



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 2022

The annual report has been submitted and approved by the general meeting on the 17 July 2023.

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Bjørn Damgaard Mortensen  
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 statement

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Today, the Board of Directors and the Managing Director have approved the annual report of Copenhagen Global A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 12 July 2023

### Managing Director

Jepp Handwerk

### Board of directors

Bjørn Damgaard Mortensen  
Chairman

Meta Birgitte Zachau Handwerk

Jepp Handwerk



## Independent auditor's report

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### To the Shareholder of Copenhagen Global A/S

#### Opinion

We have audited the financial statements of Copenhagen Global A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's Responsibilities for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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



## Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on Management's Review**

Management is responsible for Management's Review.

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



## Independent auditor's report

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

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

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

Copenhagen, 12 July 2023

### **Christensen Kjarulff**

Company reg. no. 15 91 56 41

**Elan Schapiro**

State Authorised Public Accountant  
mne33765



## Company information

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<b>The company</b>	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
<b>Board of directors</b>	Bjørn Damgaard Mortensen, Chairman Meta Birgitte Zachau Handwerk Jeppe Handwerk
<b>Managing Director</b>	Jeppe Handwerk
<b>Auditors</b>	Christensen Kjarulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 2100 København Ø
<b>Parent company</b>	Copenhagen Group A/S



## Financial highlights

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DKK in thousands.	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Income statement:</b>					
Gross profit	12.985	9.801	-1.285	5.243	7.476
Profit from operating activities	1.543	2.316	-4.319	1.762	4.484
Net financials	-720	-247	-414	938	538
Net profit or loss for the year	635	1.606	-3.692	2.056	3.892
<b>Statement of financial position:</b>					
Balance sheet total	70.583	56.923	24.552	31.245	45.812
Investments in property, plant and equipment	20.393	1.658	529	529	305
Equity	20.886	20.251	18.645	22.337	20.281
<b>Cash flows:</b>					
Operating activities	28.803	10.299	-5.311	2.338	15.481
Investing activities	-24.426	-6.214	-1.493	-529	-305
Financing activities	0	0	3.621	358	-13.207
Total cash flows	4.377	4.085	-3.183	2.167	1.969
<b>Employees:</b>					
Average number of full-time employees	13	8	4	5	5
<b>Key figures in %:</b>					
Return on equity investment	-	0,5	-0,4	0,2	0,4
Acid test ratio	84,5	139,4	392,9	346,4	178,7
Solvency ratio	29,6	35,6	75,9	71,5	44,3
Return on equity	3,1	8,3	-18,0	9,6	21,2

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





## Management's review

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### **The principal activities of the company**

Copenhagen Global A/S specialises in the provision of armoured vehicles, trucks, agricultural machinery, construction equipment, engines and generators, special purpose boats, tactical watercrafts, spare parts and after sales services to customers worldwide.

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

Copenhagen Global A/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 FPT Industrial, IVECO, CASE, New Holland, MAGIRUS, United States Marine Inc.(USMI), Golden Arrow Marine, Thales, BRP, Marine Specialised Technology and ASC Armoured Specialty Cars to name a few.

### **Development in activities and financial matters**

In 2022, Copenhagen Global A/S maintained the same level of revenue as that of 2021, but it is still well below that of previous years revenue. Largely due to postponement of public procurements following the COVID-19 pandemic and delayed conclusions of national defence agreements.

In 2022, gross profit increased by 32% from DKK 9.8 million to DKK 12,9 million compared to 2021.

However, operating profit decreased by 1 million to DKK 0,6 million mainly due to higher staff costs. In 2022, Copenhagen Global A/S increased its number of FTEs to prepare for and respond to present and future market demands within both the public and private sector.

With a net profit of DKK 0.6 million for 2022, total equity ultimo 2022 amounts to DKK 20.9 million and translates into an equity share/solvency ratio of 30,2 %

This decline in equity share/solvency ratio is due to continued significant investments within the marine segment, among these the continued development of the CPH605 high-performance diesel engine in collaboration with FPT Industrial, a DYNO engine test facility and an Asset Management System.

### **Risk Management**

Proper management of risks is extremely important to us, and we therefore continue to undertake risk assessments at all levels of our supply chain to ensure that our suppliers and customers comply with international standards and best practice.

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 ISO 45001 on occupational health and safety.



## Management's review

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To hedge our financial risks, we always 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.

### **Expected developments**

In 2023 and the years to come, Copenhagen Global A/S expects to conclude a number of public contracts within the defence industry, which have been delayed for a few years. The timing for signing of these contracts could be in Q1 of 2024.

Copenhagen Global A/S also expects its investments in its FPT Industrial dealership to bear fruit with the expansion of its sub-dealership network and collaboration with Danish OEMs.

Copenhagen Global A/S also continues to support emerging and developing countries with vehicles and equipment via long term agreements with several international organisations.

### **Events occurring after the end of the financial year**

No events have occurred subsequent to the end of the fiscal year 2022, which could be of significant detriment to the Copenhagen Global A/S financial position.



## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Gross profit</b>	<b>12.985.271</b>	<b>9.800.956</b>
1 Staff costs	-10.337.169	-6.854.566
Depreciation, amortisation, and impairment	-1.104.785	-630.870
<b>Operating profit</b>	<b>1.543.317</b>	<b>2.315.520</b>
Other financial income	168.806	76.933
2 Other financial expenses	-888.526	-323.778
<b>Pre-tax net profit or loss</b>	<b>823.597</b>	<b>2.068.675</b>
Tax on net profit or loss for the year	-188.429	-463.029
<b>Net profit or loss for the year</b>	<b>635.168</b>	<b>1.605.646</b>
<b>Proposed distribution of net profit:</b>		
Transferred to retained earnings	635.168	1.605.646
<b>Total allocations and transfers</b>	<b>635.168</b>	<b>1.605.646</b>



## Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Non-current assets</b>		
3 Development projects in progress and prepayments for intangible assets	11.050.405	5.521.505
Total intangible assets	11.050.405	5.521.505
4 Other fixtures, fittings, tools and equipment	19.696.694	1.855.582
Total property, plant, and equipment	19.696.694	1.855.582
5 Deposits	74.228	74.228
Total investments	74.228	74.228
<b>Total non-current assets</b>	<b>30.821.327</b>	<b>7.451.315</b>
<b>Current assets</b>		
Manufactured goods and goods for resale	12.586.076	3.659.754
Prepayments for goods	7.827.432	4.352.581
Total inventories	20.413.508	8.012.335
Trade receivables	5.189.282	34.987.384
Receivables from group enterprises	2.000.000	0
Income tax receivables	0	582.208
Tax receivables from subsidiaries	1.383.128	0
Other receivables	650.335	12.500
Prepayments	0	274.796
Total receivables	9.222.745	35.856.888
Cash and cash equivalents	10.125.037	5.602.288
<b>Total current assets</b>	<b>39.761.290</b>	<b>49.471.511</b>
<b>Total assets</b>	<b>70.582.617</b>	<b>56.922.826</b>



## Balance sheet at 31 December

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All amounts in DKK.

### Equity and liabilities

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Equity</b>		
Contributed capital	1.000.000	1.000.000
Reserve for development costs	8.619.316	4.306.774
Retained earnings	11.266.533	14.943.907
<b>Total equity</b>	<b>20.885.849</b>	<b>20.250.681</b>
<b>Provisions</b>		
Provisions for deferred tax	2.649.932	1.078.375
Other provisions	0	100.000
<b>Total provisions</b>	<b>2.649.932</b>	<b>1.178.375</b>
<b>Liabilities other than provisions</b>		
Bank loans	318.570	185.947
Prepayments received from customers	1.000.000	0
Trade payables	4.842.060	13.680.119
Payables to group enterprises	40.440.703	18.008.101
Other payables	445.503	3.619.603
Total short term liabilities other than provisions	47.046.836	35.493.770
<b>Total liabilities other than provisions</b>	<b>47.046.836</b>	<b>35.493.770</b>
<b>Total equity and liabilities</b>	<b>70.582.617</b>	<b>56.922.826</b>

**6 Charges and security**

**7 Contingencies**

**8 Related parties**



## Statement of changes in equity

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Reserve for development costs</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2021	1.000.000	0	17.645.035	18.645.035
Retained earnings for the year	0	0	1.605.646	1.605.646
Transferred from retained earnings	0	4.306.774	-4.306.774	0
Equity 1 January 2022	1.000.000	4.306.774	14.943.907	20.250.681
Retained earnings for the year	0	0	635.168	635.168
Transferred from retained earnings	0	4.312.542	-4.312.542	0
	<b>1.000.000</b>	<b>8.619.316</b>	<b>11.266.533</b>	<b>20.885.849</b>



## Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Results for the year	635.168	1.605.646
9 Adjustments	2.012.934	1.340.743
10 Change in working capital	26.454.334	6.202.961
Cash flows from operating activities before net financials	29.102.436	9.149.350
Interest received, etc.	6.518	2
Interest paid, etc.	-888.526	-144.051
Cash flows from ordinary activities	28.220.428	9.005.301
Income tax paid	582.208	1.293.732
<b>Cash flows from operating activities</b>	<b>28.802.636</b>	<b>10.299.033</b>
Purchase of intangible assets	-5.528.900	-4.556.817
Purchase of property, plant, and equipment	-20.392.899	-1.657.595
Sale of property, plant, and equipment	1.496.000	0
<b>Cash flows from investment activities</b>	<b>-24.425.799</b>	<b>-6.214.412</b>
<b>Change in cash and cash equivalents</b>	<b>4.376.837</b>	<b>4.084.621</b>
Cash and cash equivalents at 1 January 2022	5.602.288	1.620.461
Foreign currency translation adjustments (cash and cash equivalents)	145.912	-102.794
<b>Cash and cash equivalents at 31 December 2022</b>	<b>10.125.037</b>	<b>5.602.288</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	10.125.037	5.602.288
<b>Cash and cash equivalents at 31 December 2022</b>	<b>10.125.037</b>	<b>5.602.288</b>



## Notes

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All amounts in DKK.

	<u>2022</u>	<u>2021</u>
<b>1. Staff costs</b>		
Salaries and wages	10.221.884	6.890.695
Other costs for social security	<u>115.285</u>	<u>-36.129</u>
	<b><u>10.337.169</u></b>	<b><u>6.854.566</u></b>
Executive board and board of directors	<u>0</u>	<u>0</u>
Average number of employees	<u>13</u>	<u>8</u>
<b>2. Other financial expenses</b>		
Financial costs, group enterprises	662.011	51.884
Other financial costs	<u>226.515</u>	<u>271.894</u>
	<b><u>888.526</u></b>	<b><u>323.778</u></b>





## Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>3. Development projects in progress and prepayments for intangible assets</b>		
Cost 1 January 2022	5.521.505	964.688
Additions during the year	<u>5.528.900</u>	<u>4.556.817</u>
<b>Cost 31 December 2022</b>	<b><u>11.050.405</u></b>	<b><u>5.521.505</u></b>
<b>Carrying amount, 31 December 2022</b>	<b><u>11.050.405</u></b>	<b><u>5.521.505</u></b>
<p>Copenhagen Global A/S has developed a military marine 605 hp engine that offers the characteristics and performance of a high-performance diesel engine developed by modifying a COTS engine based on the NEF series design from Italian FPT industrial. The engine will be offered up for sale to various boat builders/business partners upon completion of testing in early 2023.</p> <p>In conjunction with this engine development project, Copenhagen Global A/S has also invested in an in-house Power Test 50X-Series Water Brake Engine Dynamometer (DYNO) designed for testing electric motors, industrial gasoline, military, construction and light- to medium-range diesel applications from 50 hp to 1,500 hp at speeds up to 6,000 rpm. This DYNO test facility will be utilised to test own developed engines, e.g. the CPH605 engine, and that of customers and business partners.</p> <p>In 2022, Copenhagen Global A/S also found a internal need and an external market demand for an asset and service management system, which will be ready for internal use and external sale from early 2023.</p>		
<b>4. Other fixtures, fittings, tools and equipment</b>		
Cost 1 January 2022	5.231.067	3.573.472
Additions during the year	20.392.899	1.657.595
Disposals during the year	<u>-907.816</u>	<u>0</u>
<b>Cost 31 December 2022</b>	<b><u>24.716.150</u></b>	<b><u>5.231.067</u></b>
Amortisation and write-down 1 January 2022	-3.375.485	-2.744.616
Amortisation and depreciation for the year	-1.104.785	-630.869
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>-539.186</u>	<u>0</u>
<b>Amortisation and write-down 31 December 2022</b>	<b><u>-5.019.456</u></b>	<b><u>-3.375.485</u></b>
<b>Carrying amount, 31 December 2022</b>	<b><u>19.696.694</u></b>	<b><u>1.855.582</u></b>



## Notes

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All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>5. Deposits</b>		
Cost 1 January 2022	<u>74.228</u>	<u>74.228</u>
<b>Cost 31 December 2022</b>	<u><b>74.228</b></u>	<u><b>74.228</b></u>
<b>Carrying amount, 31 December 2022</b>	<u><b>74.228</b></u>	<u><b>74.228</b></u>

## 6. Charges and security

For bank loans, t.DKK 0, the company has provided security in company assets representing a nominal value of t.DKK 24.000. This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	20.414
Trade receivables	5.189
Other fixtures and fittings, tools and equipment	19.697



## Notes

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All amounts in DKK.

### 7. Contingencies

#### Contingent liabilities

	DKK in thousands
Lease liabilities	24
Recourse guarantee commitments	7.070
<b>Total contingent liabilities</b>	<b>7.094</b>

Recourse guarantee commitments:

The company has guaranteed the bank loans of the group enterprises. On 31 December 2022, the total bank loans of the group enterprises totalled DKK 0.

#### 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.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

### 8. Related parties

#### Controlling interest

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

Majority shareholder

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

Majority shareholder  
of Copenhagen Group  
A/S

#### Transactions

All transactions with related parties take place on market terms.



## Notes

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All amounts in DKK.

	<u>2022</u>	<u>2021</u>
<b>9. Adjustments</b>		
Depreciation and amortisation	1.104.785	630.869
Other financial income	-168.806	-76.933
Other financial expenses	888.526	323.778
Tax on net profit or loss for the year	188.429	463.029
	<u><b>2.012.934</b></u>	<u><b>1.340.743</b></u>
<b>10. Change in working capital</b>		
Change in inventories	-12.401.173	-3.894.410
Change in receivables	27.435.063	-19.622.326
Change in trade payables and other payables	11.420.444	29.719.697
	<u><b>26.454.334</b></u>	<u><b>6.202.961</b></u>



## Accounting policies

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The annual report for Copenhagen Global A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C 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 company 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 company 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.

### Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

## Income statement

### Gross profit

Gross profit comprises the revenue, cost of sales and external costs.



## Accounting policies

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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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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

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, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses 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, financial expenses from financial leasing, 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.

### **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 company is 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).



## Accounting policies

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### Statement of financial position

#### Intangible assets

##### Development projects, patents, and licences

Development costs comprise directly attributable to development activities.

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 write-downs for impairment.

#### Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment.

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.

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:

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

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.



## Accounting policies

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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.

### **Investments**

#### **Deposits**

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

#### **Impairment loss relating to non-current assets**

The carrying amount 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.

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.

### **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.

The net realisable value for inventories is recognised as the estimated selling 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.

### **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.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.





## Accounting policies

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### Prepayments

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

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

### Equity

#### Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the 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 "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Copenhagen Global 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.



## Accounting policies

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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.

### **Provisions**

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.

### **Liabilities other than provisions**

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

### **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 company'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 company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.



## Accounting policies

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### **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.

## Jeppe Handwerk

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Navnet returneret af dansk MitID var:

Jeppe Handwerk

Direktør

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## Bjørn Damgaard Mortensen

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Bestyrelsesformand

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## Meta Birgitte Zachau Handwerk

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Bestyrelsesmedlem

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## Jeppe Handwerk

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Bestyrelsesmedlem

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## Elan Schapiro

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Elan Lieck Schapiro

Revisor

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## Bjørn Damgaard Mortensen

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Bjørn Damgaard Mortensen

Dirigent

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