



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Copenhagen Arctic A/S

Sankt Annæ Plads 11, 1., 1250 København K

Company reg. no. 35 68 24 81

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 executive board have presented the annual report of Copenhagen Arctic 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

Executive board

Jeppe Handwerk
CEO

Carsten Balleby

Board of directors

Casper Moltke-Leth
Chairman

Jeppe Handwerk

Meta Birgitte Zachau Handwerk



Independent auditor's report

To the shareholders of Copenhagen Arctic A/S

Opinion

We have audited the financial statements of Copenhagen Arctic 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 Arctic A/S Sankt Annæ Plads 11, 1. 1250 København K
	Company reg. no. 35 68 24 81
	Established: 5 March 2014
	Domicile: Copenhagen
	Financial year: 1 January - 31 December
Board of directors	Casper Moltke-Leth, Chairman Jeppe Handwerk Meta Birgitte Zachau Handwerk
Executive board	Jeppe Handwerk, CEO Carsten Balleby
Auditors	Christensen Kjærulff 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>
Income statement:				
Gross profit	-9	-9	-16	-296
Profit from ordinary operating activities	-9	-9	-16	-296
Net financials	-1	-1	-1	-1
Net profit or loss for the year	-8	276	177	-231
Statement of financial position:				
Balance sheet total	1.250	1.258	982	805
Equity	1.245	1.253	977	800
Cash flows:				
Operating activities	-8	80	246	-83
Financing activities	7	-81	-247	-273
Total cash flows	-1	-1	-1	-357
Key figures in %:				
Solvency ratio	99,6	99,6	99,5	99,4

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 Arctic A/S was established in 2014 as a Joint Venture between Copenhagen Group A/S and DynCorp International with the sole purpose of tendering for the contract for the operation and maintenance of Thule Air Base in Greenland for the US Airforce.

Copenhagen Arctic A/S was not awarded the contract for the Thule Air Base back in November 2014 but has since spent two years and a vast amount of money in pursuing the contract in the US court system.

In June 2016, the court case was finally settled by the United States Court of Appeals for the Federal Circuit. Unfortunately, Copenhagen Arctic A/S lost the case with the Court of Appeals despite winning it a year prior with the United States Court of Federal Claims.

In December 2017, Copenhagen Group A/S bought DynCorp International's shareholding making it the sole owner of Copenhagen Arctic A/S.

Copenhagen Arctic A/S is utilised for projects and sales activities related to the Nordic Arctic region.

Development in activities and financial matters

No revenue reported for 2019, but a small loss given standard administrative costs, e.g. annual accounts.

Expected developments

Despite losing the court case, we still expect the contract for the Thule Air Base to be re-tendered within the next few years; hence, Copenhagen Arctic A/S remains an active business unit.

We also intend to pursue other business opportunities in the Nordic Arctic region during the next few years for which we will utilise Copenhagen Arctic A/S as the operating business unit to the extent possible.

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.



Management commentary

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

Events 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 Arctic's financial position.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Other external costs	-9.000	-8.500
Gross profit	-9.000	-8.500
Other financial costs	-950	-951
Pre-tax net profit or loss	-9.950	-9.451
1 Tax on net profit or loss for the year	2.210	285.395
Net profit or loss for the year	-7.740	275.944
Proposed appropriation of net profit:		
Transferred to retained earnings	0	275.944
Allocated from retained earnings	-7.740	0
Total allocations and transfers	-7.740	275.944



Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Current assets			
	Receivables from group enterprises	593.954	600.864
2	Deferred tax assets	0	573.684
	Income tax receivables	575.894	2.090
	Total receivables	<u>1.169.848</u>	<u>1.176.638</u>
	Cash on hand and demand deposits	80.296	81.246
	Total current assets	<u>1.250.144</u>	<u>1.257.884</u>
	Total assets	<u>1.250.144</u>	<u>1.257.884</u>



Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
3	Contributed capital	1.000.000	1.000.000
	Retained earnings	245.143	252.883
	Total equity	1.245.143	1.252.883
 Liabilities other than provisions			
	Trade payables	5.001	5.001
	Total short term liabilities other than provisions	5.001	5.001
	Total liabilities other than provisions	5.001	5.001
	Total equity and liabilities	1.250.144	1.257.884
 4 Contingencies			
5 Related parties			



Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	1.000.000	-23.061	976.939
Profit or loss for the year brought forward	0	275.944	275.944
Equity 1 January 2019	1.000.000	252.883	1.252.883
Profit or loss for the year brought forward	0	-7.740	-7.740
	1.000.000	245.143	1.245.143



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	-7.740	275.944
6 Adjustments	-1.260	-284.444
7 Change in working capital	1	0
Cash flows from operating activities before net financials	-8.999	-8.500
Interest received, etc.	-1	0
Interest paid, etc.	-950	-951
Cash flows from ordinary activities	-9.950	-9.451
Income tax paid	2.089	89.544
Cash flows from operating activities	-7.861	80.093
Other cash flows from financing activities	6.911	-81.043
Cash flows from investment activities	6.911	-81.043
Change in cash and cash equivalents	-950	-950
Cash and cash equivalents at 1 January 2019	81.246	82.196
Cash and cash equivalents at 31 December 2019	80.296	81.246
Cash and cash equivalents		
Cash on hand and demand deposits	80.296	81.246
Cash and cash equivalents at 31 December 2019	80.296	81.246



Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Tax on net profit or loss for the year		
Group joint taxation	-575.894	-2.090
Adjustment for the year of deferred tax	<u>573.684</u>	<u>-283.305</u>
	<u>-2.210</u>	<u>-285.395</u>
2. Deferred tax assets		
Deferred tax assets 1 January 2019	573.684	290.379
Adjustment for the year of deferred tax	<u>-573.684</u>	<u>283.305</u>
	<u>0</u>	<u>573.684</u>
The following items are subject to deferred tax:		
Losses carried forward from previous years	<u>0</u>	<u>573.684</u>
	<u>0</u>	<u>573.684</u>
3. Contributed capital		
Contributed capital 1 January 2019	<u>1.000.000</u>	<u>1.000.000</u>
	<u>1.000.000</u>	<u>1.000.000</u>

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

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

The company has in 2015 increased the contributed capital from DKK 500.000 to DKK 1.000.000.

4. Contingencies

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.

5. Related parties

Controlling interest

Copenhagen Group A/S, Sankt Annæ Plads 11, 1250 Copenhagen

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

Majority shareholder

Majority shareholder
of Copenhagen Group
A/S

	<u>2019</u>	<u>2018</u>
6. Adjustments		
Other financial costs	950	951
Tax on net profit or loss for the year	<u>-2.210</u>	<u>-285.395</u>
	<u>-1.260</u>	<u>-284.444</u>
7. Change in working capital		
Change in trade payables and other payables	<u>1</u>	<u>0</u>
	<u>1</u>	<u>0</u>



Accounting policies

The annual report for Copenhagen Arctic 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 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.

Income statement

Other external costs

Other external costs comprise costs incurred for administration.



Accounting policies

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning 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

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 Arctic 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.



Accounting policies

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.

Liabilities other than provisions

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

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 less shortterm bank loans 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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Jeppe Handwerk

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Statsautoriseret revisor

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