

CIPP ApS

Energivej 3

DK-4180 Sorø

CVR no. 40 91 16 26

Annual report 2022

Approved at the Company's annual general meeting on 27 April 2023

Chair of the meeting



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Nicolai Krøjer Westh

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Company details

Name	CIPP ApS
Address, zip code, city	Energivej 3, DK-4180 Sorø
CVR no.	40 91 16 26
Established	6 November 2019
Registered office	Sorø, Denmark
Financial year	1 January – 31 December
First financial year	6 November – 30 April
Executive Board	Karsten Müller, CEO Nicolai Krøjer Westh, CFO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, DK-2000 Frederiksberg

Statement by Management on the annual report

The Executive Board have today discussed and approved the annual report of CIPP ApS for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of its operations for the financial year 1 January – 30 December 2022.

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

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

Sorø, 27 April 2023

Executive Board



Karsten Müller



Nicolai Krøjer Westh

Independent auditor's report

To the shareholder of CIPP ApS

Opinion

We have audited the financial statements of CIPP ApS for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Mikkel Sthyr
State Authorised
Public Accountant
mne26693



Ole Becker
State Authorised
Public Accountant
mne33732

Management review

Primary activities

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

Development in activities and finances

The income statement for 2022 showed a loss of EUR 2,844 thousand. Total assets at 31 December 2022 of EUR 120,160 thousand and equity of EUR 61,283 thousand.

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

Events after the balance sheet date

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

Financial statements for the period 1 January – 31 December 2022

Income statement

EUR'000		2022 (12 months)	2021 (8 months)
	Revenue	747	591
	Other external costs	-376	-202
	Gross profit	371	389
1	Staff costs	-567	-552
	Operating loss	-196	-163
2	Other financial income	1,384	891
3	Other financial expenses	-4,812	-2,121
	Loss before tax	-3,624	-1,393
4	Tax on profit/loss for the year	780	424
	Loss for the year	-2,844	-969
6	Proposed distribution of profit/loss		
	Retained earnings	-2,844	-969
		-2,844	-969

Financial statements for the period 1 January – 31 December 2022

Balance sheet

EUR'000	31 December 2022	31 December 2021
Assets		
5 Investments in group enterprises	77,343	77,343
7 Receivables from group enterprises	40,131	41,455
Deferred tax assets	185	121
Financial assets	117,659	118,919
Non-current assets	117,659	118,919
Receivables from group enterprises	961	0
Joint taxation	1,540	824
Current assets	2,501	824
Assets	120,160	119,743
Liabilities		
Share capital	5	5
Retained earnings	61,482	64,326
Equity	61,487	64,331
8 Interest-bearing loans and borrowings	44,890	44,599
Non-current liabilities	44,890	44,599
Bank overdraft	12,807	8,939
Payables to group enterprises	0	1,472
Trade payables	59	95
Other payables	917	307
Current liabilities	13,783	10,813
Total liabilities	58,673	55,412
Equity and liabilities	120,160	119,743
9 Rental and lease commitments		
10 Contingent liabilities		
11 Mortgages and securities		
12 Related parties		

Financial statements for the period 1 January – 31 December 2022

Statement of changes in equity for 1 January – 31 December 2022

EUR'000	Share capital	Retained Earnings	Total
Equity at 1 January 2022	5	64,326	64,331
Profit/loss for the year	0	-2,844	-2,844
Equity at 31 December 2022	5	61,482	61,487

Notes

EUR'000	2022 (12 months)	2021 (8 months)
1. Staff costs		
Wages and salaries	562	548
Other social security costs	5	4
	<u>567</u>	<u>552</u>
Average number of employees	<u>4</u>	<u>4</u>
Management's remuneration	<u>728</u>	<u>400</u>
2. Other financial income		
Interest income, intergroup enterprises	1,384	891
Total financial income	<u>1,384</u>	<u>891</u>
3. Other financial expenses		
Interest expenses, intergroup enterprises	0	32
Interest expenses	4,516	1,874
Amortization of borrowing costs	291	211
Other financial expenses	2	1
Exchange rate adjustments, net	3	3
Total financial expenses	<u>4,812</u>	<u>2,121</u>
4. Tax on profit/loss for the year		
Tax on current year taxable	716	390
Change in deferred tax for the year	64	34
	<u>780</u>	<u>424</u>

Notes

5. Investments in group enterprises

EUR'000	2022	2021
Cost beginning of year	77,343	77,343
Carrying amount end of year	77,343	77,343

The investments are performing according to the plan with satisfactory earnings, and hence Management has concluded that there are no impairment indicators that require a detailed impairment test to be performed.

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

6. Proposed distribution of profit/loss

EUR'000	1 January – 31 December 2022	1 May – 31 December 2021
	-2,844	-969

7. Receivables from group enterprises

As per 31 December 2022, CIPP ApS has an intra-group receivable of EUR 40.1 million, which relates to the subsidiary CIPP Technology Holding ApS. The Intra-group loan carry an interest of 3.5 %. Both parties have confirmed the receivable is not going to be repaid the coming year and therefore classified as other non-current assets.

8. Liabilities

EUR'000	Instalments within 12 months 31 December 2022	Instalments within 60 months 31 December 2022	Instalments beyond 60 months 31 December 2022
Interest-bearing loans and borrowings	-	44,890	-
	-	44,890	-

Financing costs at 31 December 2022 amounted to EUR 1.8 million (31 December 2021: EUR 1.5 million) and are amortized until the expiry date of the loans. Amortization at 31 December 2022 amounted to EUR 291 thousand (31 December 2021: EUR 211 thousand). At 31 December 2022, accrued interest amounted to EUR 692 thousand (31 December 2021: EUR 0 thousand) recognised as other payables.

Notes

9. Rental and lease commitments

None.

10. Contingent liabilities

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

11. Mortgages and securities

Loans and debts have been secured by a floating charge on mortgage in CIPP Technology Holding ApS. The carrying amount of charged claims is DKK 8,000 thousand (31 December 2021: DKK 8,000 thousand) equivalent to EUR 1,074 thousand.

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

- A share pledge agreement in respect of the CIPP Holding ApS
- A share pledge agreement in respect of CIPP ApS
- A share pledge agreement in respect of CIPP Technology Holding ApS
- A share pledge agreement in respect of IMPREG Group GmbH
- A share pledge agreement in respect of IMPREG GmbH
- An assignment agreement in respect of security over bank accounts of IMPREG GmbH
- An assignment agreement in respect of security over IP rights of IMPREG GmbH
- A pledge agreement in respect of the Danish Floating Charge of CIPP Technology Holding ApS
- A pledge agreement in respect of an intra-group loan from CIPP ApS to CIPP Technology Holding ApS in the nominal amount equivalent to approximately EUR 41.5 million
- A pledge agreement in respect of an intra-group loan from the CIPP Technology Holding ApS to iMPREG GmbH in the nominal amount equivalent to approximately EUR 41.5 million

12. Related parties

Information about consolidated financial statements

Parent	Domicile
CIPP Holding ApS	Energivej 3, DK-4180 Sorø

CIPP ApS was engaged in the below related party transactions:

EUR'000	2022	2021
Management fee and Royalty income	747	591
Interest income, group enterprises	1,384	891
Interest expenses, intergroup enterprises	0	32
Receivables from group enterprises	40,131	41,455
Payables to group enterprises	0	1,472

Remuneration to management is stated in note 1.

Ownership

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

Parent	Domicile
CIPP Holding ApS	Energivej 3, DK-4180 Sorø

Accounting policies

The annual report of CIPP Technology Holding ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to 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.

Consolidated financial statements

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

Recognition and measurement

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

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

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

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

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

Reporting currency

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

Foreign currency translation

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

Income statement

Revenue

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

Income relates to management fee for management services.

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

Other external costs

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

Staff costs

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

Accounting policies

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

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

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

Balance sheet

Investments in group enterprises

Investments in subsidiaries are measured in the parent company's financial statements using the cost method. If an indication of impairment is identified, an impairment test is carried out. If the carrying amount of investments exceeds the recoverable amount, a corresponding impairment loss is recognised. Impairment losses are recognised in the company's income statement as financial items.

Receivables

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

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

Income taxes

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

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

Deferred tax

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

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

Accounting policies

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.