CIPP Technology Holding ApS

Energivej 3, 4180 Sorø

Central Business Registration
No. 24221458

Annual report 2020/21

(1 May 2020 - 30 April 2021)

The Annual General Meeting adopted the annual report on 29 June 2021

Chairman of the General Meeting

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Søren Friis Knudsen

Contents

Company details

CIPP Technology Holding ApS
Energivej 3
4180 Sorø

Central Business Registration No: 24 22 14 58
Registered in: Sorø
Financial year: 1 May – 30 April

Executive Board
Søren Friis Knudsen
Nicolai Krøjer Westh

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Statement by Management on the annual report

The Executive Board have today discussed and approved the annual report of CIPP Technology Holding ApS for the financial year 1 May 2020 – 30 April 2021.

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 30 April 2021 and of the results of its operations for the financial year 1 May 2020 – 30 April 2021.

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, 29 June 2021

Executive Board

Søren Friis Knudsen	Nicolai Krøjer Westh

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 financial year 1 May 2020 – 30 April 2021, 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 30 April 2021 and of the results of the Company's operations for the financial year 1 May 2020 – 30 April 2021 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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, 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, 29 June 2021
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

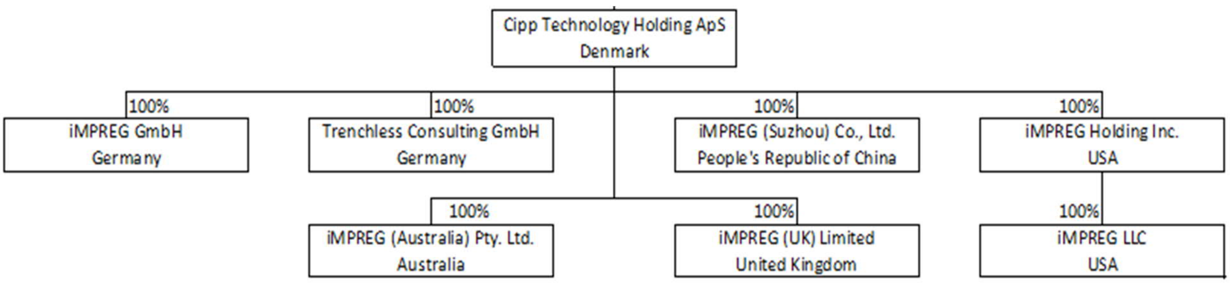
EUR'000	2020/21	2019/20	2018/19	*2017/18	*2016/17
Key figures					
Gross profit	3,756	3,619	4,052	2,189	3,806
Operating profit	3,178	2,847	2,625	1,364	3,044
Net financials	-1,109	-3,741	-2,578	778	184
Profit/loss for the year	-552	-3,198	-1,517	1,877	2,484
Total assets	66,101	49,627	53,310	19,578	12,528
Investments in property, plant and equipment	0	0	0	0	0
Equity	6,069	5,912	8,865	8,581	6,964
Ratios					
Solvency ratio (%)	9.2	11.9	16.6	43.8	55.6

*With accounting effect from 1 May 2019 Anpartsselskabet af 16. November 2015, CIPP Technology Solution ApS and CIPP Technology Holding ApS were merged with CIPP Technology Holding 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 as follows:

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

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

The income statement for the period 1 May 2020 – 30 April 2021 showed a loss of EUR 552 thousand driven by general operations as well as management fee income from subsidiaries, amortizations and financial expenses related to loans and interests.

Management considers result of the year as expected and 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.

Financial statements 1 May – 30 April

Income statement

Note	EUR'000	2020/21	2019/20
	Gross profit	3,756	3,619
1	Staff costs	0	-438
5	Depreciation, amortisastion and impairment losses	-578	-334
	Operating profit	3,178	2,847
7	Loss from investments in group enterprises	-2,031	-2,048
2	Other financial income	270	869
3	Other financial expenses	-1,379	-4,610
	Profit/loss before tax	38	-2,942
4	Tax on profit/loss for the year	-590	-256
	Profit/loss for the year	-552	-3,198

Financial statements 1 May – 30 April

Balance sheet

Note	EUR'000	30 April 2021	30 April 2020
	ASSETS		
	Completed development projects	2,649	2,600
5	Intangible assets	2,649	2,600
	Other fixtures and fittings, tools and equipment	3	0
6	Property, plant and equipment	3	0
	Investments in group enterprises	32,374	30,457
7	Financial assets	32,374	30,457
	Total non-current assets	35,026	33,057
	Current assets		
	Trade receivables	146	214
	Receivables from group enterprises	29,836	11,201
	Other receivables	228	40
		30,210	11,455
	Cash	865	5,115
	Total current assets	31,075	16,570
	TOTAL ASSETS	66,101	49,627

Financial statements 1 May – 30 April

Balance sheet

Note	EUR'000	30 April 2021	30 April 2020
	EQUITY AND LIABILITIES		
	Equity		
	Contributed capital	17	17
	Development reserve	1,929	2,028
	Reserve for net revaluation according to the equity method	0	0
	Retained earning	4,123	3,867
	Total equity	6,069	5,912
	Liabilities		
	Non-current liabilities		
	Payables to group enterprises	41,340	42,379
	Deferred tax liabilities	530	545
8	Total non-current liabilities	41,870	42,924
	Current liabilities		
	Trade payables	766	367
	Payables to group enterprises	16,684	46
	Joint taxation	453	91
	Other payables	259	287
	Total current liabilities	18,162	791
	Total liabilities	60,032	43,715
	TOTAL EQUITY AND LIABILITIES	66,101	49,627

9 Rental and lease commitments
10 Contingent liabilities
11 Mortgages and securities
12 Related parties
13 Proposed distribution of profit/loss

Financial statements 1 May – 30 April

Statement of changes in equity for 2020/21

EUR'000	Contributed capital	Development reserve	Reserve for net revaluations according to the equity method	Retained earnings	Total
Equity at 1 May 2020	17	2,028	0	3,867	5,912
Transfers	0	-99	1,322	-1,223	0
Exchange rate adjustments	0	0	709	0	709
Profit/loss for the year	0	0	-2,031	1,479	-522
Equity at 30 April 2021	17	1,929	0	4,123	6,069

Notes

EUR'000	2020/21	2019/20
1. Staff costs		
Wages and salaries	-	429
Other social security costs	-	3
Other staff costs	-	6
	-	438
Average number of employees	0	3

In 2020/21, no remuneration was paid to Management of CIPP Technology Holding ApS. Administration is handled by Cipp ApS. Referring to section 98B of the Danish Financial Statements Act, Management's remuneration has not been disclosed in 2019/20.

	2020/21	2019/20
2. Other financial income		
Interest income, intergroup enterprises	270	590
Exchange rate adjustments, net	-	279
	270	869
3. Other financial expenses		
Interest expense, intergroup enterprises	1,344	368
Other financial expenses	7	3,652
Amortisation loan costs	-	590
Exchange rate adjustments, net	28	-
	1,379	4,610
4. Tax on profit/loss for the year		
Tax on current year taxable	458	0
Withholding taxes	146	-
Change in deferred tax for the year	-14	255
Adjustment prior year	-	1
	590	256

5. Intangible assets

EUR'000	Completed development projects	Acquired Rights and licenses
Cost beginning of year	3,801	889
Additions	627	0
Cost end of year	4,428	889
Amortisation and impairment losses beginning of year	-1,201	-889
Amortisation for the year	-578	0
Amortisation and impairment losses end of year	-1,779	-889
Carrying amount of year	2,649	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.

Notes

EUR'000

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
Cost beginning of year	50
Additions	14
Cost end of year	64
Depreciation and impairment losses beginning of year	-50
Depreciation	-11
Depreciation and impairment losses end of year	-61
Carrying amount end of year	3

7. Financial assets

	Investments in group enterprises
Cost beginning of year	35,947
Cost end of year	35,947
Revaluations beginning of year	-5,490
Exchange rate adjustments	709
Share of profit/loss for the year	-361
Dividend Payout from group enterprises	-1,533
Negative net assets in group entities set off against receivables, 1 May	-5,871
Negative net assets in group entities set off against receivables, 30 April	10,643
Amortization for the year of Goodwill	-1,670
Revaluations end of year	-3,573
Carrying amount end of year	32,374
Goodwill included in the carrying amount	24,936

Notes

7. Financial assets (continued)

Investment in group enterprises comprise:	Registered in	Ownership and voting rights %
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 LLC	US, Richmond	100
iMPREG (Australia) Pty. Ltd.	Australia, Sydney	100
iMPREG (UK) Limited	United Kingdom, Hampshire	100

8. Non-current liabilities

EUR'000	Due within 12 months 2020/21	Due within 60 months 2020/21	Due beyond 60 months 2020/21
Payables to group enterprises	0	0	41,340
	0	0	41,340

As per 30 April 2021, CIPP Technology Holding ApS has an intra-group payable of tEUR 41,340 (30 April 2020: tEUR 42,379), which is against the parent company CIPP ApS. The Intra-group debt carry an interest of 3.25 %. 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	2020/21	2019/20
Liabilities under rental or lease agreements until maturity	9	9

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.

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	Domicile
CIPP ApS	Energivej 3, 4180 Sorø

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

EUR'000	2020/21	2019/20
Revenue	11,001	9.654
Cost of goods sold	5,998	6.647
Management fee, income	447	438
Royalty income	4,161	3.267
Other costs	36	450
Interest income, group enterprises	270	590
Interest expenses, group enterprises	1,343	368
Receivables from group enterprises	29,836	11.201
Payables to group enterprises	58,025	42,425

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

	2020/21	2019/20
13. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	-2,031	-2,048
Retained earnings	1,479	-1,150
	-552	-3,198

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).

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

The accounting policies used in the preparation of the financial statements are consistent with those of 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 recog- nition 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 trans- action 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 inven- tory 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 equip- ment 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 de- preciation 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 armortisation 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 amortisation of loan costs, interest expenses and net capital loss on transactions in foreign currencies etc.

Accounting policies

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.

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.

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

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 con- structive 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.

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.

Joint taxation 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.

Accounting policies

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.