



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Copenhagen Group A/S

Sankt Annæ Plads 11, 1., 1250 København K

Company reg. no. 28 69 89 41

Annual report

1 January - 31 December 2020

The annual report has been submitted and approved by the general meeting on the 20 September 2021.

Jeppe Handwerk
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Management's report

Today, the board of directors and the managing director have presented the annual report of Copenhagen Group A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities and cash flows, consolidated and of the company, respectively and cash flows, during the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Copenhagen, 16 September 2021

Managing Director

Jeppe Handwerk

Board of directors

Casper Moltke-Leth

Jeppe Handwerk

Meta Birgitte Zachau Handwerk



Independent auditor's report

To the shareholder of Copenhagen Group A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Copenhagen Group A/S for the financial year 1 January to 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies, consolidated and of the company, respectively. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities and cash flows, consolidated and of the company, respectively, for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 these consolidated financial statements and financial statements.



Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and 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 consolidated financial statements and 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.



Independent auditor's report

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 16 September 2021

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant
mne33765



Company information

The company

Copenhagen Group A/S
Sankt Annæ Plads 11, 1.
1250 København K

Company reg. no. 28 69 89 41
Established: 10 May 2005
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Casper Moltke-Leth
Jeppe Handwerk
Meta Birgitte Zachau Handwerk

Managing Director

Jeppe Handwerk

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Handwerk Holding A/S

Subsidiaries

Copenhagen Contractors A/S, Copenhagen
Copenhagen Election A/S, Copenhagen
Copenhagen Global A/S, Copenhagen
Copenhagen Arctic A/S, Copenhagen



Consolidated financial highlights

DKK in thousands.	2020	2019	2018	2017	2016
Income statement:					
Gross profit	29.563	20.714	15.662	24.370	36.965
Profit from operating activities	14.117	5.239	1.013	8.712	9.798
Net financials	-2.280	-833	-877	-1.879	-2.834
Net profit or loss for the year	8.947	2.468	-1.205	8.327	5.366
Statement of financial position:					
Balance sheet total	107.547	42.834	58.314	116.197	38.510
Investments in property, plant and equipment	529	848	556	286	4.932
Equity	25.940	16.544	14.120	17.689	9.153
Cash flows:					
Operating activities	1.062	15.715	12.532	-3.818	15.459
Investing activities	-13.800	-956	-633	-159	-3.915
Financing activities	12.575	-10.035	-9.020	5.164	-13.207
Total cash flows	-162	4.724	2.880	1.188	-1.663
Employees:					
Average number of full-time employees	26	32	31	31	45
Key figures in %:					
Solvency ratio	24,1	38,6	24,2	15,2	23,8
Return on equity	42,1	16,1	-7,6	62,0	43,9

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management commentary

The principal activities of the group

The Copenhagen Group manages projects and contracts awarded through direct tendering for the supply of products and services to international organisations, national governments and agencies.

The Copenhagen Group business model is based on recognising and realising opportunities in the difficult – be it urgent or long-term requirements for the Danish Defence, other deployed international forces in conflict countries and/or regions and humanitarian missions worldwide.

Copenhagen Group has five core businesses:

- **Copenhagen Contractors A/S:** Facility Management, Military Hangars, Containerised Systems and Solutions, Unmanned Aerial Systems (UAS) and Counter-UAS Solutions and Technologies
- **Copenhagen Medical A/S (registered trade name under Copenhagen Contractors A/S):** Medical Equipment and Services
- **Copenhagen Global A/S:** Vehicle and Boat Fleet Management Solutions
- **Copenhagen Election A/S:** Electoral Support Products
- **Copenhagen Arctic A/S:** Product and Services for the Nordic Arctic Region

As of September 2020, our company in Kuwait and as such **HDD** (Horizontal Directional Drilling Services) as a core business area was divested in the form of a management buy-out.

Copenhagen Group A/S is based in Copenhagen, Denmark, and currently employs 53 full-time employees on a permanent contract basis but makes extensive use of project-based employments and hourly paid employees to fit the scale and scope of work undertaken for customers.

Copenhagen Group A/S is solely owned by Handwerk Holding A/S, a family-owned company.

Annual Review

In 2020, the COVID-19 pandemic exercised significant influence on the operations of Copenhagen Group A/S overall, resulting in a total net profit of DKK 8.9 million for the year, which comprised an increase of 256 % from DKK 2.5 million in 2019.

As a response to the COVID-19 pandemic, our subsidiary company Copenhagen Contractors A/S was requested by the Danish State to assist in carrying out COVID-19 testing of the Danish population on a broader scale. In response to this request from the State, we opened 2 test centers in Greater Copenhagen in 2020 (Bella Center and Parken). Contractors A/S realized a profit from operational activities equal to approximately DKK 9 million in 2020.

Despite the pandemic, Copenhagen Global A/S also continued to deliver MAGIRUS turntable ladders, sell IVECO spare parts and equipment to UNOPS and armoured vehicles for international organisations worldwide in 2020. However, lower revenue was recorded based on an overall declining volume of business activities due to the COVID-19 pandemic. As an example, some of the projected sales of IVECO spare parts was postponed from Q4 2020 to 2021. Furthermore, Copenhagen Global A/S made a significant investment in a special purpose engine in 2020, targeting the demands of particular client segments.



Management commentary

In 2020, our other subsidiary company, Copenhagen Election A/S, supported fewer elections than in 2019, but we still managed to provide ballot boxes and ink for elections in 5 countries worldwide. Consequently, Copenhagen Election A/S reported a gross profit of DKK 3.9 million in 2020.

No revenue was reported for 2020 for Copenhagen Arctic. However, we are currently preparing for the upcoming Thule tender, scheduled to be launched in 2021.

Development in activities and financial matters

The gross profit of Copenhagen Group A/S increased by 43% to DKK 29.6 million in 2020 from DKK 20.7 million in 2019, primarily due to revenue generated from the Antigen (AG) testing services provided by Copenhagen Contractors A/S on behalf of the Danish State in response to the COVID-19 pandemic.

Operating profit increased significantly to DKK 14.1 million in 2020 from DKK 5.2 million in 2019. However, the cash flow from operating activities was affected negatively in 2020 due to the significant investments conducted in the operational set-up related to the COVID-19 testing services in Copenhagen Contractors A/S as well as the investment in the development of a special purpose engine, targeting the demands of particular client segments in Copenhagen Global A/S. Furthermore, an operational loss of approximately DKK 1.2 million was recorded in the company in Kuwait up until the time of the management buy-out in September 2020.

In 2020, Copenhagen Group A/S consolidated itself to an even stronger financial position overall. While the total balance decreased by 8.5% to DKK 107.5 million from DKK 117.5 million in 2019, total equity increased significantly to DKK 25.9 million from DKK 16.5 million in 2019. This was a result of a higher net profit of DKK 8.9 million in 2020 from DKK 2.5 million in 2019, which translated into an increase in the equity share/solvency ratio to 24.1% from 14.1% in 2019.

Special risks

Proper management of risks is extremely important to us, since our corporate set-up and customer database do not lend us much room for manoeuvring with respect to social acceptability and financial credibility.

Before bidding for a new potential contract we conduct an internal assessment of the customer and scope of work to ensure it meets our obligations to UN Global Compact to which we are a long-standing signatory.

Our suppliers undergo the same level of scrutiny, in particular with respect to ISO 9001 on quality, ISO 14001 on environment and OHSAS 18001/ISO 45001 on occupational health and safety.

To hedge our financial risks, we aim to quote customers in the same currency as that quoted to us by our suppliers. Our business transactions are, for the most part, also restricted to DKK, EUR and USD; hence, the biggest risk relates to fluctuations in the USD exchange rate towards EUR and DKK.

The vast majority of our contracts are with stable national governments and reputable international organisations; hence, a loss on debtors or a long delay in payments by a customer is rarely a problem for us.



Management commentary

Employees

Dedicated and motivated employees are paramount to the success of our company, and we maintain significant focus on giving our employees the chance to further develop their skills set and taking on new responsibilities.

In 2020, we managed to attract an even higher number of highly qualified and motivated employees from various backgrounds, who made a significant contribution to our company. As an example, we employed a number of medical and other health professionals from different educational and ethnic backgrounds, who were attracted to the new services provided by Copenhagen Medical A/S, as well as the higher purpose of making a difference in the fight against the COVID-19 pandemic.

Management commentary

Our employees are also strongly encouraged to propose new products and services to market and ideas on how to further improve our internal processes. As an example, we will continue to draw on a vast number of ideas and inputs from our employees in the process of converting from our current Enterprise Resource Planning (ERP) system to a new cloud based ERP system, which was initiated in 2020, and which we expect to complete towards the end of 2021.

Each year, all our employees are asked to participate in the employee satisfaction survey with the aim to improve employee engagement, satisfaction, work processes, and management practices.

Expected developments

Supporting international organisations and national governmental bodies worldwide with products and services from cradle to grave remains our core business focus.

In 2020, both Copenhagen Global A/S and Copenhagen Contractors A/S continued to tender for long-term agreements (LTAs) with international organisations, which will affect our future financial results, either positively or negatively.

Given our strong and long-standing partnerships with manufacturers of boats and related equipment, such as marine engines, we expect the marine segment to constitute a growing share of our revenue in the years to come. Our aim is to be the leading supplier of special purpose boats – from search-and-rescue to special purpose boats – to both governmental and commercial entities in the Nordics.

By continuing to expand our list of dealerships for high quality and often niche products and services for the Kingdom of Denmark and the Baltic Region, we also expect to expand our presence in the Danish and European market in the years to come.

We also expect to further increase sales of MAGIRUS fire trucks in the Kingdom of Denmark. Within 4 years of assuming the dealership for the Danish market, we have established name recognition and a good reputation within this market with confirmed orders lined up for delivery of MAGIRUS turntable ladders in 2021 and beyond.

Finally, we continue to focus on the sale of armoured vehicles to international organisations and governmental entities by expanding our product portfolio and after sales services. We will also continue to offer a leasing scheme for pre-owned armoured vehicles including on-site service.



Management commentary

Given our agility and rapid response to the request by the Danish State to establish the COVID-19 test centers and the provision a high quality service to Danish citizens and companies from this platform, we are very optimistic as to the prospects of Copenhagen Medical A/S under the umbrella of Copenhagen Contractors A/S. In this light, we believe, that we will be able to continuously develop our product and service offer in response to the significant national and international focus on health care related services moving forward. Copenhagen Contractors A/S will also continue to spearhead our geographical entry into new countries.

Furthermore, with the continuous threat of terrorist attacks worldwide, we also foresee a significant market for UAS and especially counter-UAS technology in Denmark and overseas.

Given that the procurement of electoral materials has been decentralised during the past few years, it requires a slightly new marketing model to sell our products for national elections. To support this new reality, we are now marketing and selling our electoral materials directly to national independent election commissions. Year 2021 and 2022 both look promising in terms of number of elections to be conducted in developing countries, where our products are used. Consequently, expectations for the next financial year remain high.

Events occurring after the end of the financial year

No events have occurred subsequent to the end of the fiscal year 2020, which could be of significant detriment to the Copenhagen Group A/S' financial position.

Statement of corporate social responsibility

We publish an independent Communication on Progress (COP) disclosing our corporate responsibility policies, key actions and performance.

Throughout all aspects of our operations – from tendering to buy-back and disposal of products – we are committed to conduct our business in a responsible and lawful manner with respect for the wider economic, social and environmental impacts of our activities.

We strive to promote the same principles and values underlying our business in our relationships with customers, suppliers and business partners.

We are fully committed to reducing the impacts of our operations and business activities on the environment through the mitigation of natural resource depletion and pollution.

We respect internationally recognised human rights and work to ensure that we do not contribute to human rights violations as a result of our global business activities.

As a major supplier of products and services to various UN agencies, the UN's Sustainable Development Goals (SDGs) are very important to us and we do our best to contribute to the fulfilment of the SDGs most relevant to our businesses.

Of the 17 SDGs established and agreed upon globally, we currently aim to help fulfil the following SDGs through our business conduct:

- Goal # 2: Zero Hunger
- Goal # 5: Gender Equality
- Goal # 14: Life Below Water



Management commentary

- Goal # 15: Life on Land
- Goal # 16: Peace, Justice and Strong Institutions

In 2021, we will work towards further operationalizing and measuring our progress towards achieving these goals on an ongoing basis.



Income statement 1 January - 31 December

All amounts in DKK.

Note	Group		Parent	
	2020	2019	2020	2019
	29.562.818	20.714.259	7.965.899	5.375.226
Gross profit				
1 Staff costs	-14.237.487	-14.421.921	-8.983.561	-6.359.366
2 Depreciation, amortisation, and impairment	-1.208.205	-1.053.291	-139.002	-85.609
Operating profit	14.117.126	5.239.047	-1.156.664	-1.069.749
3 Income from equity investments in group enterprises	0	0	20.080.998	9.025.823
Other financial income from group enterprises	9.107	0	-13.420.713	1.014.481
Other financial income	215.413	455.783	139.716	339.299
4 Other financial costs	-2.504.934	-1.288.560	-1.562.834	-2.603.639
Pre-tax net profit or loss	11.836.712	4.406.270	4.080.503	6.706.215
5 Tax on net profit or loss for the year	-1.248.413	-1.938.202	448.700	351.152
Profit or loss from ordinary activities after tax	10.588.299	2.468.068	4.529.203	7.057.367
6 Results for the year after tax on discontinued operations	-1.641.058	0	0	0
7 Net profit or loss for the year	8.947.241	2.468.068	4.529.203	7.057.367



Statement of financial position at 31 December

All amounts in DKK.

Note	Group		Parent		
	2020	2019	2020	2019	
Assets					
Non-current assets					
8	Development projects in progress and prepayments for intangible assets	964.688	0	0	0
	Total intangible assets	964.688	0	0	0
9	Property	1.646.750	1.672.082	1.646.750	1.672.082
10	Other fixtures and fittings, tools and equipment	1.914.367	2.683.707	178.873	292.543
	Total property, plant, and equipment	3.561.117	4.355.789	1.825.623	1.964.625
11	Equity investments in group enterprises	0	0	47.029.670	41.015.387
12	Other receivables	12.443.633	0	12.443.633	0
13	Deposits	603.035	625.116	528.807	550.888
	Total investments	13.046.668	625.116	60.002.110	41.566.275
	Total non-current assets	17.572.473	4.980.905	61.827.733	43.530.900
Current assets					
	Raw materials and consumables	4.548.438	2.771.766	0	0
	Work in progress	0	823.180	0	0
	Manufactured goods and goods for resale	45.798.733	323.357	0	0
	Prepayments for goods	29.424	0	0	0
	Total inventories	50.376.595	3.918.303	0	0
	Trade receivables	22.249.238	19.860.803	0	0
14	Contract work in progress	0	207.513	0	0
	Receivables from group enterprises	2.053.802	293.479	2.053.803	14.174.754
15	Deferred tax assets	219.780	643.857	96.752	72.454
	Income tax receivables	0	0	0	603.768
	Tax receivables from group enterprises	1.718.134	0	424.402	0
	Other receivables	1.863.557	2.895.735	6.150	15.689
16	Prepayments and accrued income	1.677.574	54.559	177.574	54.559
	Total receivables	29.782.085	23.955.946	2.758.681	14.921.224
	Cash on hand and demand deposits	9.816.216	9.978.687	3.431.995	1.153.816
	Total current assets	89.974.896	37.852.936	6.190.676	16.075.040
	Total assets	107.547.369	42.833.841	68.018.409	59.605.940



Statement of financial position at 31 December

All amounts in DKK.

Note	Group		Parent		
	2020	2019	2020	2019	
Equity and liabilities					
Equity					
17	Contributed capital	3.000.000	3.000.000	3.000.000	3.000.000
	Retained earnings	22.940.397	13.543.531	22.940.398	18.411.195
	Total equity	25.940.397	16.543.531	25.940.398	21.411.195
Provisions					
18	Other provisions	100.000	100.000	0	0
	Total provisions	100.000	100.000	0	0
Liabilities other than provisions					
19	Mortgage loans	902.330	950.001	902.330	950.001
20	Other payables	0	1.833.055	0	81.967
	Total long term liabilities other than provisions	902.330	2.783.056	902.330	1.031.968
	Current portion of long term payables	47.671	48.120	47.671	48.120
	Bank loans	20.299.075	4.082.762	328.252	4.082.762
	Prepayments received from customers	2.271.015	0	0	0
	Trade payables	14.758.986	16.519.615	1.547.590	953.945
	Payables to group enterprises	0	0	34.212.964	30.958.004
	Income tax payable	0	294.316	0	0
	Income tax payable to group enterprises	2.542.470	0	0	0
	Other payables	40.685.425	2.462.441	5.039.204	1.119.946
	Total short term liabilities other than provisions	80.604.642	23.407.254	41.175.681	37.162.777
	Total liabilities other than provisions	81.506.972	26.190.310	42.078.011	38.194.745
	Total equity and liabilities	107.547.369	42.833.841	68.018.409	59.605.940
21	Charges and security				
22	Contingencies				
23	Related parties				



Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Retained earnings	Total
Equity 1 January 2019	3.000.000	11.120.091	14.120.091
Retained earnings for the year	0	2.468.068	2.468.068
Currency translation	0	-44.628	-44.628
Equity 1 January 2020	3.000.000	13.543.531	16.543.531
Retained earnings for the year	0	8.947.241	8.947.241
Adjustment disposed group enterprises	0	449.625	449.625
	3.000.000	22.940.397	25.940.397



Statement of changes in equity of the parent

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserve for net revaluation according to the equity method</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	3.000.000	0	11.398.456	14.398.456
Share of profit or loss	0	9.025.823	-1.968.456	7.057.367
Transfer	0	-9.025.823	0	-9.025.823
Currency translation	0	0	-44.628	-44.628
Adjustment disposed group enterprises	0	0	9.025.823	9.025.823
Equity 1 January 2020	<u>3.000.000</u>	<u>0</u>	<u>18.411.195</u>	<u>21.411.195</u>
Share of profit or loss	<u>0</u>	<u>0</u>	<u>4.529.203</u>	<u>4.529.203</u>
	<u>3.000.000</u>	<u>0</u>	<u>22.940.398</u>	<u>25.940.398</u>



Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note	Group		Parent	
	2020	2019	2020	2019
	8.947.241	2.468.068	4.529.203	7.057.367
24 Adjustments	5.186.656	3.841.000	-19.163.954	-8.041.507
25 Change in working capital	-10.496.681	10.276.499	-8.022.125	584.530
Cash flows from operating activities before net financials	3.637.216	16.585.567	-22.656.876	-399.610
Interest received, etc.	224.522	443.247	336.093	1.353.784
Interest paid, etc.	-2.504.934	-1.267.521	-1.562.834	-2.603.639
Cash flows from ordinary activities	1.356.804	15.761.293	-23.883.617	-1.649.465
Income tax paid	-294.316	-45.954	603.768	1.135.024
Cash flows from operating activities	1.062.488	15.715.339	-23.279.849	-514.441
Purchase of intangible assets	-964.688	0	0	0
Purchase of property, plant, and equipment	-528.594	-847.612	0	-318.633
Sale of property, plant, and equipment	115.061	0	0	0
Purchase of deposits	22.081	0	0	0
Adjustment disposed group enterprises	-12.443.633	0	0	0
Sale of enterprise	0	0	14.066.715	0
Other cash flows from (spent on) investment activities	0	-108.290	0	0
Cash flows from investment activities	-13.799.773	-955.902	14.066.715	-318.633
Repayments of long-term payables	14.335.138	-8.871.856	-3.884.597	-8.871.856
Available funds	0	-1.846	0	0
Other cash flows from financing activities	-1.760.324	-1.161.625	15.375.911	8.899.661
Cash flow from financing activities	12.574.814	-10.035.327	11.491.314	27.805
Change in cash and cash equivalents	-162.471	4.724.110	2.278.180	-805.269
Cash and cash equivalents at 1 January 2020	9.978.687	5.275.620	1.153.816	1.959.088
Foreign currency translation adjustments (cash and cash equivalents)	0	-21.043	-1	-3
Cash and cash equivalents at 31 December 2020	9.816.216	9.978.687	3.431.995	1.153.816
Cash and cash equivalents				
Cash on hand and demand deposits	9.816.216	9.978.687	3.431.995	1.153.816
Cash and cash equivalents at 31 December 2020	9.816.216	9.978.687	3.431.995	1.153.816



Notes

All amounts in DKK.

	Group		Parent	
	2020	2019	2020	2019
1. Staff costs				
Salaries and wages	13.791.377	14.356.280	8.945.016	6.331.357
Other costs for social security	96.111	65.641	38.545	28.009
Other staff costs	349.999	0	0	0
	14.237.487	14.421.921	8.983.561	6.359.366
Executive board and board of directors	2.500.000	2.520.000	625.000	504.000
Average number of employees	26	32	6	4
	Group		Parent	
	2020	2019	2020	2019
2. Depreciation, amortisation, and impairment				
Depreciation of buildings	25.332	25.332	25.332	25.332
Depreciation of other fixtures and fittings, tools and equipment	1.182.873	1.027.959	113.670	60.277
	1.208.205	1.053.291	139.002	85.609
			Parent	
			2020	2019
3. Income from equity investments in group enterprises				
Copenhagen Contractors A/S			6.665.916	-399.760
Copenhagen Election A/S			3.035.304	7.729.086
Copenhagen Global A/S			-3.692.228	2.055.903
Copenhagen Arctic A/S			5.291	-7.740
Copenhagen Contractors Ltd. Kuwait			14.066.715	-358.986
Copenhagen Contractors Ltd. Jordan			0	7.320
			20.080.998	9.025.823



Notes

All amounts in DKK.

	Group		Parent	
	2020	2019	2020	2019
4. Other financial costs				
Financial costs, group enterprises	0	0	653.278	1.914.894
Other financial costs	2.504.934	1.288.560	909.556	688.745
	2.504.934	1.288.560	1.562.834	2.603.639

	Group		Parent	
	2020	2019	2020	2019
5. Tax on net profit or loss for the year				
Tax on net profit or loss for the year	824.336	294.316	-424.402	-603.768
Adjustment of deferred tax for the year	424.077	1.643.886	-24.298	252.616
	1.248.413	1.938.202	-448.700	-351.152

6. Discontinued operations

In the course of 2020, as a part of the enterprise's future strategy, the management has decided to discontinue the business segment of horizontal directional drilling in Kuwait, which, as a result, is recognised in a separate item in the income statement as "Post-tax net profit or loss for the year on discontinued operations".

In 2020, the enterprise entered into an agreement on the sale of this activity to an external party.

The comparative figures for 2019 have not been adjusted for discontinued operations.

Breakdown of post-tax net profit or loss for the year of discontinued operations into principal items:

Gross profit	2.777.680
Staff costs	-2.797.771
Depreciation, amortisation and impairment	-80.565
Other financial income	267.029
Other financial costs	-961.543
Pre-tax profit or loss	-795.170
Tax on results	-845.888
Post-tax net profit or loss for the year of discontinued operations	-1.641.058



Notes

All amounts in DKK.

	Parent	
	2020	2019
7. Proposed appropriation of net profit		
Reserves for net revaluation according to the equity method	0	9.025.823
Transferred to retained earnings	4.529.203	0
Allocated from retained earnings	0	-1.968.456
Total allocations and transfers	4.529.203	7.057.367

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
8. Development projects in progress and prepayments for intangible assets				
Additions during the year	964.688	0	0	0
Cost 31 December 2020	964.688	0	0	0
Carrying amount, 31 December 2020	964.688	0	0	0

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
9. Property				
Cost 1 January 2020	1.900.000	1.900.000	1.900.000	1.900.000
Cost 31 December 2020	1.900.000	1.900.000	1.900.000	1.900.000
Depreciation and writedown 1 January 2020	-227.918	-202.586	-227.918	-202.586
Amortisation and depreciation for the year	-25.332	-25.332	-25.332	-25.332
Depreciation and writedown 31 December 2020	-253.250	-227.918	-253.250	-227.918
Carrying amount, 31 December 2020	1.646.750	1.672.082	1.646.750	1.672.082



Notes

All amounts in DKK.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
10. Other fixtures and fittings, tools and equipment				
Cost 1 January 2020	30.030.396	28.947.971	2.435.094	2.116.461
Translation at the exchange rate at the balance sheet date 31 December 2020	0	234.813	0	0
Disposals concerning company transfer	-9.672.141	0	0	0
Additions during the year	528.594	847.612	0	318.633
Disposals during the year	-1.000.000	0	0	0
Cost 31 December 2020	19.886.849	30.030.396	2.435.094	2.435.094
Amortisation and writedown 1 January 2020	-27.346.689	-26.084.766	-2.142.551	-2.082.274
Translation at the exchange rate at the balance sheet date 31 December 2020	0	-229.772	0	0
Amortisation and depreciation for the year	-1.182.873	-1.032.151	-113.670	-60.277
Depreciation, amortisation and impairment loss for the year, assets disposed of	10.557.080	0	0	0
Amortisation and writedown 31 December 2020	-17.972.482	-27.346.689	-2.256.221	-2.142.551
Carrying amount, 31 December 2020	1.914.367	2.683.707	178.873	292.543



Notes

All amounts in DKK.

	Parent	
	31/12 2020	31/12 2019
11. Equity investments in group enterprises		
Cost 1 January 2020	62.851.585	62.851.585
Disposals during the year	-19.121.617	0
Cost 31 December 2020	43.729.968	62.851.585
Revaluations, opening balance 1 January 2020	-21.836.198	-31.213.687
Translation at the exchange rate at the balance sheet date	0	-44.628
Net profit or loss for the year before amortisation of goodwill	6.014.283	4.366.583
Reversals for the year concerning disposals	19.121.617	0
Other movements in capital	0	5.055.534
Revaluation 31 December 2020	3.299.702	-21.836.198
Carrying amount, 31 December 2020	47.029.670	41.015.387

Group enterprises:

	Domicile	Equity interest
Copenhagen Contractors A/S	Copenhagen	100 %
Copenhagen Election A/S	Copenhagen	100 %
Copenhagen Global A/S	Copenhagen	100 %
Copenhagen Arctic A/S	Copenhagen	100 %

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
12. Other receivables				
Additions during the year	12.443.633	0	12.443.633	0
Cost 31 December 2020	12.443.633	0	12.443.633	0
Carrying amount, 31 December 2020	12.443.633	0	12.443.633	0
Specified as follows:				
Other receivables	12.443.633	0	12.443.633	0
	12.443.633	0	12.443.633	0



Notes

All amounts in DKK.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
13. Deposits				
Cost 1 January 2020	625.116	596.848	550.888	522.620
Additions during the year	50.605	28.268	50.605	28.268
Disposals during the year	-72.686	0	-72.686	0
Cost 31 December 2020	603.035	625.116	528.807	550.888
Carrying amount, 31 December 2020	603.035	625.116	528.807	550.888

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
14. Contract work in progress				
Selling price of the production for the period	0	207.513	0	0
Contract work in progress, net	0	207.513	0	0

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
15. Deferred tax assets				
Deferred tax assets 1 January 2020	643.857	2.287.743	72.454	325.070
Deferred tax of the net profit or loss for the year	-424.077	-1.643.886	24.298	-252.616
	219.780	643.857	96.752	72.454

16. Prepayments and accrued income

Accruals consist of prepaid expenses related to the next fiscal year.

	Parent	
	31/12 2020	31/12 2019
17. Contributed capital		
Contributed capital 1 January 2020	3.000.000	3.000.000
	3.000.000	3.000.000

The share capital consists of 3.000.000 shares, each with a nominal value of DKK 1.



Notes

All amounts in DKK.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
18. Other provisions				
Other provisions 1 January 2020	100.000	100.000	0	0
Change in other provisions for the year	0	0	0	0
	100.000	100.000	0	0

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
19. Mortgage loans				
Total mortgage loans	950.001	998.121	950.001	998.121
Share of amount due within 1 year	-47.671	-48.120	-47.671	-48.120
	902.330	950.001	902.330	950.001
Share of liabilities due after 5 years	710.501	758.141	710.501	758.141

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
20. Other payables				
Total other payables	0	1.833.055	0	81.967
Share of amount due within 1 year	0	0	0	0
Total other payables	0	1.833.055	0	81.967

21. Charges and security

As security for the group's mortgage debts, t.DKK 950 (parent enterprise: t.DKK 950), the group has granted mortgage on land and buildings representing a book value of tDKK 1.647 (parent enterprise: t.DKK 1.647) at 31 December 2020.



Notes

All amounts in DKK.

21. Charges and security (continued)

For the group's bank debts, t.DKK 19.923, (parent enterprise t.DKK 0) the group has provided security in company assets representing a nominal value of t.DKK 24.000. (parent enterprise t.DKK 24.000). This security comprises the below assets, stating the book values:

Inventories	t.DKK 50.377 (parent enterprise t.DKK 0)
Trade debtors	t.DKK 22.491 (parent enterprise t.DKK 0)
Other plants, operating assets, fixtures and furniture	t.DKK 1.914 (parent enterprise t.DKK 179)

22. Contingencies

Contingent liabilities

Recourse guarantee commitments:

The company has guaranteed the bank loans of the group enterprises. On 31 December 2020, the total bank loans of the group enterprises totalled DKK 19.923.

Joint taxation

With Handwerk Holding A/S, company reg. no 33055889 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

23. Related parties

Controlling interest

Handwerk Holding A/S, Sankt Annæ Plads 11, 1., 1250 Copenhagen, Denmark

Majority shareholder



Notes

All amounts in DKK.

Controlling interest (continued)

Other related parties

Casper Moltke-Leth	Board member
Jeppe Handwerk	Board member
Meta Birgitte Zachau Handwerk	Board member
Copenhagen Constructors A/S	Group enterprise
Copenhagen Election A/S	Group enterprise
Copenhagen Arctic A/S	Group enterprise
Copenhagen Global A/S	Group enterprise
Copenhagen Constructors Ltd., Kuwait	Group enterprise
Copenhagen Constructors Ltd., Jordan	Group enterprise

The shareholder of the group is also employed as CEO. Remuneration is granted on market terms.

Transactions

All transactions with related parties are made on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Handwerk Holding A/S, Sankt Annæ Plads 11, 1., 1250 Copenhagen, Denmark.



Notes

All amounts in DKK.

	Group		Parent	
	2020	2019	2020	2019
24. Adjustments				
Depreciation, amortisation, and impairment	1.208.205	1.057.483	139.002	85.609
Income from equity investments in group enterprises	0	0	-20.080.998	-9.025.823
Other financial income	-224.520	-443.243	-336.092	-1.353.780
Other financial costs	2.504.934	1.288.558	1.562.834	2.603.639
Tax on net profit or loss for the year	1.248.413	1.938.202	-448.700	-351.152
Other adjustments	449.624	0	0	0
	5.186.656	3.841.000	-19.163.954	-8.041.507

	Group		Parent	
	2020	2019	2020	2019
25. Change in working capital				
Change in inventories	-46.458.292	567.968	0	0
Change in receivables	-2.771.759	18.295.068	-12.535.028	180.784
Change in trade payables and other payables	38.733.370	-8.586.537	4.512.903	403.746
	-10.496.681	10.276.499	-8.022.125	584.530



Accounting policies

The annual report for Copenhagen Group A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations, amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Recognition of discontinued operations

Discontinued operations represent a considerable part of the enterprise if activities and cash flows, in operational and accounting terms, are recognised separately from the rest of the enterprise and if the entity has either been sold or demerged and held for sale and this sale is expected to be completed within one year in accordance with a formal plan. Also, discontinued operations comprise enterprises which, on acquisition, were classified as held for sale.

Post-tax profit or loss on discontinued operations and value adjustments after tax on related assets and liabilities as well as gains/losses from sales are recognised as separate items in the income statement without restating comparatives. Revenue, costs, value adjustments, and tax on the discontinued operation in question are recognised in the notes. Assets and related liabilities concerning discontinued operations are recognised as separate items in the statement of financial position without restating comparatives and the principal items are specified in the notes.

Assets relating to discontinued operations comprise non-current assets and disposal groups, the disposal of which is expected as a result of discontinued operations. Disposal groups are assets disposed of in whole by sale or similar transaction. Liabilities arising from assets concerning discontinued operations are obligations related directly to these assets and will be transferred upon transaction. Assets are classified as assets relative to discontinued operations when their carrying amount is primarily recovered through disposal within a 12-month period in accordance with a formal plan rather than through continued use.

Assets or disposal groups relative to discontinued operations are measured at the lowest value at the time of an operation being classified as a discontinued operation, or at fair value less sales costs. Assets are not depreciated or amortised as of the time they are classified as discontinued operations.



Accounting policies

The consolidated financial statements

The consolidated income statements comprise the parent company Copenhagen Group A/S and those group enterprises of which Copenhagen Group A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.



Accounting policies

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.



Accounting policies

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

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

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:



Accounting policies

	Useful life	Residual value
Buildings, Denmark	30 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.



Accounting policies

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.



Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".



Accounting policies

According to the rules of joint taxation, Copenhagen Group A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Other Provisions

Provisions comprise expected costs of warranty commitments. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Warranty commitments comprise commitments to repair work being carried out within the warranty period of 1-5 years. The provisions are measured at the net realisable value and recognised on the basis of experience with warranty work. If provisions have an expected due date later than 1 year from the reporting date, they are discounted at the average bond interest.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.



Accounting policies

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's and parent's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's and parent's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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Jeppe Handwerk

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