



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 2019

The annual report has been submitted and approved by the general meeting on the 20 July 2020.

Casper Moltke-Leth
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

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 2019.

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 2019 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2019.

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, 20 July 2020

Managing Director

Jeppe Handwerk

Board of directors

Casper Moltke-Leth
Chairman

Meta Birgitte Zachau Handwerk Jeppe Handwerk



Independent auditor's report

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 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes. 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 2019 and of the results of the company's activities and cash flows for the financial year 1 January - 31 December 2019 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

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



Independent auditor's report

In connection with our audit of the 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, 20 July 2020

Christensen Kjarulff

Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant
mne33765



Company information

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

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income statement:					
Revenue	134.564	125.606	222.251	182.567	175.911
Gross profit	5.243	7.476	9.895	18.991	7.350
Profit from ordinary operating activities	1.762	4.484	8.554	13.865	5.179
Net financials	938	538	1.901	-1.369	277
Net profit or loss for the year	2.056	3.892	8.140	9.736	4.209
Statement of financial position:					
Balance sheet total	31.245	45.812	100.849	20.526	54.495
Investments in property, plant and equipment	529	305	77	4.607	427
Equity	22.337	20.281	16.389	8.249	8.513
Cash flows:					
Operating activities	2.338	15.481	-7.885	22.175	-8.950
Investing activities	-529	-305	3.274	-4.607	-501
Financing activities	358	-13.207	4.630	-18.387	-5.711
Total cash flows	2.167	1.969	19	-819	-15.161
Employees:					
Average number of full-time employees	5	5	4	2	2
Key figures in %:					
Solvency ratio	71,5	44,3	16,3	40,2	15,6
Return on equity	9,6	21,2	66,1	116,2	65,7

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



Management commentary

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 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, 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 2019, revenue increased by 7.1% from DKK 125.6 million to DKK 134.6 million.

The slightly higher revenue was due to delivery of two MAGIRUS turntable ladders for Denmark, armoured vehicles for international organisations worldwide, trucks and constructions equipment for Iraq, and conclusion of the sale of USMI's 11mtr Naval Special Warfare Rigid Inflatable Boats to the Danish Defence.

Despite losing our long-term agreement for the supply of IVECO trucks and spare parts to an international organisation in 2018, we managed to keep and even increase our turnover this year. This is also a result of our customers wanting to extend the lifetime of trucks and equipment procured under our long-term agreement, which translates into a bigger sale of spare parts, both fast-moving and capital spare parts.

Irrespective of an increase in revenue, our gross profit decreased by 29.9% to DKK 5.2 million from DKK 7.5 million.

Due to new accounting rules and regulations, staff travel costs are moved from staff costs to other external costs, whereby gross profit for 2018 has been amended from 2018 to 2019 reporting.

In 2019, Copenhagen Global A/S attended two big exhibitions, i.e. MAST in Copenhagen and DSEI in London. The cost of attending such exhibitions is quite high, which negatively affects gross profit.

Operating profit decreased by 60.7% to DKK 1.8 million, constituting a profit margin of 1.3%.

In 2019 our staff costs were slightly higher compared to the year before since we employed more permanent and temporary staff to support our after sales services.



Management commentary

With a net profit of DKK 2.1 million for 2019, total equity ultimo 2019 amounts to DKK 22.3 million and translates into an equity share/solvency ratio of 71.5%, which is much higher compared to last year's 44.3%.

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/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 2019 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.



Management commentary

We also expect to increase sales of MAGIRUS fire trucks in the Kingdom of Denmark. Within just 3 years of assuming the dealership for this geographical area, we have established name recognition and a good reputation within this market. We already have confirmed orders lined up for delivery of MAGIRUS turntable ladders in 2020 and 2021.

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

Events occurring after the end of the financial year

No events have occurred subsequent to the end of the fiscal year 2019, which could be of significant detriment to the Copenhagen Global A/S' financial position.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Revenue	134.564.315	125.606.428
Costs of raw materials and consumables	-116.117.904	-108.310.661
Other external costs	-13.203.306	-9.819.393
Gross profit	5.243.105	7.476.374
1 Staff costs	-3.308.954	-2.891.482
Depreciation and impairment of property, land, and equipment	-171.732	-100.963
Operating profit	1.762.419	4.483.929
Other financial income from group enterprises	1.217.234	1.069.483
Other financial income	84.830	1.283.366
Other financial costs	-364.452	-1.814.565
Pre-tax net profit or loss	2.700.031	5.022.213
2 Tax on net profit or loss for the year	-644.128	-1.129.880
3 Net profit or loss for the year	2.055.903	3.892.333



Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Non-current assets			
4	Other fixtures and fittings, tools and equipment	661.873	304.626
	Total property, plant, and equipment	661.873	304.626
5	Deposits	74.228	74.228
	Total investments	74.228	74.228
	Total non-current assets	736.101	378.854
Current assets			
	Raw materials and consumables	2.519.124	1.930.582
	Prepayments for goods	0	63.726
	Total inventories	2.519.124	1.994.308
	Trade receivables	7.582.161	25.834.010
	Receivables from group enterprises	14.218.947	14.576.494
6	Deferred tax assets	220.019	304.115
	Other receivables	1.164.911	87.837
	Total receivables	23.186.038	40.802.456
	Cash on hand and demand deposits	4.803.312	2.636.809
	Total current assets	30.508.474	45.433.573
	Total assets	31.244.575	45.812.427



Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
7	Contributed capital	1.000.000	1.000.000
	Retained earnings	21.337.263	19.281.360
	Total equity	22.337.263	20.281.360
Provisions			
8	Other provisions	100.000	100.000
	Total provisions	100.000	100.000
Liabilities other than provisions			
	Prepayments received from customers	0	1.107.557
	Trade payables	7.243.704	22.102.079
	Income tax payable	560.032	1.152.091
	Other payables	1.003.576	1.069.340
	Total short term liabilities other than provisions	8.807.312	25.431.067
	Total liabilities other than provisions	8.807.312	25.431.067
	Total equity and liabilities	31.244.575	45.812.427
9 Charges and security			
10 Contingencies			
11 Related parties			



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2018	1.000.000	15.389.027	16.389.027
Retained earnings for the year	0	3.892.333	3.892.333
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
	1.000.000	21.337.263	22.337.263



Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Net profit or loss for the year	2.055.903	3.892.333
12 Adjustments	-121.752	692.559
13 Change in working capital	618.263	12.336.615
Cash flows from operating activities before net financials	2.552.414	16.921.507
Interest received, etc.	1.302.064	2.352.851
Interest paid, etc.	-364.452	-1.814.565
Cash flows from ordinary activities	3.490.026	17.459.793
Income tax paid	-1.152.091	-1.978.341
Cash flows from operating activities	2.337.935	15.481.452
Purchase of property, plant, and equipment	-528.979	-305.161
Cash flows from investment activities	-528.979	-305.161
Available funds	0	-10.083.504
Other cash flows from financing activities	357.547	-3.123.697
Cash flows from investment activities	357.547	-13.207.201
Change in cash and cash equivalents	2.166.503	1.969.090
Cash and cash equivalents at 1 January 2019	2.636.809	667.719
Cash and cash equivalents at 31 December 2019	4.803.312	2.636.809
Cash and cash equivalents		
Cash on hand and demand deposits	4.803.312	2.636.809
Cash and cash equivalents at 31 December 2019	4.803.312	2.636.809



Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	3.271.322	2.857.121
Other costs for social security	<u>37.632</u>	<u>34.361</u>
	<u>3.308.954</u>	<u>2.891.482</u>
Executive board and board of directors	<u>504.000</u>	<u>504.000</u>
Average number of employees	<u>5</u>	<u>5</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	560.032	1.152.091
Adjustment of deferred tax for the year	<u>84.096</u>	<u>-22.211</u>
	<u>644.128</u>	<u>1.129.880</u>
3. Proposed appropriation of net profit		
Transferred to retained earnings	<u>2.055.903</u>	<u>3.892.333</u>
Total allocations and transfers	<u>2.055.903</u>	<u>3.892.333</u>
4. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	2.515.899	2.210.738
Additions during the year	<u>528.979</u>	<u>305.161</u>
Cost 31 December 2019	<u>3.044.878</u>	<u>2.515.899</u>
Amortisation and writedown 1 January 2019	-2.211.273	-2.110.310
Amortisation and depreciation for the year	<u>-171.732</u>	<u>-100.963</u>
Amortisation and writedown 31 December 2019	<u>-2.383.005</u>	<u>-2.211.273</u>
Carrying amount, 31 December 2019	<u>661.873</u>	<u>304.626</u>



Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Deposits		
Cost 1 January 2019	74.228	74.228
Cost 31 December 2019	74.228	74.228
Carrying amount, 31 December 2019	74.228	74.228
6. Deferred tax assets		
Deferred tax assets 1 January 2019	304.115	281.904
Deferred tax of the net profit or loss for the year	-84.096	22.211
	220.019	304.115
The following items are subject to deferred tax:		
Other fixtures and fittings, tools and equipment	220.019	304.115
	220.019	304.115
7. Contributed capital		
Contributed capital 1 January 2019	1.000.000	1.000.000
	1.000.000	1.000.000
The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000.		
8. Other provisions		
Other provisions 1 January 2019	100.000	100.000
	100.000	100.000



Notes

All amounts in DKK.

9. Charges and security

For group bank loans, DKK 3,943, the company has provided security in company assets representing a nominal value of tDKK 17,000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	2.519
Trade receivables	7.582
Other fixtures and fittings, tools and equipment	662

10. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	333
Recourse guarantee commitments	3.943
Recourse liability to products sold	9.059
Total contingent liabilities	13.335

Comprising:

Contingent liabilities, group enterprises	3.943
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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.



Notes

All amounts in DKK.

11. 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.

	<u>2019</u>	<u>2018</u>
12. Adjustments		
Depreciation, amortisation, and impairment	171.732	100.963
Other financial income	-1.302.064	-2.352.849
Other financial costs	364.452	1.814.565
Tax on net profit or loss for the year	644.128	1.129.880
	<u>-121.752</u>	<u>692.559</u>
13. Change in working capital		
Change in inventories	-524.816	4.047.221
Change in receivables	17.174.775	56.308.735
Change in trade payables and other payables	-16.031.696	-48.019.341
	<u>618.263</u>	<u>12.336.615</u>



Accounting policies

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

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

Recognition and measurement in general

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

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the 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 transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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 and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Revenue

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.



Accounting policies

Cost of sales

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

Other external costs

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 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 income statement with the amounts concerning the financial year.

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

Property, plant, and equipment

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

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



Accounting policies

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 when the useful lives of each individual components differ.

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	0-20 %

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

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

Impairment loss relating to non-current assets

The carrying amount of both tangible 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 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 derived from the use of the asset or group of assets.

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.



Accounting policies

Costs of trade goods 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 face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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 receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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 tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

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 other than provisions are measured at amortised cost which usually corresponds to the nominal value.



Accounting policies

Statement of cash flows

The statement of cash flows shows company cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and 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 profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

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 comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the 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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Casper Moltke-Leth

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