



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Copenhagen Global A/S

Sankt Annæ Plads 11, 1250 Copenhagen

Company reg. no. 32 55 70 66

Annual report

1 January - 31 December 2017

The annual report has been submitted and approved by the general meeting on the 31 May 2018.

Casper Moltke-Leth
Chairman of the meeting



Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Financial highlights	6
Management's review	7
Annual accounts 1 January - 31 December 2017	
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	12
Cash flow statement	13
Notes	14
Accounting policies used	18

Notes:

- To ensure the greatest possible applicability of this document, British 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

The board of directors and the managing director have today presented the annual report of Copenhagen Global A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 22 May 2018

Managing Director

Jeppe Handwerk

Board of directors

Casper Moltke-Leth
Chairman

Meta Birgitte Zachau Handwerk Jeppe Handwerk



Independent auditor's report

To the shareholders of Copenhagen Global A/S

Opinion

We have audited the annual accounts of Copenhagen Global A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2017 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.



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 evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 22 May 2018

Christensen Kjarulff

Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant
MNE-nr. 33765



Company data

The company	Copenhagen Global A/S Sankt Annæ Plads 11 1250 Copenhagen
	Company reg. no. 32 55 70 66 Established: 29 October 2009 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Casper Moltke-Leth, Chairman Meta Birgitte Zachau Handwerk Jeppe Handwerk
Managing Director	Jeppe Handwerk
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K
Parent company	Copenhagen Group A/S



Financial highlights

DKK in thousands.	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Profit and loss account:					
Net turnover	222.251	182.567	175.911	172.070	65.883
Gross profit	9.895	18.991	7.350	7.166	2.534
Results from operating activities	8.554	13.865	5.179	4.415	1.364
Net financials	1.901	-1.369	277	-462	-1.329
Results for the year	8.140	9.736	4.209	2.960	-95
Balance sheet:					
Balance sheet sum	100.849	20.526	54.495	42.495	15.802
Investments in tangible fixed assets represent	77	4.607	427	1.707	0
Equity	16.389	8.249	8.513	4.304	1.344
Cash flow:					
Operating activities	-7.885	22.175	-8.950	11.980	-2.750
Investment activities	3.274	-4.607	-501	-1.707	0
Financing activities	4.630	-18.387	-5.711	5.939	-1.169
Cash flow in total	19	-819	-15.161	16.212	-3.919
Employees:					
Average number of full time employees	4	2	2	2	2
Key figures in %:					
Return on equity investment	41,7	37,0	10,7	15,1	10,4
Solvency ratio	16,3	40,2	15,6	10,1	8,5
Return on equity	66,1	116,2	65,7	104,8	-

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.



Management's review

The principal activities of the company

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

Copenhagen Global specialises in the provision of vehicles, special purpose boats, equipment, spare parts and after sales services to customers worldwide.

Copenhagen Global's business model is centred on obtaining long-term agreements with national governmental agencies and international organisations for the supply of products manufactured by our strategic business partners, such as MAGIRUS, FPT Industrial, United States Marine Inc., BRP Lynx, Textron and MST to name a few.

Development in activities and financial matters

In 2017, revenue increased by 21.7% from DKK 182.6 million to DKK 222.3 million.

We continue to grow our business within the vehicle fleet management segment, but in 2017 we also managed to add new products and services to our portfolio, such as BRP Lynx snowmobiles.

In 2017, we expanded our work with MAGIRUS, which manufactures fire trucks and equipment, by becoming an authorised dealer for the Kingdom of Denmark and Iceland. In September 2017, we sold and delivered our first MAGIRUS turntable ladder to a Danish customer and in December 2017, we won yet another contract for supply and delivery of two MAGIRUS low liner turntable ladders to another Danish customer in year 2018.

In June 2017, we delivered 68 IVECO trucks, of different configurations, to Mosul in Iraq via an international organisation.

In 2017, we also delivered quite a few armoured vehicles to foreign security services in Africa and Middle East.

In 2017, we also delivered 15 BRP Lynx snowmobiles to the Danish Defence under our long-term agreement.

Despite an increase in revenue, our gross profit decreased by 47.9% to DKK 9.9 million from DKK 19 million. This lower gross profit was a result of rental of our new warehouse in Copenhagen Freeport, a higher management fee to our parent company, Copenhagen group, and procurement of company service vehicles.

Operating profit decreased by 38.1% to DKK 8.6 million, constituting a profit margin of 3.9%.

With a net profit of DKK 8.1 million for 2017, total equity ultimo 2017 amounts to DKK 16.4 million and translates into an equity share of 16.3%, which is slightly less compared to last year's 40.2%.



Management's review

The expected development

During 2017 we continued to invest heavily in Copenhagen Global by employing additional staff, acquiring a warehouse/workshop and related equipment, and expanding our in-house skills set, since providing high-quality after sales services is a cornerstone of our business model for Copenhagen Global. We go where others are unable to in order to best support our customers – from Somalia in the south to Iraq in the East.

With the addition of new staff with the required expertise and experience from the maritime sector coupled with our strong and long-standing partnerships with manufacturers of boats and related equipment, such as marine engines, we expect the boat 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.

With the dealership for MAGIRUS in the Kingdom of Denmark, we also expect to expand our presence in the Danish market, by not only supplying and delivering fire trucks and equipment, but also offering repair and maintenance services to customers.

Risk Management

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 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.

Events subsequent to the financial year

No events have occurred subsequent to the end of the fiscal year 2017, which could be of significant detriment to the Copenhagen Global's financial position.



Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Net turnover	222.250.859	182.567.399
Raw materials and consumables used	-203.804.260	-158.118.116
Other external costs	-8.552.068	-5.458.275
Gross results	9.894.531	18.991.008
2 Staff costs	-2.873.041	-2.051.597
Depreciation and writedown relating to tangible fixed assets	1.532.994	-3.073.932
Operating profit	8.554.484	13.865.479
Other financial income from group enterprises	929.997	885.803
Other financial income	2.160.398	0
Other financial costs	-1.189.732	-2.254.581
Results before tax	10.455.147	12.496.701
3 Tax on ordinary results	-2.315.600	-2.760.609
4 Results for the year	8.139.547	9.736.092



Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Assets		
Fixed assets		
5 Other plants, operating assets, fixtures and furniture	100.428	1.841.204
Tangible fixed assets in total	<u>100.428</u>	<u>1.841.204</u>
6 Deposits	74.228	74.228
Financial fixed assets in total	<u>74.228</u>	<u>74.228</u>
Fixed assets in total	<u>174.656</u>	<u>1.915.432</u>
Current assets		
Raw materials and consumables	4.154.643	58.682
Work in progress	928.700	0
Prepayments for goods	958.186	4.298.141
Inventories in total	<u>6.041.529</u>	<u>4.356.823</u>
Trade debtors	82.174.441	5.323.920
Amounts owed by group enterprises	11.452.797	7.660.901
7 Deferred tax assets	281.904	619.163
Other debtors	56.141	0
Debtors in total	<u>93.965.283</u>	<u>13.603.984</u>
Available funds	<u>667.719</u>	<u>649.569</u>
Current assets in total	<u>100.674.531</u>	<u>18.610.376</u>
Assets in total	<u>100.849.187</u>	<u>20.525.808</u>



Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
8	Contributed capital	1.000.000	1.000.000
	Results brought forward	15.389.027	7.249.480
	Equity in total	<u>16.389.027</u>	<u>8.249.480</u>
Provisions			
9	Other provisions	100.000	100.762
	Provisions in total	<u>100.000</u>	<u>100.762</u>
Liabilities			
	Bank debts	10.083.504	1.661.822
	Prepayments received from customers	223.145	0
	Trade creditors	71.014.111	7.843.841
	Corporate tax	1.978.341	3.088.866
	Other debts	1.061.059	-418.963
	Short-term liabilities in total	<u>84.360.160</u>	<u>12.175.566</u>
	Liabilities in total	<u>84.360.160</u>	<u>12.175.566</u>
	Equity and liabilities in total	<u>100.849.187</u>	<u>20.525.808</u>

1 Special items

10 Mortgage and securities

11 Contingencies



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2016	1.000.000	7.513.388	8.513.388
Profit or loss for the year brought forward	0	9.736.092	9.736.092
Distributed extraordinary dividend adopted during the financial year.	0	-10.000.000	-10.000.000
Equity 1 January 2017	1.000.000	7.249.480	8.249.480
Profit or loss for the year brought forward	0	8.139.547	8.139.547
	1.000.000	15.389.027	16.389.027



Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Results for the year	8.139.547	9.736.092
12 Adjustments	-1.118.057	7.203.320
13 Change in working capital	<u>-13.717.931</u>	<u>7.228.434</u>
Cash flow from operating activities before net financials	-6.696.441	24.167.846
Interest received and similar amounts	3.090.395	885.803
Interest paid and similar amounts	<u>-1.189.732</u>	<u>-2.254.580</u>
Cash flow from ordinary activities	-4.795.778	22.799.069
Corporate tax paid	<u>-3.088.866</u>	<u>-624.308</u>
Cash flow from operating activities	<u>-7.884.644</u>	<u>22.174.761</u>
Purchase of tangible fixed assets	-76.720	-4.606.925
Sale of tangible fixed assets	<u>3.350.491</u>	<u>0</u>
Cash flow from investment activities	<u>3.273.771</u>	<u>-4.606.925</u>
Dividends distributed	0	-10.000.000
Available funds	8.421.682	-7.757.278
Other cash flows from financing activities	<u>-3.791.896</u>	<u>-629.515</u>
Cash flow from financing activities	<u>4.629.786</u>	<u>-18.386.793</u>
Changes in available funds	18.913	-818.957
Available funds 1 January 2017	649.569	1.468.526
Exchange rate adjustments (available funds)	<u>-763</u>	<u>0</u>
Available funds 31 December 2017	<u>667.719</u>	<u>649.569</u>
Available funds		
Available funds	<u>667.719</u>	<u>649.569</u>
Available funds 31 December 2017	<u>667.719</u>	<u>649.569</u>



Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

As mentioned in the management's review, the results for the year are affected by a change in financial estimates, which has a material effect on the results for the year.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

Income:

Reversal of writedown of fixed assets	<u>1.675.245</u>
	<u>1.675.245</u>

Special items are recognised in the following items in the annual accounts:

Depreciation and writedown relating to tangible fixed assets	<u>1.675.245</u>
Results of special items, net	<u>1.675.245</u>

	<u>2017</u>	<u>2016</u>
2. Staff costs		
Salaries and wages	2.234.473	1.075.041
Other costs for social security	-188.810	10.302
Other staff costs	<u>827.378</u>	<u>966.254</u>
	<u>2.873.041</u>	<u>2.051.597</u>
Executive board and board of directors	<u>584.000</u>	<u>660.000</u>
Average number of employees	<u>4</u>	<u>2</u>

Board fee is paid from parent company.



Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
3. Tax on ordinary results		
Tax of the results for the year, parent company	1.978.341	3.088.866
Adjustment for the year of deferred tax	<u>337.259</u>	<u>-328.257</u>
	<u>2.315.600</u>	<u>2.760.609</u>
4. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	0	10.000.000
Allocated to results brought forward	8.139.547	0
Allocated from results brought forward	<u>0</u>	<u>-263.908</u>
Distribution in total	<u>8.139.547</u>	<u>9.736.092</u>
5. Other plants, operating assets, fixtures and furniture		
Cost 1 January 2017	6.740.943	2.134.018
Additions during the year	76.720	4.606.925
Disposals during the year	<u>-4.606.925</u>	<u>0</u>
Cost 31 December 2017	<u>2.210.738</u>	<u>6.740.943</u>
Amortisation and writedown 1 January 2017	-4.899.739	-1.825.806
Adjustment of writedown, opening balance	1.675.245	0
Depreciation for the year	-142.252	-3.073.933
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>1.256.436</u>	<u>0</u>
Amortisation and writedown 31 December 2017	<u>-2.110.310</u>	<u>-4.899.739</u>
Book value 31 December 2017	<u>100.428</u>	<u>1.841.204</u>
6. Deposits		
Cost 1 January 2017	<u>74.228</u>	<u>74.228</u>
Cost 31 December 2017	<u>74.228</u>	<u>74.228</u>
Book value 31 December 2017	<u>74.228</u>	<u>74.228</u>



Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
7. Deferred tax assets		
Deferred tax assets 1 January 2017	619.163	290.906
Adjustment for the year of deferred tax	<u>-337.259</u>	<u>328.257</u>
	<u>281.904</u>	<u>619.163</u>

The following items are subject to deferred tax:

Tangible fixed assets	<u>281.904</u>	<u>619.163</u>
	<u>281.904</u>	<u>619.163</u>

8. Contributed capital

Contributed capital 1 January 2017	<u>1.000.000</u>	<u>1.000.000</u>
	<u>1.000.000</u>	<u>1.000.000</u>

The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000.

During the last 5 years, there has been the following changes to the contributed capital:

The company has in 2012 increased the contributed capital from DKK 500.000 to DKK 1.000.000 through a cash capital increase.

9. Other provisions

Other provisions 1 January 2017	100.762	173.387
Change of the year in other provisions	<u>-762</u>	<u>-72.625</u>
	<u>100.000</u>	<u>100.762</u>

10. Mortgage and securities

For bank debts, tDKK 20.041, the company has provided security in company assets representing a nominal value of tDKK 17.000. This security comprises the below assets, stating the book values:

Inventories	DKK 6.042
Receivable from sales and services	DKK 82.174
Other plants, operating assets, fixtures and furniture	DKK 100



Notes

All amounts in DKK.

11. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	1.255
Recourse liability to products sold	5.251
Recourse guarantee commitments	20.041
Contingent liabilities in total	26.547

Comprising:

Contingent liabilities, group enterprises	14.774
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Joint taxation

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

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

	2017	2016
12. Adjustments		
Depreciation and amortisation	-1.532.994	3.073.933
Other financial income	-3.090.395	-885.803
Other financial costs	1.189.732	2.254.581
Tax on ordinary results	2.315.600	2.760.609
	-1.118.057	7.203.320
13. Change in working capital		
Change in inventories	-1.684.706	4.209.697
Change in debtors	-76.906.662	31.430.994
Change in trade creditors and other liabilities	64.873.437	-28.412.257
	-13.717.931	7.228.434



Accounting policies used

The annual report for Copenhagen Global A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Change in financial estimates

In a previous financial year, there has been a write-down of tangible fixed assets. This write-down has been reversed because of a change in the estimate of the use of the asset.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.



Accounting policies used

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.



Accounting policies used

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

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to 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.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

Writedown of fixed assets

The book values of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.



Accounting policies used

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

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

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

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.



Accounting policies used

According to the rules of joint taxation, Copenhagen Global A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

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

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.



Accounting policies used

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

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Meta Birgitte Zachau Handwerk

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