses		
Interest expenses, intergroup enterprises	2,659	1,430
Exchange rate adjustments, net	27	8
Other financial expenses	3	0
Total financial expenses	2,689	1,438
4. Tax on profit/loss for the year		
Tax on current year taxable	-760	-757
Withholding taxes	-42	-236
Change in deferred tax for the year	11	51
	-792	-942
5. Intangible assets		
	Completed development projects	Acquired rights and licenses
EUR'000		
Cost beginning of the period	5,081	899
Additions	350	-
Cost end of the period	5,431	899
Amortisation and impairment losses beginning of the period	-2,468	-899
Amortisation for the period	-416	-
Amortisation and impairment losses end of the period	-2,884	-899
Carrying amount of the period	2,547	0

All intangible assets are considered to have finite useful lives over which the assets are amortized, cf. the description of accounting policies. 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.

Financial statements for the period 1 January – 31 December

Notes

6. Property, plant and equipment

EUR'000	Other fixtures and fittings, tools and equipment
Cost beginning of the period	64
Cost end of the period	64
Depreciation and impairment losses beginning of the period	-63
Depreciation	-1
Depreciation and impairment losses end of the period	-64
Carrying amount of the period	0

7. Financial assets

	EUR'000
Investments in group enterprises	
Cost beginning of the period	35,622
Additions	0
Disposals	0
Cost end of the period	35,622
Revaluations beginning of the period	-11,680
Exchange rate adjustments	19
Share of profit/loss for the period	1,888
Negative net assets in group entities set off against receivables, 1 January	-12,940
Negative net assets in group entities set off against receivables, 31 December	15,227
Amortization for the period of goodwill	-1,670
Revaluations end of the period	-9,156
Carrying amount of the period	26,466
Goodwill included in the carrying amount	14,222
Income/Loss from investments in group enterprises	
Share of profit/loss for the period	1,888
Amortization for the period of Goodwill	-1,670
Income/Loss from investments in group enterprises	218

Financial statements for the period 1 January – 31 December

Notes

7. Financial assets (continued)

EUR'000	Registered in	Ownership and voting rights %
<i>Investment in group enterprises comprise:</i>		
iMPREG Group GmbH	Germany, Gärtringen	100
-iMPREG GmbH	Germany, Ammerbuch	100
iMPREG (Suzhou) Co., Ltd.	China, Suzhou	100
iMPREG Holding Inc.	US, Richmond	100
- iMPREG LLC	US, Richmond	100
iMPREG (Australia) Pty. Ltd.	Australia, Sydney	100
iMPREG (UK) Limited	United Kingdom, Hampshire	100
iMPREG (Malaysia) SDN BHD	Malaysia, Kuala Lumpur	100

Receivables from group enterprises

As per 31 December 2023 CIPP Technology Holding ApS has an intra-group receivable of EUR 54,8 million (31 December 2022: EUR 54.8 million), which is against the subsidiary iMPREG Group GmbH. The Intra-group receivable carry an interest of 5.0 %. The loan matures on 20 January 2027.

8. Non-current liabilities

EUR'000	Due within 12 months	Due within 60 months	Due beyond 60 months
Payables to group enterprises	0	38,695	0

As per 31 December 2023, CIPP Technology Holding ApS has an intra-group payable of EUR 38.6 million (2022: EUR 41.4 million), which is against the parent company CIPP ApS. The Intra-group debt carry an interest of 3.50 % plus EURIBOR. Both parties have confirmed the payable is not going to be repaid the coming year and therefore classified as other non-current liabilities.

9. Rental and lease commitments

EUR'000	31 December 2023	31 December 2022
Liabilities under rental or lease agreements until maturity	21	45

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which CIPP Holding 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.

Financial statements for the period 1 January – 31 December

Notes

11. Mortgages and securities

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

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 Group GmbH;
- 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 CIPP ApS to CIPP Technology Holding ApS in the nominal amount equivalent to approximately EUR 40 million.
- A pledge agreement in respect of an intra-group loan from the CIPP Technology Holding ApS to iMPREG GmbH in the nominal amount equivalent to approximately EUR 40 million.

12. Related parties

Information about consolidated financial statements

Ultimate parent

Domicile

CIPP Holding ApS

Energivej 3, 4180 Sorø

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

EUR'000	31 December 2023	31 December 2022
Management fee, income	748	1,653
Management fee, expenses	843	1,815
Royalty income	1,891	2,334
Interest income, group enterprises	5,429	3,561
Interest expenses, group enterprises	2,659	1,430
Receivables from group enterprises, non-current	52,172	54,793
Receivables from group enterprises, current	19,008	17,520
Payables to group enterprises, non-current	38,695	41,361
Dividend from subsidiaries received	0	3,912

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

Domicile

CIPP ApS

Energivej 3, 4180 Sorø

CIPP Holding ApS (ultimate parent) prepares consolidated financial statements

Energivej 3, 4180 Sorø

Financial statements for the period 1 January – 31 December
Notes

13. Proposed distribution of profit/loss

EUR'000

Transferred to reserve for net revaluation according
to the equity method
Retained earnings

<u>2023</u>	<u>2022</u>
987	217
<u>1,901</u>	<u>3,006</u>
<u>2,888</u>	<u>3,223</u>

14. Events after the reporting period

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

Accounting policies

The annual report of CIPP Technology Holding ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Consolidated financial statements

With reference to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The company is included in the consolidated cash flow statement for the ultimate parent company CIPP Holding ApS.

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.

Reporting currency

The financial statements are presented in Euro (EUR'000).

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.

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

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

Accounting policies

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 include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

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.

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
Completed development projects	10 years
Goodwill	20 years

The amortisation period is 20 years as it relates to strategically acquired enterprises with a strong market position and a long-term earnings profile. The 20-year amortization period is considered to better reflect the Company's benefit from the relevant resources.

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 amortization 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 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 recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The entity 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).

Accounting policies

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.

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

Intellectual property rights acquired are measured at cost less accumulated amortization.

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.

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

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.

Goodwill related to acquisition of investments in group enterprises are recognized at cost and amortized.

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

Impairment of non-current assets

The carrying amount of non-current assets are assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Accounting policies

Receivables

Receivables are measured at amortised cost. The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Joint taxation payable or receivable is recognised in the balance sheet.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.