

CIPP ApS

Energivej 3, 4180 Sorø

Central Business Registration


No. 40911626

Annual report 2020/21

(1 May 2020 - 30 April 2021)

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

Chairman of the General Meeting



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Søren Friis Knudsen

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Company details

CIPP ApS

Energivej 3

4180 Sorø

Central Business Registration No: 40 91 16 26

Registered in: Sorø

Financial year: 1 May 2020 – 30 April 2021

Executive Board

Søren Friis Knudsen

Nicolai Krøjer Westh

Auditors

EY Godkendt Revisionspartnerselskab

Dirch Passers Allé 36

2000 Frederiksberg

Statement by Management on the annual report

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

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2021 and of the results of its operations for the financial year 1 May 2020 – 30 April 2021.

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

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

Sorø, 29 June 2021

Executive Board



Søren Friis Knudsen



Nicolai Krøjer Westh

Independent auditor's report

To the shareholder of CIPP ApS

Opinion

We have audited the financial statements of CIPP ApS for the financial year 1 May 2020 – 30 April 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2021 and of the results of the Company's operations for the financial year 1 May 2020 – 30 April 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

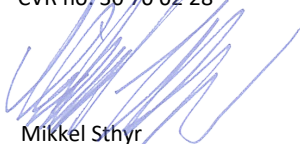
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 29 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Mikkel Sthyr
State Authorised
Public Accountant
mne26693



Ole Becker
State Authorised
Public Accountant
mne33732

Management 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 the period 1 May 2020 – 30 April 2021 showed a loss of EUR 1,883 thousand (2019/20: loss of EUR 1,216 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 1 May – 30 April

Income statement

EUR'000		2020/21	2019/20 (06.11.19 – 30.04.20)
	Revenue	718	0
	Other external costs	-158	-191
	Gross profit	560	-191
1	Staff costs	-650	-49
	Operating loss	-90	-240
2	Other financial income	1,344	374
3	Other financial expenses	-3,644	-1,364
	Loss before tax	-2,390	-1,230
4	Tax on profit/loss for the year	507	14
	Loss for the year	-1,883	-1,216
6	Proposed distribution of profit/loss		
	Retained earnings	-1,883	-1,216
		-1,883	-1,216

Financial statements 1 May – 30 April

Balance sheet

Assets

EUR'000	30 April 2021	30 April 2020
5 Investments in group enterprises	77,343	77,343
7 Receivables from group enterprises	41,340	42,379
Deferred tax assets	87	14
Financial assets	118,770	119,736
Non-current assets	118,770	119,736
Joint taxation	435	0
Current assets	435	0
Assets	119,205	119,736

Liabilities

Contributed capital	5	5
Retained earning	65,295	67,178
Equity	65,300	67,183
8 Interest-bearing loans and borrowings	43,696	43,531
Non-current liabilities	43,696	43,531
Bank overdraft	8,280	6,457
Payables to group enterprises	1,576	0
Trade payables	19	1,483
Other payables	334	1,082
Current liabilities	10,209	9,022
Equity and liabilities	119,205	119,736

9	Rental and lease commitments
10	Contingent liabilities
11	Mortgages and securities
12	Related parties

Financial statements 1 May – 30 April

Statement of changes in equity for 2020/21

EUR'000	Contributed capital	Retained Earnings	Total
Equity 1 May	5	67,178	67,183
Profit/loss for the year	0	-1,883	-1,883
Equity end of year	5	65,295	65,300

Notes

EUR'000	2020/21	2019/20
1. Staff costs		
Wages and salaries	642	49
Other social security costs	8	0
	<u>650</u>	<u>49</u>
Average number of employees	<u>4</u>	<u>2</u>
Management's remuneration	<u>512</u>	<u>49</u>
2. Other financial income		
Interest income, intergroup enterprises	1,344	368
Exchange rate adjustments, net	-	6
Total financial income	<u>1,344</u>	<u>374</u>
3. Other financial expenses		
Interest expenses, intergroup enterprises	34	0
Interest expenses	3,304	1,399
Amortization of borrowing costs	274	65
Other financial expenses	14	0
Exchange rate adjustments, net	18	0
Total financial expenses	<u>3,644</u>	<u>1,464</u>
4. Tax on profit/loss for the year		
Tax on current year taxable	-434	0
Change in deferred tax for the year	-73	-14
	<u>-507</u>	<u>-14</u>

Notes

EUR'000	2020/21	2019/20
5. Fixed asset investments		
Cost beginning of year	77,343	77,343
Carrying amount end of year	77,343	77,343

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

EUR'000	2020/21	2019/20
6. Proposed distribution of profit/loss		
Retained earnings	-1,883	-1,216
	-1,883	-1,216

7. Receivables from group enterprises

As per 30 April 2021, CIPP ApS has an intra-group receivable of tEUR 41,340, 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 2020/21	Instalments within 60 months 2020/21	Instalments beyond 60 months 2020/21
Interest-bearing loans and borrowings	0	0	43,696
	0	0	43,696

Financing costs at 30 April 2021 amounted to EUR 2.0 million (30 April 2020: EUR 1.9 million) and are amortized until the expiry date of the loans. Amortization in 2020/21 amounted to EUR 274 thousand (2019/20: EUR 65 thousand). At 30 April 2021, accrued interest amounted to tEUR 0 (30 April 2020: EUR 379 thousand).

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 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 GmbH;
- An assignment agreement in respect of security over bank accounts of IMPREG GmbH;
- An assignment agreement in respect of security over IP rights of IMPREG GmbH;
- A pledge agreement in respect of the Danish Floating Charge of CIPP Technology Holding ApS; and
- A pledge agreement in respect of an intra-group loan from the company to CIPP Technology Holding ApS in the nominal amount equivalent to approximately tEUR 42,010.
- A pledge agreement in respect of an intra-group loan from the company to iMPREG GmbH in the nominal amount equivalent to approximately tEUR 42,010.

12. Related parties

Information about consolidated financial statements

Parent

CIPP Holding ApS

Domicile

Energivej 3, 4180 Sorø

CIPP ApS was engaged in the below related party transactions:

EUR'000	2020/21
Management fee and Royalty income	718
Interest income, group enterprises	1,344
Interest expenses, intergroup enterprises	34
Receivables from group enterprises	41,340
Payables to group enterprises	1,576

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

CIPP Holding ApS

Domicile

Energivej 3, 4180 Sorø

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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

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 comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

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.

Accounting policies

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

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.

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 carry forwards, 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.

Income tax receivable or payable

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.

Joint taxation payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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.