CPH 2002 GROUP

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

CVR no. 26 58 62 75

Annual report 2018/19

Approved at the Company's annual general meeting on 16 March 2020

Chairman:

....
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 2018 - 30 September 2019.

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 2019 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 2018 - 30 September 2019.

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, 16 March 2020
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 2018 - 30 September 2019, 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 2019, 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 2018 - 30 September 2019 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, 16 March 2020
ERNST & YOUNG
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 2018 - 30 September 2019
Executive Board	Alex Tae Palle, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Financial highlights for the Group

DKK	2018/19	2017/18
Key figures		
Gross profit/loss	27,720,472	36,385,324
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	12,741,884	23,051,232
Profit before interest and tax (EBITA)	6,991,736	18,363,699
Operating profit/loss	6,991,732	18,363,705
Net financials	-1,122,692	-1,720,565
Profit before tax	5,869,040	16,630,939
Profit for the year	**4,478,537**	**12,918,619**
Fixed assets	33,250,183	35,019,481
Non-fixed assets	35,312,673	27,268,721
Total assets	**68,562,856**	**62,288,202**
Equity	**26,134,712**	**21,656,175**
Cash flows from operating activities	-10,123,530	9,340,759
Net cash flows from investing activities	-3,987,440	-15,247,000
Investment in property, plant and equipment	-598,682	-4,835,000
Total cash flows	**-8,284,970**	**-5,906,241**
Financial ratios		
Financial gearing	0.0%	0.0%
Return on assets	10.7%	29.5%
Current ratio	106.9%	87.2%
Equity ratio	38.1%	34.8%
Return on equity	18.7%	59.7%
Average number of employees	**28**	**25**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. 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 2018/19 shows a profit of DKK 4,478,537 against a profit of DKK 12,918,619 last year, and the group's balance sheet at 30 September 2019 shows equity of DKK 26,134,712. Management considers the group's financial performance in the year satisfactory.

Over the past few years, the group has maintained a high level of development activity by obtaining more features and approvals on standard products and these will help ensuring growth in existing markets as well as opening new markets. The development investments have made the groups products the market leader in low pressure watermist technology today. A position that the company will take advantage of over the next several years which will lead to a significant growth.
The group has also invested in strengthening the organization as well as in IT systems, so that it is equipped to handle the expected growth.

The increased inventory that the group has built up over the year should help to ensure that in the coming year we can deliver on time and that growth can be achieved.

For the coming year, a base case revenue is budgeted, which will ensure a net positive cash flow for the year. This base case revenue is generated solely by sales of the group's standard products approved for World Wide sales, where currently sold to in +40 countries based on the unique features of the groups products, as well as on the basis of the In addition, management expects significant growth in project sales for large infrastructure projects, where the group with a range of products is the market leader with its products

An unknown factor at this stage is whether COVID19 could affect the group, in particular as a factor in the development of the group' s market. because a significant part of the project sales are expected to be delivered to areas affected and where this may be a risk of deferral of projects.

The Group's current credit facilities are fully used, primarily due to significant cash bindings in inventory and missing payments from customers. However, management expects to receive all the missing payments, 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 2018 - 30 September 2019

Income statement

		Group		Parent company	
Note	DKK	2018/19	2017/18	2018/19	2017/18
	Gross profit/loss	27,720,472	36,385,324	-30,022	-17,136
3	Staff costs	-14,978,588	-13,334,092	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-5,750,152	-4,687,527	0	0
	Profit/loss before net financials	6,991,732	18,363,705	-30,022	-17,136
	Income from investments in group enterprises	0	0	4,510,367	12,909,505
	Other financial income from group enterprises	0	-12,201	0	0
4	Financial income	7,010	12,201	117,648	307,390
5	Financial expenses	-1,129,702	-1,732,766	-128,432	-278,569
	Profit before tax	5,869,040	16,630,939	4,469,561	12,921,190
6	Tax for the year	-1,390,503	-3,712,320	8,977	-2,571
	Profit for the year	4,478,537	12,918,619	4,478,538	12,918,619
	Recommended appropriation of profit				
	Net revaluation reserve according to the equity method			7,131,859	12,425,866
	Retained earnings/accumulated loss			-2,653,321	492,753
				4,478,538	12,918,619

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Balance sheet

		Group		Parent company	
Note	**DKK**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Completed development projects	23,963,859	25,994,890	0	0
	Acquired intangible assets	1,792,599	1,509,549	0	0
		25,756,458	27,504,439	0	0
8	**Property, plant and equipment**				
	Land and buildings	6,128,705	6,300,000	0	0
	Plant and machinery	295,388	332,451	0	0
	Fixtures and fittings, other plant and equipment	1,069,632	882,591	0	0
	Leasehold improvements	0	0	0	0
		7,493,725	7,515,042	0	0
9	**Investments**				
	Investments in group enterprises	0	0	28,557,725	21,425,866
		0	0	28,557,725	21,425,866
	Total fixed assets	33,250,183	35,019,481	28,557,725	21,425,866
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	97,967	69,240	0	0
	Work in progress	9,149	0	0	0
	Finished goods and goods for resale	16,374,771	8,097,290	0	0
		16,481,887	8,166,530	0	0
11	**Receivables**				
	Trade receivables	18,318,708	14,815,344	0	0
	Receivables from group enterprises	0	0	17,584	2,213,517
	Deferred tax assets	0	0	0	58,688
10	Other receivables	143,089	1,444,892	0	0
	Prepayments	368,989	382,582	0	0
		18,830,786	16,642,818	17,584	2,272,205
	Cash	0	2,459,373	3	4
	Total non-fixed assets	35,312,673	27,268,721	17,587	2,272,209
	TOTAL ASSETS	68,562,856	62,288,202	28,575,312	23,698,075

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Balance sheet

		Group		Parent company	
Note	**DKK**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
	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	19,557,725	12,425,866
	Reserve for development costs	14,175,577	12,806,480	0	0
	Retained earnings	11,834,135	8,724,695	6,451,988	9,105,309
	Total equity	26,134,712	21,656,175	26,134,713	21,656,175
	Provisions				
	Deferred tax	6,735,341	6,512,812	0	0
	Total provisions	6,735,341	6,512,812	0	0
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Mortgage debt	1,863,735	1,878,141	0	0
	Bank debt	731,378	964,290	0	0
	Other payables	63,501	0	0	0
		2,658,614	2,842,431	0	0
	Current liabilities other than provisions				
13	Short-term part of long-term liabilities other than provisions	482,697	689,579	0	0
	Bank debt	19,248,651	13,423,055	0	0
	Prepayments received from customers	243,051	125,018	0	0
	Trade payables	8,387,113	13,922,011	11,750	7,500
	Payables to group enterprises	0	0	1,267,272	2,034,400
	Corporation tax payable	1,161,577	0	1,161,577	0
	Payables to shareholders and management	6,731	0	0	0
	Other payables	3,504,369	3,117,121	0	0
		33,034,189	31,276,784	2,440,599	2,041,900
	Total liabilities other than provisions	35,692,803	34,119,215	2,440,599	2,041,900
	TOTAL EQUITY AND LIABILITIES	68,562,856	62,288,202	28,575,312	23,698,075

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 2018 - 30 September 2019

Statement of changes in equity

	Group			
DKK	**Share capital**	**Reserve for development costs**	**Retained earnings**	**Total**
Equity at 1 October 2017	125,000	3,205,736	15,548,889	18,879,625
Transfer through appropriation of profit	0	9,600,744	2,776,380	12,377,124
Revaluations for the year	0	0	-9,600,574	-9,600,574
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 30 September 2019	125,000	14,175,577	11,834,135	26,134,712

	Parent company			
DKK	**Share capital**	**Net revaluation reserve according to the equity method**	**Retained earnings**	**Total**
Equity at 1 October 2017	125,000	0	8,612,556	8,737,556
Transfer through appropriation of profit	0	12,425,866	492,753	12,918,619
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 30 September 2019	125,000	19,557,725	6,451,988	26,134,713

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Cash flow statement

		Group	
Note	**DKK**	**2018/19**	**2017/18**
	Profit for the year	4,478,537	12,918,619
	Cash generated from operations (operating activities)	4,478,537	12,918,619
16	Changes in working capital	-14,602,067	-3,577,860
	Cash flows from operating activities	-10,123,530	9,340,759
	Additions of intangible assets	-3,388,758	-10,412,000
	Additions of property, plant and equipment	-598,682	-4,835,000
	Cash flows to investing activities	-3,987,440	-15,247,000
	Proceeds of debt to credit institutions	5,826,000	0
	Cash flows from financing activities	5,826,000	0
	Net cash flow	-8,284,970	-5,906,241
	Cash and cash equivalents at 1 October	-10,963,682	-5,057,441
17	**Cash and cash equivalents at 30 September**	-19,248,652	-10,963,682

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies

The annual report of CPH 2002 GROUP for 2018/19 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.

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.

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.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

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.

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

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.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

1 Accounting policies (continued)

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 2018 - 30 September 2019

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 2018 - 30 September 2019

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 dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs 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 2018 - 30 September 2019

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.

2 Liquidity and financing

The groups most significant investment is VID Fire-Kill ApS. Due to this fact, the consolidated figures are primarily related to the activity in the subsidiary VID Fire-Kill ApS.
The Group has a base case budget, with base case revenue that case 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 project sales to large infrastructure projects.
An unknown factor is how COVID-19 will impact the group, because a significant part of the project sale is expected to be delivered in areas , where there is a risk of projects to be delayed.The groups credit facilities are fully used, primarily due to increase in stock and delayed payment from two larger customers.
Management expects to receive the mentioned payments and to reduce the size of inventory during the next 12 months.
Management expects, according to above, that the groups results and further good corporation with the groups banks and the existing credits, that the group expect to continue, that this will cover the liquidity and financing need the next 12 months.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

	DKK	Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
3	**Staff costs**				
	Wages/salaries	13,416,624	11,046,335	0	0
	Pensions	1,045,866	752,099	0	0
	Other social security costs	384,026	251,598	0	0
	Other staff costs	132,072	1,284,060	0	0
		14,978,588	13,334,092	0	0

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
Average number of full-time employees	28	25	0	0

Parent company

The parent Company has no employees.

	DKK	Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
4	**Financial income**				
	Interest receivable, group entities	0	0	117,648	307,390
	Other financial income	7,010	12,201	0	0
		7,010	12,201	117,648	307,390
5	**Financial expenses**				
	Interest expenses, group entities	0	0	128,432	278,569
	Other interest expenses	999,697	1,326,203	0	0
	Other financial expenses	130,005	406,563	0	0
		1,129,702	1,732,766	128,432	278,569
6	**Tax for the year**				
	Estimated tax charge for the year	1,235,038	14,608	0	0
	Deferred tax adjustments in the year	223,130	3,712,340	58,688	4,628
	Refund in joint taxation	-67,665	-14,628	-67,665	-2,057
		1,390,503	3,712,320	-8,977	2,571

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

7 Intangible assets

DKK	Group Completed development projects	 Acquired intangible assets	 Total
Cost at 1 October 2018	26,280,519	1,704,935	27,985,454
Additions	2,790,718	565,118	3,355,836
Cost at 30 September 2019	29,071,237	2,270,053	31,341,290
Impairment losses and amortisation at 1 October 2018	285,629	195,386	481,015
Amortisation for the year	4,821,749	282,068	5,103,817
Impairment losses and amortisation at 30 September 2019	5,107,378	477,454	5,584,832
Carrying amount at 30 September 2019	23,963,859	1,792,599	25,756,458

Carrying amount, as well as additions in 2019 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 the business case behind can be realized. This issue does include uncertainty and will also impact the further business of the company.

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

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 2018	8,524,136	539,586	2,126,400	17,171	11,207,293
Additions	1	57,039	567,980	0	625,020
Cost at 30 September 2019	8,524,137	596,625	2,694,380	17,171	11,832,313
Impairment losses and depreciation at 1 October 2018	2,224,136	207,135	1,243,809	17,171	3,692,251
Impairment losses	0	0	0	2,615	2,615
Depreciation	171,296	94,102	380,939	-2,615	643,722
Impairment losses and depreciation at 30 September 2019	2,395,432	301,237	1,624,748	17,171	4,338,588
Carrying amount at 30 September 2019	6,128,705	295,388	1,069,632	0	7,493,725

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 2018 - 30 September 2019

Notes to the financial statements

9 Investments

DKK	Parent company Investments in group enterprises
Cost at 1 October 2018	9,000,000
Cost at 30 September 2019	9,000,000
Value adjustments at 1 October 2018	12,425,866
Changes in equity	2,621,059
Revaluations for the year	4,510,800
Value adjustments at 30 September 2019	19,557,725
Carrying amount at 30 September 2019	28,557,725

CPH Group 2002 (C. P. Holding af 2002 ApS) and VID Fire-Kill ApS have both made letter to support the financial and liquidity needs 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 significant impacted on the expected further growth rates and that the base case budget is fulfilled. We refer for the annual report VID Fire-Kill ApS2018/19 and note 2 for further information.

Parent company

Subsidiaries

VID Fire-Kill	ApS	100.00%	27,279,737	6,092,171
VID	ApS	100.00%	449,698	-71,689
DFL Danish Fire Labotories	ApS	100.00%	741,633	78,805
C. P. Ejendomme	ApS	100.00%	3,211,614	122,880

Consolidated financial statements and parent company financial statements 1 October 2018 - 30 September 2019

Notes to the financial statements

		Group		Parent company	
	DKK	2018/19	2017/18	2018/19	2017/18
10	**Other receivables**				
	Other receivables	143,089	1,444,892	0	0
		143,089	1,444,892	0	0

11 Receivables

Group

Out of the group's total receivables, trade receivables totalling DKK 9,958 thousand is significant overdue. Management have made payment agreement with the customers to make ongoing payments, with full amount being paid in 2020.

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 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,883,639	19,904	1,863,735	0
Bank debt	1,194,171	462,793	731,378	0
Other payables	63,501	0	63,501	0
	3,141,311	482,697	2,658,614	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 2018 - 30 September 2019

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 19,284 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 19,284 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	2018/19	2017/18
16	**Changes in working capital**		
	Change in inventories	-8,316,000	-4,040,000
	Change in receivables	-1,320,067	-9,078,000
	Change in trade and other payables	-4,966,000	9,253,000
	Other changes in working capital	0	287,140
		-14,602,067	-3,577,860
17	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	0	2,459,373
	Short-term debt to banks	-19,248,651	-13,423,055
		-19,248,651	-10,963,682

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Alex Tae Palle
Direktion
På vegne af: C.P. Holding af 2002 Group
Serienummer: PID:9208-2002-2-080707869508
IP: 85.27.xxx.xxx
2020-03-16 11:25:30Z
NEM ID

Alex Tae Palle
Dirigent
På vegne af: C.P. Holding af 2002 Group
Serienummer: PID:9208-2002-2-080707869508
IP: 85.27.xxx.xxx
2020-03-16 11:25:30Z
NEM ID

Søren Smedegaard Hvid
Statsautoriseret revisor
På vegne af: ERNST & YOUNG P/S
Serienummer: CVR:30700228-RID:1256831000710
IP: 87.50.xxx.xxx
2020-03-16 12:54:03Z
NEM ID

Penneo dokumentnøgle: TGVZN-AE6Y4-Z58AB-WJH6I-X777L-67PFY