CPH 2002 GROUP

C.P. Holding af 2002 ApS
Svalbardvej 13, 5700 Svendborg

CVR no. 26 58 62 75

Annual report 2019/20

Approved at the Company's annual general meeting on 17 March 2021

Chair of the meeting:

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Alex Tae Palle

Contents

Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of CPH 2002 GROUP for the financial year 1 October 2019 - 30 September 2020.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 September 2020 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 October 2019 - 30 September 2020.

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

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

Svendborg, 17 March 2021
Executive Board:

Alex Tae Palle
CEO

Independent auditor's report

To the shareholder of CPH 2002 GROUP

Opinion

We have audited the consolidated financial statements and the parent company financial statements of CPH 2002 GROUP for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2020, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Emphasis of matter in the financial statements

We refer to note 2 for liquidity and financing, and further for note 9, for desciption of investment in subsidiaries and the possible effect on the group and the parent company.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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.

Odense, 17 March 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
mne31450

Management's review

Company details

Name	CPH 2002 GROUP
Address, Postal code, City	C.P. Holding af 2002 ApS Svalbardvej 13, 5700 Svendborg
CVR no.	26 58 62 75
Established	1 May 2002
Registered office	Svendborg
Financial year	1 October 2019 - 30 September 2020
Executive Board	Alex Tae Palle, CEO
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Financial highlights for the Group

DKK	2019/20	2018/19	2017/18
Key figures			
Gross profit/loss	21,887,127	27,720,472	36,385,324
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	7,222,058	12,741,884	23,051,232
Profit before interest and tax (EBITA)	816,313	6,991,732	18,363,699
Operating profit/loss	818,142	6,991,732	18,363,705
Net financials	-1,423,899	-1,122,692	-1,720,565
Profit/loss before tax	-607,586	5,869,040	16,630,939
Profit for the year	**184,174**	**4,478,537**	**12,918,619**
Fixed assets	37,626,156	33,250,182	35,019,481
Non-fixed assets	31,970,961	35,312,672	27,268,721
Total assets	**69,597,117**	**68,562,854**	**62,288,202**
Equity	**26,318,886**	**26,134,712**	**21,656,175**
Cash flows from operating activities	9,268,463	-4,056,795	9,340,759
Net cash flows from investing activities	-10,784,005	-3,980,856	-15,247,000
Amount relating to investments in property, plant and equipment	-222,890	-625,020	0
Total cash flows	**-1,945,538**	**-8,284,969**	**-5,906,241**
Financial ratios			
Financial gearing	0.0%	0.0%	0.0%
Return on assets	1.2%	10.7%	29.5%
Current ratio	99.5%	106.9%	87.2%
Equity ratio	37.8%	38.1%	34.8%
Return on equity	0.7%	18.7%	59.7%
Average number of employees	**25**	**28**	**25**

For terms and definitions, please see the accounting policies.

Management's review

Business review

The main activity of the group consists of development, testing, production and sales of innovative firefighting solutions.

Financial review

The income statement for 2019/20 shows a profit of DKK 184,174 against a profit of DKK 4,478,537 last year, and the group's balance sheet at 30 September 2020 shows equity of DKK 26,318,886. Management considers the group's financial performance in the year satisfactory.

The Group experienced a sales growth on standard products of more than 45%and exported around 95%of the total sales in an otherwise very challenging global pandemic year. A few large projects that were projected for the year, were postponed due to COVID19 but they are expected to be ordered and materialized in the 2020/21 financial year.

Over the past few years, the group has maintained a high level of development activity with the aim of obtaining significant sales growth, and the experienced sales growth within the financial year on standard products in an otherwise challenging year shows that this strategy works. With COVID19 restricting travel and other normal technical sales activities in the field, the Group decided to allocate spare resources in product development with the goal of being able to target even larger growth rates both under and after COVID19. On top of that, the Group has in the 2020/21 financial year invested highly in more salespeople located around the World to ensure that the product sales potentials can be realized both under and after COVID19. For the 2020/21 financial year the company is with its base budget targeting a sales growth on standard products of +50%and a total sales growth +200% when compared to the 2019/20 financial year.

The Group's current credit facilities are fully used, primarily due to significant cash bindings in inventory and missing payments from customers. COVID19 made it impossible to collect these payments within the financial, however agreements have been made to ensure that all the missing payments are received in the 2020/21 financial year, just as management expects to take advantage of the large inventory, in the coming financial year.

Management expects, due to the facts mentioned above, that the Group's own operations and continued good and constructive cooperation with the company's financial institution, including the use of the currently existing credit frameworks - which the Group expects to continue, to have an adequate framework for the next 12 Months.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Income statement

		Group		Parent company	
Note	**DKK**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
	Gross profit/loss	21,887,127	27,720,472	-17,615	-30,022
3	Staff costs	-14,663,240	-14,978,588	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-6,405,745	-5,750,152	0	0
	Other operating expenses	-1,829	0	0	0
	Profit/loss before net financials	816,313	6,991,732	-17,615	-30,022
	Income from investments in group enterprises	0	0	310,362	4,510,367
4	Financial income	0	7,010	0	117,648
5	Financial expenses	-1,423,899	-1,129,702	-144,166	-128,432
	Profit/loss before tax	-607,586	5,869,040	148,581	4,469,561
6	Tax for the year	791,760	-1,390,503	35,592	8,977
	Profit for the year	184,174	4,478,537	184,173	4,478,538
	Recommended appropriation of profit				
	Net revaluation reserve according to the equity method			310,362	7,131,859
	Retained earnings/accumulated loss			-126,189	-2,653,321
				184,173	4,478,538

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Balance sheet

Note	DKK	Group 2019/20	Group 2018/19	Parent company 2019/20	Parent company 2018/19
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Completed development projects	28,667,681	23,963,859	0	0
	Acquired intangible assets	1,947,264	1,792,599	0	0
		30,614,945	25,756,458	0	0
8	**Property, plant and equipment**				
	Land and buildings	5,955,122	6,128,704	0	0
	Plant and machinery	207,965	295,388	0	0
	Fixtures and fittings, other plant and equipment	848,124	1,069,632	0	0
	Leasehold improvements	0	0	0	0
		7,011,211	7,493,724	0	0
9	**Investments**				
	Investments in group enterprises	0	0	28,868,087	28,557,725
		0	0	28,868,087	28,557,725
	Total fixed assets	37,626,156	33,250,182	28,868,087	28,557,725
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	118,260	97,967	0	0
	Work in progress	0	9,149	0	0
	Finished goods and goods for resale	13,134,207	16,374,771	0	0
		13,252,467	16,481,887	0	0
11					
	Trade receivables	17,497,893	18,318,708	0	0
	Receivables from group enterprises	0	0	855,144	17,584
	Corporation tax receivable	698,053	0	698,053	0
10	Other receivables	87,856	143,088	0	0
	Prepayments	397,247	368,989	0	0
		18,681,049	18,830,785	1,553,197	17,584
	Cash	37,445	0	0	3
	Total non-fixed assets	31,970,961	35,312,672	1,553,197	17,587
	TOTAL ASSETS	69,597,117	68,562,854	30,421,284	28,575,312

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Balance sheet

		Group		Parent company	
Note	**DKK**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	125,000	125,000	125,000	125,000
	Net revaluation reserve according to the equity method	0	0	19,868,087	19,557,725
	Reserve for development costs	17,882,515	14,175,577	0	0
	Retained earnings	8,311,371	11,834,135	6,325,799	6,451,988
	Total equity	26,318,886	26,134,712	26,318,886	26,134,713
	Provisions				
	Deferred tax	8,091,530	6,735,341	0	0
	Total provisions	8,091,530	6,735,341	0	0
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Mortgage debt	1,633,260	1,863,735	0	0
	Bank debt	531,857	731,378	0	0
	Other payables	889,574	63,501	0	0
		3,054,691	2,658,614	0	0
	Current liabilities other than provisions				
13	Short-term part of long-term liabilities other than provisions	459,585	482,697	0	0
	Bank debt	21,231,634	19,248,651	0	0
	Prepayments received from customers	414,346	243,051	0	0
	Trade payables	5,747,007	8,387,111	14,937	11,750
	Payables to group enterprises	0	0	4,087,461	1,267,272
	Corporation tax payable	0	1,161,577	0	1,161,577
	Payables to shareholders and management	18,862	6,731	0	0
	Other payables	4,260,576	3,504,369	0	0
		32,132,010	33,034,187	4,102,398	2,440,599
		35,186,701	35,692,801	4,102,398	2,440,599
	TOTAL EQUITY AND LIABILITIES	69,597,117	68,562,854	30,421,284	28,575,312

1 Accounting policies
2 Liquidity and financing
14 Contractual obligations and contingencies, etc.
15 Collateral

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Statement of changes in equity

	Group			
DKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 October 2018	125,000	12,806,480	8,724,695	21,656,175
Transfer through appropriation of profit	0	1,369,097	3,109,440	4,478,537
Equity at 1 October 2019	125,000	14,175,577	11,834,135	26,134,712
Transfer through appropriation of profit	0	3,706,938	-3,522,764	184,174
Equity at 30 September 2020	125,000	17,882,515	8,311,371	26,318,886

	Parent company			
DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 October 2018	125,000	12,425,866	9,105,309	21,656,175
Transfer through appropriation of profit	0	7,131,859	-2,653,321	4,478,538
Equity at 1 October 2019	125,000	19,557,725	6,451,988	26,134,713
Transfer through appropriation of profit	0	310,362	-126,189	184,173
Equity at 30 September 2020	125,000	19,868,087	6,325,799	26,318,886

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Cash flow statement

		Group	
Note	**DKK**	**2019/20**	**2018/19**
	Profit for the year	184,174	4,478,537
16	Adjustments	7,037,884	8,263,347
	Cash generated from operations (operating activities)	7,222,058	12,741,884
17	Changes in working capital	2,046,405	-16,798,679
	Cash flows from operating activities	9,268,463	-4,056,795
	Additions of intangible assets	-10,561,115	-3,355,836
	Additions of property, plant and equipment	-222,890	-625,020
	Cash flows to investing activities	-10,784,005	-3,980,856
	Proceeds of debt to credit institutions	-429,996	-247,318
	Cash flows from financing activities	-429,996	-247,318
	Net cash flow	-1,945,538	-8,284,969
	Cash and cash equivalents at 1 October	-19,248,651	-10,963,682
18	**Cash and cash equivalents at 30 September**	-21,194,189	-19,248,651

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies

The annual report of CPH 2002 GROUP for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Consolidated financial statements

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Foreign currency translation

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

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

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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 based on Incoterms® 2010.

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.

Gross profit/loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	10 years
Acquired intangible assets	10 years
Land and buildings	30 years

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

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

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 10 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 10 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is 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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

Inventories

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

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

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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

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.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

2 Liquidity and financing

The Group has a base case budget, with base case revenue that will secure a positive cash flow for the year. This base case revenue is generated of sales of standard components approved for World Wide sales. Furthermore, the management expect significant growth in large infrastructure projects.
In 2019 the group entered an agreement to deliever units to a project in Singapore, which were on track until March 2020 where COVID-19 stopped the work, because it was prohibited to work on building sites. Due to this, the Group have a significant unpaid receivable from this customer. For further discription regarding this matter, we refer to note 11.
The groups credit facilities are fully used, primarily due to increase in stock and delayed payment from the above customer.
Management expects to receive the payments before end of the financial year 2020/21 and to reduce the size of inventory during the next 12 months.
Management expects, based on the groups expected resultats for 2020/21, existing and ongoing credit facilities and support from the groups credit institutions, that the liquidity and financing will be sufficient for the comming 12 month.

		Group		Parent company	
	DKK	2019/20	2018/19	2019/20	2018/19
3	**Staff costs**				
	Wages/salaries	14,245,960	13,416,624	0	0
	Pensions	1,132,135	1,045,866	0	0
	Other social security costs	307,975	384,026	0	0
	Other staff costs	61,078	132,072	0	0
	Staff costs transferred to non-current assets	-1,083,908	0	0	0
		14,663,240	14,978,588	0	0

	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
Average number of full-time employees	25	28	0	0

Parent company

The parent Company has no employees.

		Group		Parent company	
	DKK	2019/20	2018/19	2019/20	2018/19
4	**Financial income**				
	Interest receivable, group entities	0	0	0	117,648
	Other financial income	0	7,010	0	0
		0	7,010	0	117,648
5	**Financial expenses**				
	Interest expenses, group entities	0	0	144,166	128,432
	Other financial expenses	1,423,899	1,129,702	0	0
		1,423,899	1,129,702	144,166	128,432

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

		Group		Parent company	
	DKK	2019/20	2018/19	2019/20	2018/19
6	**Tax for the year**				
	Estimated tax charge for the year	-1,855,754	1,235,038	0	0
	Deferred tax adjustments in the year	1,099,586	223,130	0	58,688
	Refund in joint taxation	-35,592	-67,665	-35,592	-67,665
		-791,760	1,390,503	-35,592	-8,977

7 Intangible assets

	Group		
DKK	Completed development projects	Acquired intangible assets	Total
Cost at 1 October 2019	29,071,237	2,270,053	31,341,290
Additions	10,080,012	481,103	10,561,115
Cost at 30 September 2020	39,151,249	2,751,156	41,902,405
Impairment losses and amortisation at 1 October 2019	5,107,378	477,454	5,584,832
Amortisation for the year	5,376,190	326,438	5,702,628
Impairment losses and amortisation at 30 September 2020	10,483,568	803,892	11,287,460
Carrying amount at 30 September 2020	28,667,681	1,947,264	30,614,945

Carrying amount, as well as additions in 2019/20 is related to development of new products. There is already sale in new products and budget shows significant revenue stream on these products in the coming years, so there are no impairment issues expected, but by nature the valuation of the asset is significant depending on that the business case behind can be realized as expected.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

8 Property, plant and equipment

	Group				
DKK	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Total**
Cost at 1 October 2019	8,524,136	596,625	2,694,380	17,171	11,832,312
Additions	0	0	222,890	0	222,890
Cost at 30 September 2020	8,524,136	596,625	2,917,270	17,171	12,055,202
Impairment losses and depreciation at 1 October 2019	2,395,432	301,237	1,624,748	17,171	4,338,588
Impairment losses	0	0	1,306	0	1,306
Depreciation	173,582	87,423	443,092	0	704,097
Impairment losses and depreciation at 30 September 2020	2,569,014	388,660	2,069,146	17,171	5,043,991
Carrying amount at 30 September 2020	5,955,122	207,965	848,124	0	7,011,211

Note 15 provides more details on security for loans, etc. as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

9 Investments

DKK	Parent company Investments in group enterprises
Cost at 1 October 2019	9,000,000
Cost at 30 September 2020	9,000,000
Value adjustments at 1 October 2019	19,557,725
Profit/loss for the year	310,362
Value adjustments at 30 September 2020	19,868,087
Carrying amount at 30 September 2020	28,868,087

CPH Group 2002 (C. P. Holding af 2002 ApS) and VID Fire-Kill ApS have both made letters to support the financial and liquidity need for the other companies in the group: VID ApS, DFL Danish Fire Labotories ApS and C. P. Ejendomme ApS.

The groups most significant investment is the subsidiary VID Fire-Kill ApS. Due to this fact, the consolidated figures are primarily related to the activity by VID Fire-Kill ApS
The value of the investments in VID Fire-Kill ApS is depending upon on the expected growth and that the base case budget for 2020/21 is fulfilled. We refer for the annual report VID Fire-Kill ApS 2019/20 and note 2 for further information.

Parent company

Name	Legal form	Interest	Equity DKK	Profit/loss DKK
Subsidiaries				
VID Fire-Kill	ApS	100.00%	27,425,395	145,658
VID	ApS	100.00%	475,159	25,462
DFL Danish Fire Labotories	ApS	100.00%	858,052	116,419
C. P. Ejendomme	ApS	100.00%	3,234,437	22,823

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

		Group		Parent company	
	DKK	2019/20	2018/19	2019/20	2018/19
10	**Other receivables**				
	Other receivables	87,856	143,088	0	0
		87,856	143,088	0	0

11 Receivables

Group

Out of the group's total receivables, trade receivables totalling DKK 12,645 thousand is significant overdue as described in note 2. Management have made payment agreement with the customers to make ongoing payments, with full amount being paid before financial year 2020/21.

12 Share capital

The parent's share capital has remained DKK 125,000 in the past year.

13 Non-current liabilities other than provisions

	Group			
DKK	Total debt at 30/9 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,871,188	237,928	1,633,260	0
Bank debt	753,514	221,657	531,857	0
Other payables	889,574	0	889,574	0
	3,514,276	459,585	3,054,691	0

14 Contractual obligations and contingencies, etc.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes falling due, in the group of jointly taxed entities.

Consolidated financial statements and parent company financial statements 1 October 2019 - 30 September 2020

Notes to the financial statements

15 Collateral

Group

As security for the group's debt to mortgage credit institutions, other credit institutions, creditors and other suppliers, the group has provided security or other collateral in its assets for a total amount of DKK 9,500 thousand. The total carrying amount of these assets is DKK 20,264 thousand.

In the group, C. P. Holding af 2002 ApS and VID Fire-Kill have made comfort letters to support the other entities in the group with any necesary liquidity the next 12 months.

Parent company

As security for the parent's debt to mortgage credit institutions, other credit institutions, creditors and other suppliers, the group has provided security or other collateral in its assets for a total amount of DKK 9,500 thousand. The total carrying amount of these assets is DKK 20,264 thousand.

C. P. Holding af 2002 ApS have made comfort letter to support the other entities in the group with any necesary liquidity the next 12 months.

		Group	
	DKK	**2019/20**	**2018/19**
16	**Adjustments**		
	Amortisation/depreciation and impairment losses	6,405,745	5,750,152
	Financial income	0	-7,010
	Financial expenses	1,423,899	1,129,702
	Tax for the year	-791,760	1,390,503
		7,037,884	8,263,347
17	**Changes in working capital**		
	Change in inventories	3,229,420	-8,315,357
	Change in receivables	629,189	-3,453,705
	Change in trade and other payables	-1,812,204	-5,029,617
		2,046,405	-16,798,679
18	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	37,445	0
	Short-term debt to banks	-21,231,634	-19,248,651
		-21,194,189	-19,248,651

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