



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 2020

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

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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

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Today, the board of directors and the managing director have presented the annual report of Copenhagen Global 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 financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities and cash flows in 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, 13 September 2021

### Managing Director

Jeppe Handwerk

### Board of directors

Casper Moltke-Leth  
Chairman

Meta Birgitte Zachau Handwerk    Jeppe 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 2020, which comprise income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities and cash flows 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 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 financial statements

Management is responsible for the preparation of 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 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 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 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 financial statements.



## **Independent auditor's report**

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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 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 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 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 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary**

Management is responsible for the management commentary.

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



## **Independent auditor's report**

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with 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 management commentary is consistent with 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, 13 September 2021

### **Christensen Kjarulff**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 15 91 56 41

### **Elan Schapiro**

State Authorised Public Accountant  
mne33765



## Company information

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### **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 Kjarulff  
Statsautoriseret Revisionsaktieselskab  
Store Kongensgade 68  
1264 København K

### **Parent company**

Copenhagen Group A/S



## Financial highlights

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DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Income statement:</b>					
Gross profit	-1.285	5.243	7.476	9.895	18.991
Profit from operating activities	-4.319	1.762	4.484	8.554	13.865
Net financials	-414	938	538	1.901	-1.369
Net profit or loss for the year	-3.692	2.056	3.892	8.140	9.736
<b>Statement of financial position:</b>					
Balance sheet total	24.552	31.245	45.812	100.849	20.526
Investments in property, plant and equipment	529	529	305	77	4.607
Equity	18.645	22.337	20.281	16.389	8.249
<b>Cash flows:</b>					
Operating activities	-5.311	2.338	15.481	-7.885	22.175
Investing activities	-1.493	-529	-305	3.274	-4.607
Financing activities	3.621	358	-13.207	4.630	-18.387
Total cash flows	-3.183	2.167	1.969	19	-819
<b>Employees:</b>					
Average number of full-time employees	4	5	5	4	2
<b>Key figures in %:</b>					
Solvency ratio	75,9	71,5	44,3	16,3	40,2
Return on equity	-18,0	9,6	21,2	66,1	116,2

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





## Management commentary

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

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 specialises in the provision of vehicles, special purpose boats, tactical watercraft, equipment for special operations forces, engines and generators, spare parts and after sales services to customers worldwide.

Copenhagen Global A/S' business model is centered 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, United States Marine Inc. (USMI), Golden Arrow Marine, BRP LYNX, Marine Specialised Technology, IVECO, CASE, New Holland, and MAGIRUS to name a few.

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

In 2020, revenue was primarily generated from the delivery of special purpose vehicles, although no service checks could be conducted after February 2020 due to the COVID-19 pandemic. Furthermore, Copenhagen Global A/S continued to deliver MAGIRUS turntable ladders, sell IVECO equipment and spare parts to UNOPS and armoured vehicles in general to international organisations worldwide..

Despite declining revenue in 2020 due to the COVID-19 pandemic our customers remain very interested in the lifetime of trucks and equipment procured under our long-term agreement, which we believe will continue to translate into a bigger sale of spare parts, both fast-moving and capital spare parts going forward.

In light of the COVID-19 pandemic, our gross profit decreased by 125% to DKK -1.3 million from DKK 5.2 million in 2019. In 2020, Copenhagen Global A/S also invested significantly in the development of a new special engine. Furthermore, marketing expenses and a number of warranty cases, which could not be invoiced to the suppliers, negatively affected gross profit. As a result, a loss from operating activities corresponding to DKK – 4.3 million was therefore recorded in Copenhagen Global A/S in 2020.

With a net profit loss of DKK 3.7 million for 2020, total equity ultimo 2020 amounted to DKK 18.6 million and translated into a higher equity share/solvency ratio of 75.9% compared to 71.5% in 2019.



## Management commentary

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### 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.

### Expected developments

During 2020, we continued to invest in Copenhagen Global A/S by acquiring new equipment and tools, and expanding our in-house skills set, since providing high-quality after sales services is a cornerstone of our business model for Copenhagen Global A/S. We go where others are unable to in order to best support our customers – from Somalia in the South to Iraq in the East.

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 continuously expanding 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.

### 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 Global A/S' financial position.



## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Gross loss</b>	<b>-1.284.989</b>	<b>5.243.105</b>
1 Staff costs	-2.672.153	-3.308.954
Depreciation, amortisation, and impairment	<u>-361.611</u>	<u>-171.732</u>
<b>Operating profit</b>	<b>-4.318.753</b>	<b>1.762.419</b>
Other financial income from group enterprises	251.255	1.217.234
Other financial income	0	84.830
Other financial costs	<u>-665.305</u>	<u>-364.452</u>
<b>Pre-tax net profit or loss</b>	<b>-4.732.803</b>	<b>2.700.031</b>
2 Tax on net profit or loss for the year	<u>1.040.575</u>	<u>-644.128</u>
<b>Net profit or loss for the year</b>	<b><u>-3.692.228</u></b>	<b><u>2.055.903</u></b>
<b>Proposed appropriation of net profit:</b>		
Transferred to retained earnings	0	2.055.903
Allocated from retained earnings	<u>-3.692.228</u>	<u>0</u>
<b>Total allocations and transfers</b>	<b><u>-3.692.228</u></b>	<b><u>2.055.903</u></b>



## Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Non-current assets</b>		
3 Development projects in progress and prepayments for intangible assets	964.688	0
Total intangible assets	964.688	0
4 Other fixtures and fittings, tools and equipment	828.856	661.873
Total property, plant, and equipment	828.856	661.873
5 Deposits	74.228	74.228
Total investments	74.228	74.228
<b>Total non-current assets</b>	<b>1.867.772</b>	<b>736.101</b>
<b>Current assets</b>		
Raw materials and consumables	4.117.925	2.519.124
Total inventories	4.117.925	2.519.124
Trade receivables	4.324.856	7.582.161
Receivables from group enterprises	10.597.737	14.218.947
Deferred tax assets	0	220.019
Tax receivables from group enterprises	1.293.732	0
Other receivables	729.762	1.164.911
Total receivables	16.946.087	23.186.038
Cash on hand and demand deposits	1.620.461	4.803.312
<b>Total current assets</b>	<b>22.684.473</b>	<b>30.508.474</b>
<b>Total assets</b>	<b>24.552.245</b>	<b>31.244.575</b>



## Statement of financial position at 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Equity</b>			
	Contributed capital	1.000.000	1.000.000
	Retained earnings	17.645.035	21.337.263
	<b>Total equity</b>	<b>18.645.035</b>	<b>22.337.263</b>
<b>Provisions</b>			
	Provisions for deferred tax	33.138	0
6	Other provisions	100.000	100.000
	<b>Total provisions</b>	<b>133.138</b>	<b>100.000</b>
<b>Liabilities other than provisions</b>			
	Prepayments received from customers	751.708	0
	Trade payables	3.977.286	7.243.704
	Income tax payable	0	560.032
	Other payables	1.045.078	1.003.576
	Total short term liabilities other than provisions	5.774.072	8.807.312
	<b>Total liabilities other than provisions</b>	<b>5.774.072</b>	<b>8.807.312</b>
	<b>Total equity and liabilities</b>	<b>24.552.245</b>	<b>31.244.575</b>
7	<b>Charges and security</b>		
8	<b>Contingencies</b>		
9	<b>Related parties</b>		



## Statement of changes in equity

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	1.000.000	19.281.360	20.281.360
Retained earnings for the year	0	2.055.903	2.055.903
Equity 1 January 2020	1.000.000	21.337.263	22.337.263
Retained earnings for the year	0	-3.692.228	-3.692.228
	<b>1.000.000</b>	<b>17.645.035</b>	<b>18.645.035</b>



## Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net profit or loss for the year	-3.692.228	2.055.903
10 Adjustments	-264.914	-121.752
11 Change in working capital	-379.554	618.263
Cash flows from operating activities before net financials	-4.336.696	2.552.414
Interest received, etc.	387.215	1.302.061
Interest paid, etc.	-801.263	-364.452
Cash flows from ordinary activities	-4.750.744	3.490.023
Income tax paid	-560.032	-1.152.091
<b>Cash flows from operating activities</b>	<b>-5.310.776</b>	<b>2.337.932</b>
Purchase of intangible assets	-964.688	0
Purchase of property, plant, and equipment	-528.594	-528.979
<b>Cash flows from investment activities</b>	<b>-1.493.282</b>	<b>-528.979</b>
Other cash flows from financing activities	3.621.210	357.547
<b>Cash flows from investment activities</b>	<b>3.621.210</b>	<b>357.547</b>
<b>Change in cash and cash equivalents</b>	<b>-3.182.848</b>	<b>2.166.500</b>
Cash and cash equivalents at 1 January 2020	4.803.309	2.636.809
<b>Cash and cash equivalents at 31 December 2020</b>	<b>1.620.461</b>	<b>4.803.309</b>
<b>Cash and cash equivalents</b>		
Cash on hand and demand deposits	1.620.461	4.803.309
<b>Cash and cash equivalents at 31 December 2020</b>	<b>1.620.461</b>	<b>4.803.309</b>



## Notes

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All amounts in DKK.

	<u>2020</u>	<u>2019</u>
<b>1. Staff costs</b>		
Salaries and wages	2.642.045	3.271.322
Other costs for social security	30.108	37.632
	<u><b>2.672.153</b></u>	<u><b>3.308.954</b></u>
Executive board and board of directors	<u>625.000</u>	<u>504.000</u>
Average number of employees	<u>4</u>	<u>5</u>
<b>2. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	-1.293.732	560.032
Adjustment of deferred tax for the year	253.157	84.096
	<u><b>-1.040.575</b></u>	<u><b>644.128</b></u>
<b>3. Development projects in progress and prepayments for intangible assets</b>		
Cost 1 January 2020	0	0
Additions during the year	964.688	0
<b>Cost 31 December 2020</b>	<u><b>964.688</b></u>	<u><b>0</b></u>
<b>Carrying amount, 31 December 2020</b>	<u><b>964.688</b></u>	<u><b>0</b></u>
<b>4. Other fixtures and fittings, tools and equipment</b>		
Cost 1 January 2020	3.044.878	2.515.899
Additions during the year	528.594	528.979
<b>Cost 31 December 2020</b>	<u><b>3.573.472</b></u>	<u><b>3.044.878</b></u>
Amortisation and writedown 1 January 2020	-2.383.005	-2.211.273
Amortisation and depreciation for the year	-361.611	-171.732
<b>Amortisation and writedown 31 December 2020</b>	<u><b>-2.744.616</b></u>	<u><b>-2.383.005</b></u>
<b>Carrying amount, 31 December 2020</b>	<u><b>828.856</b></u>	<u><b>661.873</b></u>





## Notes

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All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>5. Deposits</b>		
Cost 1 January 2020	<u>74.228</u>	<u>74.228</u>
<b>Cost 31 December 2020</b>	<u><b>74.228</b></u>	<u><b>74.228</b></u>
<b>Carrying amount, 31 December 2020</b>	<u><b>74.228</b></u>	<u><b>74.228</b></u>
<b>6. Other provisions</b>		
Other provisions 1 January 2020	<u>100.000</u>	<u>100.000</u>
	<u><b>100.000</b></u>	<u><b>100.000</b></u>
<b>7. Charges and security</b>		
For group bank loans, t.DKK 19,923, 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:		
		DKK in thousands
Inventories		<u>4.118</u>
Trade receivables		4.325
Other fixtures and fittings, tools and equipment		829
<b>8. Contingencies</b>		
<b>Contingent liabilities</b>		
		31/12 2020 DKK in thousands
Lease liabilities		<u>67</u>
Recourse guarantee commitments		19.923
Recourse liability to products sold		<u>9.585</u>
<b>Total contingent liabilities</b>		<u><b>29.575</b></u>
Comprising:		
Contingent liabilities, group enterprises		<u>19.923</u>



## Notes

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All amounts in DKK.

### 8. Contingencies (continued)

#### 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.

### 9. 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>2020</u>	<u>2019</u>
<b>10. Adjustments</b>		
Depreciation, amortisation, and impairment	361.611	171.732
Other financial income	-251.255	-1.302.064
Other financial costs	665.305	364.452
Tax on net profit or loss for the year	-1.040.575	644.128
	<u><b>-264.914</b></u>	<u><b>-121.752</b></u>
<b>11. Change in working capital</b>		
Change in inventories	-1.598.801	-524.816
Change in receivables	3.692.455	17.174.775
Change in trade payables and other payables	-2.473.208	-16.031.696
	<u><b>-379.554</b></u>	<u><b>618.263</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 loss**

Gross loss 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of trade goods and consumables less discounts and changes in inventories.

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.

### **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).

## Statement of financial position

### **Intangible assets**

#### **Development projects**

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.



## Accounting policies

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Profit and loss from the sale of development projects are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

### **Property, plant, and equipment**

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:

	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.

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.

### **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.



## Accounting policies

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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**

#### **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.

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.

#### **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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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.

#### **Cash on hand and demand deposits**

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

#### **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.



## Accounting policies

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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".

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.

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**

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.





## Accounting policies

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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.

### **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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