

GROUP ANNUAL REPORT 2018



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Letter from the CEO

“We Still Rise”

Year 2018 constituted a year in limbo for us with regard to our long-term agreement for the supply of IVECO trucks and spare parts to an international organisation, since we awaited the outcome of the evaluation result for the new tender for almost 18 months; hence, no big orders for trucks were made during the second half of 2018, thus impacting our revenue for the year.

On the positive side, 2018 marked the year in which we made our first sale of United States Marine Inc.'s (USMI) 11mtr Naval Special Warfare (NSW) Rigid Inflatable Boats (RIB) to the Danish Defence. This is a big milestone for us and we hope to be able to sell more units to customers in Europe in the years to come.

Similar to the past 4 years, Copenhagen Global has performed beyond expectations and now accounts for 87% of our group turnover. Although our long-term agreements still carry much weight in Copenhagen Global's turnover for 2018, other contracts and customers, particularly Danish customers, add positively to this year's result. Danish customers now account for 28% of our group revenue, up from 7.5% only 2 years ago. This is primarily due to the new contract for the supply and delivery of USMI's 11mtr NSW RIBs to the Danish Defence and sale of additional armoured vehicles to the Ministry of Foreign Affairs of Denmark. We are thus close to reaching our target of 30% of our annual turnover originating from Danish customers within just a few years.

Despite a smaller net loss of DKK 1.2 million in 2018, I am positive that we are on the right track and will benefit from the changes and investments made these past few years, especially when it comes to Copenhagen Contractors. We have succeeded in securing some very interesting and high-profile dealerships for this business unit, such as unmanned aerial systems (UAS) by Textron Systems Inc., various technologies by Thales and counter-UAS solutions by Chess Dynamics Ltd. For Copenhagen Global we have also entered into new dealerships this past year for the maritime sector, such as tactical watercraft by Golden Arrow Marine Ltd., inflatable boats and boards by Henshaw/Wing Inflatables Inc., RIBs by Marine Specialised Technology Ltd. and manned and unmanned submersibles by M Subs Ltd.

This annual report is much more than a presentation of our financial accounts for the past year. It is meant as an introduction to our group of companies and a display of our products and services on offer.

Our business model is and always will be that of a facilitator and broker – bridging the gap between reputable manufacturers and customers. By being able and skilled to work in remote and hostile locations, we add value to both our business partners and customers. We go anywhere and see opportunities in the difficult.

Supporting international organisations and national governmental bodies worldwide with products and services from cradle to grave remains our core business focus.

I would like to thank all our stakeholders – from employees and business partners to customers – that contributed to our successes this past year. I look forward to exciting and prosperous times in the year to come.

No matter what, we still rise to the challenges.



Jeppe Handwerk
CEO



Kraka - The First Inflatable Jet Driven Board

Copenhagen Global represents SOAL Marine AB in the Kingdom of Denmark (incl. Greenland and the Faroe Islands) with regard to the Kraka Jet Board and accessories. The inflatable and light-weight electronic Kraka board is useful in most challenging real life situations - from rescue operations to river crossings, boarding and other stealth mode missions.

About Copenhagen Group

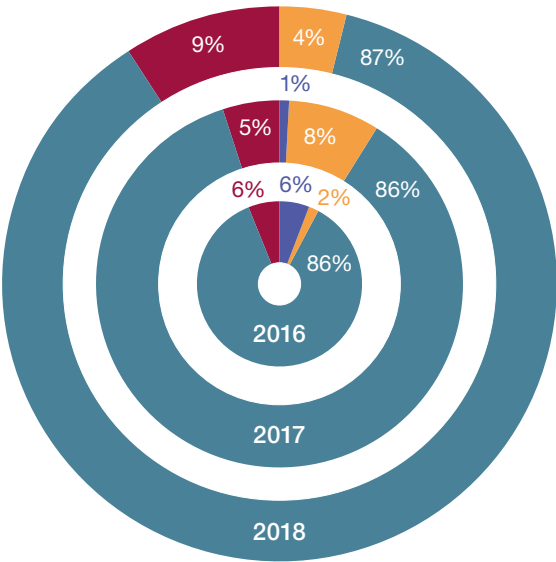
Copenhagen Group manages projects and contracts awarded through direct tendering for the supply of products and services to international organisations, national governments and agencies. Copenhagen Group's business model is based on recognising and realising opportunities in the difficult – be it urgent or long-term requirements for humanitarian missions worldwide or critical infrastructure support to deployed international forces in conflict or post-conflict countries and/or regions.

Copenhagen Group has offices in Denmark and Kuwait.

Copenhagen Group currently employs 31 people on a permanent contract basis but makes extensive use of project-based employments to fit the scale and scope of work undertaken for customers.

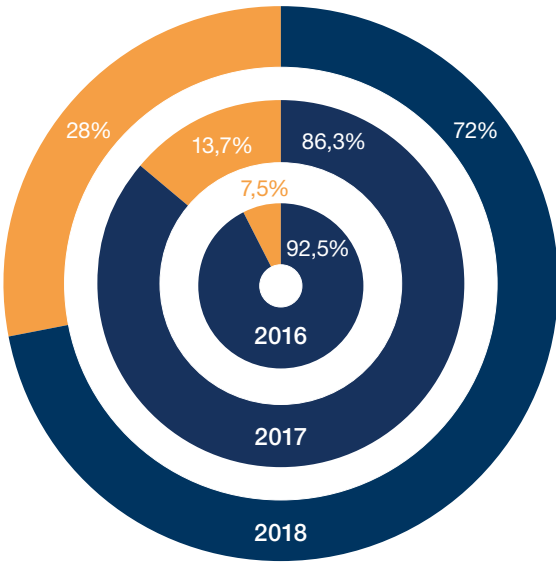
Copenhagen Group is solely owned by Handwerk Holding A/S, a family-owned company.

Revenue by Business Entity



Copenhagen Contractors Copenhagen Global
Copenhagen Election HDD

Foreign vs Domestic Revenue



Foreign Domestic

Certifications



Memberships



Areas of Business

Copenhagen Election

Indelible Ink Products
Ballot Boxes
Security Plastic Seals

Copenhagen Arctic

Facility Management and Arctic Camp Services
Specialised Boats and Vehicles for the Arctic
Unmanned Aerial Systems for the Arctic
Consulting Services

Copenhagen Global

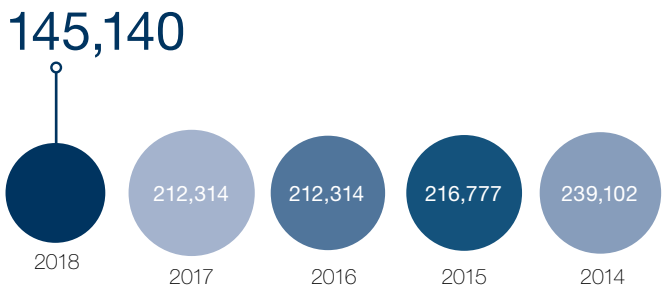
Armoured Vehicles and Drivers' Training
Heavy Duty Trucks
Construction Equipment
Agricultural Machinery
Fire Trucks
Snowmobiles
High Speed Performance Boats and RHIBs
Inflatable Boats and Boards
Engines and Generators
Tactical Watercraft
Submersibles

Copenhagen Contractors

Wash-Down and Disinfection Systems
Management of HAZMAT Waste
Mortuary Services and Supplies
Unmanned Aerial Systems (UAS)
Counter-UAS Solutions
Airport (Military) Hangars
Facility Management and Camp Services

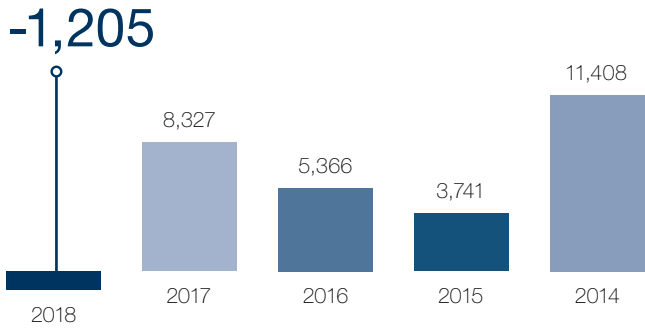
Copenhagen Group at a Glance

Revenue (DKK in thousands)



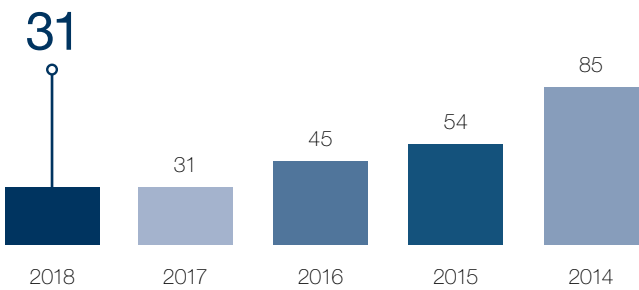
Revenue decreased by 43.9% from DKK 258.6 million to DKK 145.1 million. Last year (2017) was unusual with very large orders in both Copenhagen Global and Copenhagen Election.

Net Profit (DKK in thousands)



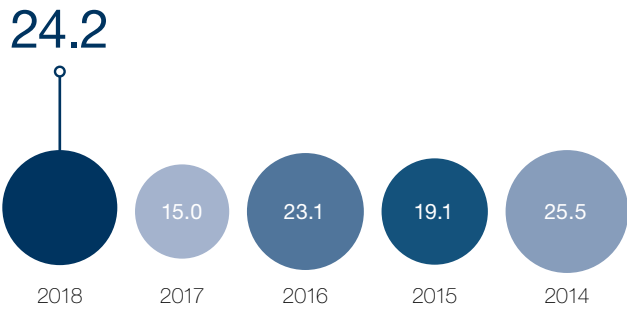
A net loss of DKK 1.2 million was encountered in 2018 due to lower turnover and higher costs related to depreciation and write-down of tangible fixed assets. Staff costs also remained at par with the previous year.

Employees (FTEs)



Number of Full Time Equivalent (FTE) employees reflect our project-based business model. As projects close down the number of FTEs is reduced automatically. At present, besides our HDD services in Kuwait, most of the work undertaken by us relates to tendering and administration of ongoing projects at our head office in Copenhagen, Denmark.

Solvency Ratio (%)



Our solvency ratio, i.e. our ability to cover our long-term debts, fluctuates between the years as its calculation is subject to net profit, depreciation, short- and long-term liabilities. In 2018, our solvency ratio improved from 15.0% to 24.2%.

Consolidated Financial Highlights

| DKK in thousands. | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Profit and loss account | | | | | |
| Net turnover | 145,140 | 258,621 | 212,314 | 216,777 | 239,102 |
| Gross profit | 17,243 | 24,370 | 36,965 | 27,413 | 49,421 |
| Results from operating activities | 1,013 | 8,712 | 9,798 | 2,920 | 14,614 |
| Net financials | -877 | -1,879 | -2,834 | 1,071 | -135 |
| Results for the year | -1,205 | 8,327 | 5,366 | 3,741 | 11,408 |

Balance sheet

| | | | | | |
|--|--------|---------|--------|--------|--------|
| Balance sheet sum | 58,314 | 116,197 | 38,510 | 78,331 | 71,971 |
| Investments in tangible fixed assets represent | 556 | 286 | 4,932 | 4,334 | 2,155 |
| Equity | 14,120 | 17,689 | 9,153 | 15,282 | 18,333 |

Cash flow

| | | | | | |
|-----------------------|--------|-------|---------|---------|--------|
| Operating activities | 12,532 | 3,818 | 15,459 | -10,014 | 24,466 |
| Investment activities | -633 | -159 | -3,915 | -1,443 | -1,683 |
| Financing activities | -9,020 | 5,164 | -13,207 | -5,272 | -3,664 |
| Cash flow in total | 2,880 | 1,188 | -1,663 | -16,729 | 19,119 |

Employees

| | | | | | |
|---------------------------------------|----|----|----|----|----|
| Average number of full time employees | 31 | 31 | 45 | 54 | 85 |
|---------------------------------------|----|----|----|----|----|

Key figures in %

| | | | | | |
|------------------|------|------|------|------|------|
| Gross margin | 11.9 | 9.4 | 17.4 | 12.6 | 20.7 |
| Profit margin | 0.7 | 3.4 | 4.6 | 1.3 | 6.1 |
| Solvency ratio | 24.2 | 15.0 | 23.1 | 19.1 | 25.5 |
| Return on equity | -7.6 | 62.9 | 45.5 | 22.5 | 71.6 |

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

Management's Review

Year 2018 constituted a year in limbo for us with regard to our long-term agreement for the supply of IVECO trucks and spare parts to an international organisation, since we awaited the outcome of the evaluation result for the new tender for almost 18 months; hence, no big orders for trucks were made during the second half of 2018, thus impacting our revenue for the year.

On the positive side, 2018 marked the year in which we made our first sale of USMI's 11mtr NSW RIBs to the Danish Defence. The sale of these 2 RIBs positively affected both our revenue and gross profit for 2018.

During the past five years, Copenhagen Global has grown from a company specialising in armoured vehicles and heavy-duty trucks to a company that offers the entire palette of products from our suppliers – from engines to fire trucks – and various special purpose boats and related equipment from reputable global manufacturers.

Despite very little activity under its long-term agreement for the supply of electoral materials, due to relatively few elections in 2018, Copenhagen Election also contributed positively to the group's overall result, by supporting elections in 6 countries during year 2018, e.g. in December 2018, we concluded a big order for electoral material for Guinea-Bissau delivered by an air charter.

In 2018, there were no other active contracts in Copenhagen Contractors besides our wash-down and disinfection services framework contract with the Danish Defence, which generated very little income. The engineering consultancy contract in Bangkok, Thailand is still ongoing but our future input and thus income will not materialise until this structural integrity project moves into the construction phase, expected in late 2019 or early 2020. Copenhagen Contractors and its local partner, the Asian Institute of Technology, will then conduct construction supervision.

No revenue reported for 2018 for Copenhagen Arctic, but deferred tax assets have been utilised by other separate legal entities within Copenhagen Group. Copenhagen Arctic also continues to carry a loss following the expensive US court case back in 2016.

Financial Development

In 2018, revenue decreased by 44% from DKK 259 million to DKK 145 million. Last year we had our highest revenue to date as a result of unusually large orders in both Copenhagen Global and Copenhagen Election. Given this lower revenue for 2018, our gross profit decreased by 29.1% to DKK 17.3 million from DKK 24.4 million. However, our gross profit margin increased by 2.5% from 9.4% to 11.9%.

Operating profit decreased by 88.5% to DKK 1 million, constituting a profit margin of just 0.7%, primarily due to staff and depreciation costs.

Total balance decreased by 49.8% to DKK 58.3 million from DKK 116.2 million. The unusual high number in 2017 was due to large orders for vehicles placed by our customers at the very end of the annual year, resulting in an inflated balance sheet at year end for Copenhagen Global and thereby also Copenhagen Group.

With a net loss of DKK 1.2 million for 2018, total equity ultimo 2018 amounts to DKK 14.1 million and translates into an equity share of 24.2%, which is an improvement from 15.2% last year.

Counter-UAS Solution by Chess Dynamics

Copenhagen Contractors represents Chess Dynamics Ltd. in the Kingdom of Denmark (incl. Greenland and the Faroe Islands) with regard to counter-UAS solutions. Chess Dynamics' C-UAS Solution is a counter drone system that is designed to disrupt and neutralise unmanned aerial vehicles (UAVs), remotely piloted aircraft systems (RPAS) or unmanned aircraft systems (UAS) engaged in hostile airborne surveillance and potentially malicious activity. The system combines electronic-scanning radar target detection, electro-optical (EO) tracking/classification and directional RF inhibition capability.

Wing Inflatable Boats for Military, Safety and Law Enforcement Missions

Copenhagen Global represents Wing Inflatables Inc. in the Kingdom of Denmark (incl. Greenland and the Faroe Islands) with regard to the P-Series Inflatable Craft (CRRCs) and Inflatable Sponsons/Collars. The Wing P-series crafts are the ideal inflatable boats for missions in which rapid deployment, high performance, and reliability are key assets for success. Whether paddled for stealth or powered for speed, Wing's CRRCs are designed for a variety of military, safety, and law enforcement missions—from combat reconnaissance to search and seizure; from boarding operations to search and rescue; from insertion to extraction of Special Forces teams to maritime patrol.



Expectations for the Future

Supporting international organisations and national governmental bodies worldwide with products and services from cradle to grave remains our core business focus.

In 2018, Copenhagen Global tendered for a few large long-term agreements with international organisations, which will affect our future financial results, either positively or negatively.

Nonetheless, we expect the Danish market, particularly the maritime sector, to contribute positively to the result of Copenhagen Global in 2019. Furthermore, with the dealerships for a plethora of foreign manufacturers of high-quality products in the Kingdom of Denmark, Scandinavia and Europe, we expect to expand our presence in the Danish market, by not only supplying and delivering special purpose boats, tactical watercraft, engines, generators, fire trucks and equipment, but also offering repair and maintenance services to customers.

Given the current political climate with geopolitical tensions, particular between the Western World and Russia, we still expect continued heighten military presence in the Baltic countries by NATO forces. Copenhagen Contractors will continue to spearhead our entry into these countries by offering support (products and services) to national and international armed forces operating on the border to Russia.

Given that the procurement of electoral materials has been decentralised during the past few years, it requires a slightly new marketing model to sell our products for national elections. To support this new reality, we are now marketing and selling our electoral materials directly to national election commissions. However, year 2019 still holds few elections in developing countries, where our products are used; therefore, expectations for the next financial year for Copenhagen Election are somewhat low.

Risk Management

Proper management of risks is extremely important to us, since our corporate set-up and customer database do not lend us much room for manoeuvring with respect to social acceptability and financial credibility.

Before bidding for a new potential contract we conduct an internal assessment of the customer and scope of work to ensure it meets our obligations to UN Global Compact to which we are a long-standing signatory.

Our suppliers undergo the same level of scrutiny, in particular with respect to ISO 9001 on quality, ISO 14001 on environment and OHSAS 18001 on occupational health and safety.

To hedge our financial risks, we aim to quote customers in the same currency as that quoted to us by our suppliers. Our business transactions are, for the most part, also restricted to DKK, EUR and USD;

hence, the biggest risk relates to fluctuations in the USD exchange rate toward 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.

Employees

Dedicated and motivated employees are paramount to the success of our company. Offering employees the chance to further develop their skills set and taking on new responsibilities is important to us.

Our employees are also strongly encouraged to propose new products and services to market and ideas on how to further improve our internal processes. Each year, all our employees are asked to participate in the employee satisfaction survey with the aim to improve employee engagement, satisfaction, work processes, and management practices.

Corporate Responsibility

We publish an independent annual Communication on Progress (COP), disclosing our corporate responsibility policies, key actions, and performance.

Throughout all aspects of our operations – from tendering to buy-back and disposal of products – we are committed to conduct our business in a responsible and lawful manner with respect for the wider economic, social, and environmental impacts of our activities.

We strive to promote the same principles and values underlying our business in our relationships with customers, suppliers, and business partners.

We are fully committed to reducing the impacts of our operations and business activities on the environment through the mitigation of natural resource depletion and pollution.

We respect internationally recognised human rights and work to ensure that we do not contribute to human rights violations as a result of our global business activities.

We work against all forms of corruption in accordance with the law and the fundamental values of our company. We are committed to working effectively towards the elimination of facilitation payments in line with relevant international standards.

As a major supplier of products and services to various UN agencies, the UN's Sustainable Development Goals (SDGs) are very important to us and we do our best to contribute to the fulfilment of the SDGs most relevant to our businesses. Of the 17 SDGs established and agreed upon globally, we currently aim to help fulfil the following oals through our business conduct:

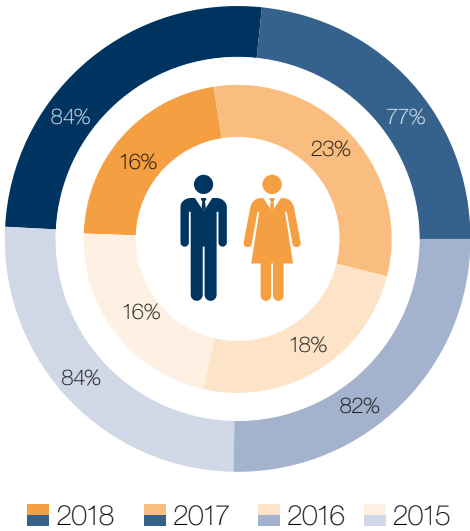


By supporting national election commissions worldwide with our electoral products, we aim to promote democracy through free and fair elections.

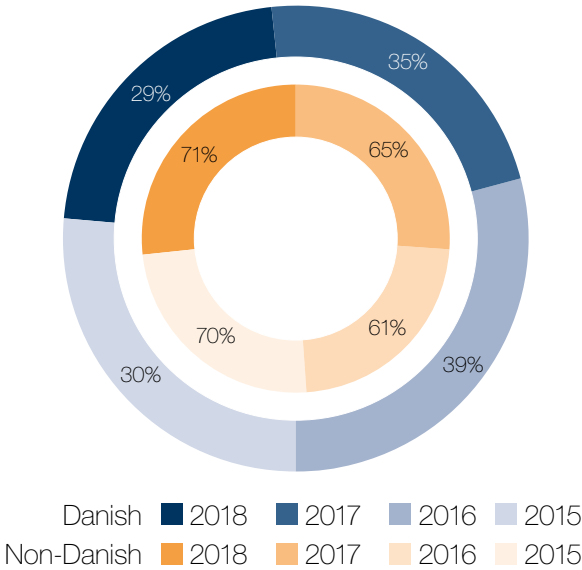
By optimising our own operations and working closely with our partners we aim to ship the vast majority of our goods by sea to reduce our carbon footprint.

By collaborating with partners on the correct management, transport and disposal of hazardous material, such as our indelible ink products, we help our customers protect the environment.

Gender Balance



Nationality



Textron UAS - Vertical Take-Off and Landing



Copenhagen Contractors represents Textron Systems Inc. in the Kingdom of Denmark (incl. Greenland and the Faroe Islands) with regard to unmanned systems. The Aerosonde HQ is a runway-independent configuration that uses Hybrid Quad technology to achieve vertical take-off and landing (VTOL).

Statement by the Management

The Board of Directors and the Managing Director have today presented the annual report of Copenhagen Group A/S for the financial year 1 January to 31 December 2018.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2018, and of the results of the activities and cash flows, consolidated and of the company respectively in the financial year 1 January to 31 December 2018.

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

The Annual Report is recommended for approval by the general meeting.

Copenhagen, 24 June 2019

Managing Director

Jeppe Handwerk
CEO

Board of Directors

Casper Moltke-Leth
Chairman

Jeppe Handwerk
CEO

Meta Birgitte Zachau Handwerk
Board Member

Servicing Vehicles and Providing Training On-Site



Copenhagen Global undertakes service and maintenance of vehicles and equipment worldwide. Training of users and mechanics is an integral part of any visit overseas to ensure proper use and care of the vehicles and equipment supplied.

Independent Auditor's Report

To the Shareholders of Copenhagen Group A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Copenhagen Group A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes, consolidated and for the company respectively. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2018 and of the results of the company's operations and cash flows, consolidated and for the company respectively for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts".

We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The Management's Responsibilities for the Consolidated Annual Accounts and the Annual Accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual

accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts and the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying

transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's Review

The management is responsible for the management's review.

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

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

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 24 June 2019

Christensen Kjærulff
Company reg. no. 15 91 56 41



Elan Schapiro
State Authorised Public Accountant

Profit and Loss Account

1 January - 31 December

| Note | GROUP | | PARENT ENTERPRISE | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net turnover | 145,140,016 | 258,620,663 | 8,835,695 | 11,515,912 |
| Other operating income | 293,075 | 587,373 | 0 | 0 |
| Raw materials and consumables used | -118,346,860 | -224,997,673 | -2,390 | -20,282 |
| Other external costs | -9,842,936 | -9,840,002 | -6,777,173 | -6,578,846 |
| Gross results | 17,243,295 | 24,370,361 | 2,056,132 | 4,916,784 |
| 1. Staff costs | -14,346,541 | -15,389,785 | -6,069,120 | -7,897,749 |
| 2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets | -1,884,121 | -268,466 | -50,011 | -83,229 |
| Operating profit | 1,012,633 | 8,712,110 | -4,062,999 | -3,064,194 |
| 3. Income from equity investments in group enterprises | 0 | 0 | 4,667,518 | 10,332,318 |
| Other financial income from group enterprises | 0 | 0 | 907,982 | 1,273,010 |
| Other financial income | 2,064,881 | 2,694,141 | 698,791 | 435,413 |
| 4. Other financial costs | -2,941,562 | -4,573,607 | -2,209,158 | -4,219,183 |
| Results before tax | 135,952 | 6,832,644 | 2,134 | 4,757,364 |
| 5. Tax on ordinary results | -1,340,600 | 1,494,459 | -928,400 | 3,516,632 |
| 6. Results for the year | -1,204,648 | 8,327,103 | -926,266 | 8,273,996 |
| The group's results are as follows: | | | | |
| Shareholders in Copenhagen Group A/S | 1,204,648 | 8,273,996 | | |
| Minority interests | 0 | 53,107 | | |
| | 1,204,648 | 8,327,103 | | |

All amounts in DKK.

IVECO and MOTTOLA Water Tank Trucks for Iraq

For the second time within just 2 years, Copenhagen Global supports rebuilding and infrastructure efforts in Iraq by delivering various IVECO trucks, such as MOTTOLA water tankers.

Balance Sheet 31 December

Assets

| Note | GROUP | | PARENT ENTERPRISE | |
|---|--------------------------|---------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Fixed assets | | | | |
| 7. Intellectual property | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Intangible fixed assets in total | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 8. Land and property | 1,697,414 | 1,722,746 | 1,697,414 | 1,722,746 |
| 9. Other plants, operating assets, and fixtures and furniture | <u>2,863,205</u> | <u>4,162,103</u> | <u>34,187</u> | <u>36,494</u> |
| Tangible fixed assets in total | <u>4,560,619</u> | <u>5,884,849</u> | <u>1,731,601</u> | <u>1,759,240</u> |
| 10. Equity investments in group enterprises | 0 | 0 | 31,637,898 | 25,679,349 |
| 11. Deposits | <u>596,848</u> | <u>550,243</u> | <u>522,620</u> | <u>476,015</u> |
| Financial fixed assets in total | <u>596,848</u> | <u>550,243</u> | <u>32,160,518</u> | <u>26,155,364</u> |
| Fixed assets in total | <u>5,157,467</u> | <u>6,435,092</u> | <u>33,892,119</u> | <u>27,914,604</u> |
| Current assets | | | | |
| Raw materials and consumables | 2,207,588 | 4,500,573 | 0 | 0 |
| Work in progress | 1,741,158 | 2,159,358 | 0 | 0 |
| Manufactured goods and trade goods | 473,799 | 915,909 | 0 | 0 |
| Prepayments for goods | <u>63,726</u> | <u>958,186</u> | <u>0</u> | <u>0</u> |
| Inventories in total | <u>4,486,271</u> | <u>8,534,026</u> | <u>0</u> | <u>0</u> |
| Trade debtors | 38,048,191 | 92,094,511 | 0 | 0 |
| 12. Work in progress for the account of others | 1,609,390 | 1,826,223 | 0 | 0 |
| Amounts owed by group enterprises | 305,682 | 298,588 | 12,312,063 | 12,851,533 |
| 13. Deferred tax assets | 2,287,743 | 3,582,390 | 325,070 | 2,388,494 |
| Receivable corporate tax | 0 | 0 | 1,138,290 | 1,525,596 |
| Other debtors | 1,075,817 | 1,053,804 | 211,461 | 125,188 |
| 14. Accrued income and deferred expenses | <u>67,839</u> | <u>22,828</u> | <u>67,839</u> | <u>22,828</u> |
| Debtors in total | <u>43,394,662</u> | <u>98,878,344</u> | <u>14,054,723</u> | <u>16,913,639</u> |
| Available funds | <u>5,275,619</u> | <u>2,349,506</u> | <u>1,959,088</u> | <u>1,291,942</u> |
| Current assets in total | <u>53,156,552</u> | <u>109,761,876</u> | <u>16,013,811</u> | <u>18,205,581</u> |
| Assets in total | <u>58,314,019</u> | <u>116,196,968</u> | <u>49,905,930</u> | <u>46,120,185</u> |

All amounts in DKK.

Balance Sheet 31 December

Equity and Liabilities

| Note | GROUP | | PARENT ENTERPRISE | |
|---|--------------------------|---------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Equity | | | | |
| 15. Contributed capital | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Results brought forward | <u>11,120,091</u> | <u>14,396,161</u> | <u>11,398,456</u> | <u>14,396,155</u> |
| Equity before non-controlling interest, | 14,120,091 | 17,396,161 | 14,398,456 | 17,396,155 |
| Minority interests | <u>0</u> | <u>293,086</u> | <u>0</u> | <u>0</u> |
| Equity in total | <u>14,120,091</u> | <u>17,689,247</u> | <u>14,398,456</u> | <u>17,396,155</u> |
| Provisions | | | | |
| 16. Other provisions | <u>100,000</u> | <u>100,000</u> | <u>0</u> | <u>0</u> |
| Provisions in total | <u>100,000</u> | <u>100,000</u> | <u>0</u> | <u>0</u> |
| Liabilities | | | | |
| 17. Mortgage debt | 950,500 | 1,045,690 | 950,500 | 1,045,690 |
| 18. Other debts | <u>2,889,137</u> | <u>1,131,429</u> | <u>1,449,519</u> | <u>0</u> |
| Long-term liabilities in total | <u>3,839,637</u> | <u>2,177,119</u> | <u>2,400,019</u> | <u>1,045,690</u> |
| Liabilities | 95,240 | 2,238,561 | 95,240 | 2,238,561 |
| Bank debts | 11,541,294 | 17,850,346 | 11,539,447 | 7,766,842 |
| Prepayments received from customers | 1,107,557 | 223,145 | 0 | 0 |
| Trade creditors | 25,068,881 | 73,383,175 | 709,342 | 726,144 |
| Debt to group enterprises | 0 | 0 | 19,799,359 | 15,992,005 |
| Corporate tax | 45,953 | 24,136 | 3,266 | 0 |
| Other debts | <u>2,395,366</u> | <u>2,511,239</u> | <u>960,801</u> | <u>954,788</u> |
| Short-term liabilities in total | <u>40,254,291</u> | <u>96,230,602</u> | <u>33,107,455</u> | <u>27,678,340</u> |
| Liabilities in total | <u>44,093,928</u> | <u>98,407,721</u> | <u>35,507,474</u> | <u>28,724,030</u> |
| Equity and liabilities in total | <u>58,314,019</u> | <u>116,196,968</u> | <u>49,905,930</u> | <u>46,120,185</u> |
| 19. Mortgage and securities | | | | |
| 20. Contingencies | | | | |
| 21. Related parties | | | | |

All amounts in DKK.

CASE

Wheel Loaders for Iraq

For the second time within just 2 years, Copenhagen Global supports rebuilding and infrastructure efforts in Iraq by delivering CASE construction equipment, such as wheel loaders.



Consolidated Statement of Changes in Equity

| | Contributed capital | Results brought forward | Proposed dividend for the financial year | Minority interests | In total |
|---|---------------------|-------------------------|--|--------------------|-------------------|
| Equity 1 January 2017 | 3,000,000 | 5,913,167 | 0 | 239,979 | 9,153,146 |
| Profit or loss for the year brought forward | 0 | 8,273,996 | 0 | 53,107 | 8,327,103 |
| Currency translation | 0 | <u>208,998</u> | 0 | 0 | <u>208,998</u> |
| Equity 1 January 2018 | 3,000,000 | 14,396,161 | 0 | 293,086 | 17,689,247 |
| Profit or loss for the year brought forward | 0 | -3,204,648 | 0 | 0 | -3,204,648 |
| Extraordinary dividend adopted during the financial year | 0 | 2,000,000 | 0 | 0 | 2,000,000 |
| Distributed extraordinary dividend adopted during the financial year, | 0 | -2,000,000 | 0 | 0 | -2,000,000 |
| Currency translation | 0 | -71,422 | 0 | 0 | -71,422 |
| Minority interests sale of share capital | 0 | 0 | 0 | <u>-293,086</u> | <u>-293,086</u> |
| | <u>3,000,000</u> | <u>11,120,091</u> | <u>0</u> | <u>0</u> | <u>14,120,091</u> |

All amounts in DKK.

Statement of Changes in Equity of the Parent Enterprise

| | Contributed capital | Results brought forward | In total |
|--|---------------------|-------------------------|-------------------|
| Equity 1 January 2017 | 3,000,000 | 5,913,161 | 8,913,161 |
| Profit or loss for the year brought forward | 0 | 8,273,996 | 8,273,996 |
| Currency translation | 0 | <u>208,998</u> | <u>208,998</u> |
| Equity 1 January 2018 | 3,000,000 | 14,396,155 | 17,396,155 |
| Profit or loss for the year brought forward | 0 | -2,926,266 | -2,926,266 |
| Extraordinary dividend adopted during the financial year | 0 | 2,000,000 | 2,000,000 |
| Distributed extraordinary dividend adopted during the financial year | 0 | -2,000,000 | -2,000,000 |
| Currency translation | 0 | <u>-71,433</u> | <u>-71,433</u> |
| | <u>3,000,000</u> | <u>11,398,456</u> | <u>14,398,456</u> |

All amounts in DKK.

Cash Flow Statement

1 January - 31 December

| Note | GROUP | | PARENT ENTERPRISE | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Results for the year | -1,204,648 | 8,327,103 | -926,266 | 8,273,996 |
| 22. Adjustments | 4,101,402 | 653,473 | -3,086,722 | -11,254,961 |
| 23. Change in working capital | <u>10,547,585</u> | <u>-10,839,351</u> | <u>-142,072</u> | <u>-594,254</u> |
| Cash flow from operating activities before net financials | 13,444,339 | -1,858,775 | -4,155,060 | -3,575,219 |
| Interest received and similar amounts | 2,054,441 | 2,675,859 | 1,606,775 | 1,708,423 |
| Interest paid and similar amounts | <u>-2,942,312</u> | <u>-4,539,854</u> | <u>-2,209,158</u> | <u>-4,219,183</u> |
| Cash flow from ordinary activities | 12,556,468 | -3,722,770 | -4,757,443 | -6,085,979 |
| Corporate tax paid | <u>-24,138</u> | <u>-94,998</u> | <u>1,525,596</u> | <u>1,331,403</u> |
| Cash flow from operating activities | <u>12,532,330</u> | <u>-3,817,768</u> | <u>-3,231,847</u> | <u>-4,754,576</u> |
| Purchase of tangible fixed assets | -556,089 | -285,734 | -22,372 | 0 |
| Sale of tangible fixed assets | 15,834 | 130,549 | 0 | 0 |
| Other cash flows from (spent in) investment activities | <u>-92,553</u> | <u>-3,566</u> | <u>0</u> | <u>0</u> |
| Cash flow from investment activities | <u>-632,808</u> | <u>-158,751</u> | <u>-22,372</u> | <u>0</u> |
| Repayments of long-term debt | 2,983,613 | -919,419 | 2,983,613 | -919,419 |
| Dividend distributed | -2,000,000 | 0 | -2,000,000 | 0 |
| Available funds | -10,081,658 | 6,139,755 | 2,901,644 | 6,728,512 |
| Other cash flows from financing activities | <u>78,085</u> | <u>-55,900</u> | <u>0</u> | <u>0</u> |
| Cash flow from financing activities | <u>-9,019,960</u> | <u>5,164,436</u> | <u>3,885,257</u> | <u>5,809,093</u> |
| Changes in available funds | 2,879,562 | 1,187,917 | 631,038 | 1,054,517 |
| Available funds 1 January 2018 | 2,349,506 | 1,114,431 | 1,291,942 | 174,034 |
| Exchange rate adjustments (available funds) | <u>46,551</u> | <u>47,158</u> | <u>36,108</u> | <u>63,391</u> |
| Available funds 31 December 2018 | <u>5,275,619</u> | <u>2,349,506</u> | <u>1,959,088</u> | <u>1,291,942</u> |
| Available funds | | | | |
| Available funds | 5,275,619 | 2,349,506 | 1,959,088 | 1,291,942 |
| Available funds 31 December 2018 | <u>5,275,619</u> | <u>2,349,506</u> | <u>1,959,088</u> | <u>1,291,942</u> |

All amounts in DKK.

Notes

| | GROUP | | PARENT ENTERPRISE | |
|---|--------------------------|--------------------------|-------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| 1. Staff costs | | | | |
| Salaries and wages | 12,708,165 | 13,550,324 | 5,184,733 | 6,696,856 |
| Other costs for social security | 57,466 | -146,764 | 23,105 | 42,046 |
| Other staff costs | <u>1,580,910</u> | <u>1,986,225</u> | <u>861,282</u> | <u>1,158,847</u> |
| | <u>14,346,541</u> | <u>15,389,785</u> | <u>6,069,120</u> | <u>7,897,749</u> |
| Executive board and board of directors | <u>2,520,000</u> | <u>2,920,000</u> | <u>504,000</u> | <u>584,000</u> |
| Average number of employees | <u>31</u> | <u>31</u> | <u>4</u> | <u>7</u> |
| 2. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets | | | | |
| Amortisation of intangible assets | 0 | 135,730 | 0 | 36,945 |
| Depreciation on buildings | 25,332 | 25,332 | 25,332 | 25,332 |
| Depreciation and writedown on plants, operating assets, fixtures and furniture | 1,874,623 | 237,955 | 24,679 | 20,952 |
| Profit/loss on sale of tangible assets | <u>-15,834</u> | <u>-130,551</u> | <u>0</u> | <u>0</u> |
| | <u>1,884,121</u> | <u>268,466</u> | <u>50,011</u> | <u>83,229</u> |
| 3. Income from equity investments in group enterprises | | | | |
| Copenhagen Contractors A/S | | | -376,448 | -333,153 |
| Copenhagen Election A/S | | | 259,623 | 2,399,755 |
| Copenhagen Global A/S | | | 3,892,333 | 8,139,547 |
| Copenhagen Arctic A/S | | | 569,019 | 123,917 |
| Copenhagen Contractors Ltd, Kuwait | | | 763,519 | 41,234 |
| Copenhagen Contractors Ltd, Jordan | | | <u>-440,528</u> | <u>-38,982</u> |
| | | | <u>4,667,518</u> | <u>10,332,318</u> |
| 4. Other financial costs | | | | |
| Financial costs, group enterprises | 0 | 0 | 1,340,019 | 1,277,890 |
| Other financial costs | <u>2,941,562</u> | <u>4,573,607</u> | <u>869,139</u> | <u>2,941,293</u> |
| | <u>2,941,562</u> | <u>4,573,607</u> | <u>2,209,158</u> | <u>4,219,183</u> |

All amounts in DKK.

Notes

| | GROUP | | PARENT ENTERPRISE | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| 5. Tax on ordinary results | | | | |
| Tax of the results for the year | 45,953 | 468,193 | -1,135,024 | -1,525,596 |
| Adjustment for the year of deferred tax | <u>1,294,647</u> | <u>-1,962,652</u> | <u>2,063,424</u> | <u>-1,991,036</u> |
| | <u>1,340,600</u> | <u>-1,494,459</u> | <u>928,400</u> | <u>-3,516,632</u> |
| 6. Proposed distribution of the results | | | | |
| Extraordinary dividend adopted during the financial year | | | 2,000,000 | 0 |
| Allocated to results brought forward | | | 0 | 8,273,996 |
| Allocated from results brought forward | | | <u>-2,926,266</u> | <u>0</u> |
| Distribution in total | | | <u>-926,266</u> | <u>8,273,996</u> |
| | 31/12 2018 | 31/12 2017 | 31/12 2018 | 31/12 2017 |
| 7. Intellectual property | | | | |
| Cost 1 January 2018 | 2,148,315 | 2,148,315 | 1,542,997 | 1,542,997 |
| Disposals during the year | <u>-605,318</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cost 31 December 2018 | <u>1,542,997</u> | <u>2,148,315</u> | <u>1,542,997</u> | <u>1,542,997</u> |
| Amortisation and writedown 1 January 2018 | -2,148,315 | -2,012,585 | -1,542,997 | -1,506,052 |
| Amortisation for the year | 0 | -135,730 | 0 | -36,945 |
| Depreciation, amortisation and writedown for the year, assets disposed of | <u>605,318</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Amortisation and writedown 31 December 2018 | <u>-1,542,997</u> | <u>-2,148,315</u> | <u>-1,542,997</u> | <u>-1,542,997</u> |
| Book value 31 December 2017 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

All amounts in DKK.

Notes

| | GROUP | | PARENT ENTERPRISE | |
|--|---------------------------|---------------------------|--------------------------|--------------------------|
| | 31/12 2018 | 31/12 2017 | 31/12 2018 | 31/12 2017 |
| 8. Land and property | | | | |
| Cost 1 January 2018 | 1,900,000 | 8,396,504 | 1,900,000 | 1,900,000 |
| Disposals during the year | <u>0</u> | <u>-6,496,504</u> | <u>0</u> | <u>0</u> |
| Cost 31 December 2018 | <u>1,900,000</u> | <u>1,900,000</u> | <u>1,900,000</u> | <u>1,900,000</u> |
| Depreciation and writedown 1 January 2018 | -177,254 | -6,648,426 | -177,254 | -151,922 |
| Depreciation for the year | -25,332 | -25,332 | -25,332 | -25,332 |
| Reversal of depreciation, amortisation and writedown, assets disposed of | <u>0</u> | <u>6,496,504</u> | <u>0</u> | <u>0</u> |
| Depreciation and writedown 31 December 2018 | <u>-202,586</u> | <u>-177,254</u> | <u>-202,586</u> | <u>-151,922</u> |
| Book value 31 December 2018 | <u>1,697,414</u> | <u>1,722,746</u> | <u>1,697,414</u> | <u>1,748,078</u> |
| 9. Other plants, operating assets, and fixtures and furniture | | | | |
| Cost 1 January 2018 | 28,104,617 | 29,441,592 | 2,171,467 | 2,171,467 |
| Translation by use of the exchange rate valid on balance sheet date 31 December 2018 | 383,882 | -1,132,663 | 0 | 0 |
| Additions during the year | 556,089 | 285,734 | 22,372 | 0 |
| Disposals during the year | <u>-96,617</u> | <u>-490,046</u> | <u>-77,378</u> | <u>0</u> |
| Cost 31 December 2018 | <u>28,947,971</u> | <u>28,104,617</u> | <u>2,116,461</u> | <u>2,171,467</u> |
| Amortisation and writedown 1 January 2018 | -23,942,514 | -25,161,763 | -2,134,973 | -2,114,021 |
| Translation by use of the exchange rate valid on balance sheet date 31 December 2018 | -344,496 | 909,683 | 0 | 0 |
| Depreciation for the year | -1,894,373 | -1,855,727 | -24,679 | -20,952 |
| Adjustment of writedown, opening balance | 0 | 1,675,245 | 0 | 0 |
| Reversal of depreciation, amortisation and writedown, assets disposed of | <u>96,617</u> | <u>490,048</u> | <u>77,378</u> | <u>0</u> |
| Amortisation and writedown 31 December 2018 | <u>-26,084,766</u> | <u>-23,942,514</u> | <u>-2,082,274</u> | <u>-2,134,973</u> |
| Book value 31 December 2018 | <u>2,863,205</u> | <u>4,162,103</u> | <u>34,187</u> | <u>36,494</u> |

All amounts in DKK.



MAGIRUS
Low Liner for Frederiksborg Castle

Copenhagen Global and MAGIRUS supplied and delivered two MAGIRUS Low Liners to Frederiksborg Brand & Redning in Denmark. The Low Liner is a low profile and compact Turntable Ladder specifically designed to enter low-rise buildings and narrow entryways.

Photo Credits: Søren Viggo Ovesen, Frederiksborg Brand & Redning

Notes

| | GROUP | | PARENT ENTERPRISE | |
|--|-----------------------|-----------------------|---------------------------|---------------------------|
| | 31/12 2018 | 31/12 2017 | 31/12 2018 | 31/12 2017 |
| 10. Equity investments in group enterprises | | | | |
| Acquisition sum, opening balance 1 January 2018 | | | 62,851,579 | 62,851,579 |
| Additions during the year | | | <u>6</u> | <u>0</u> |
| Cost 31 December 2018 | | | <u>62,851,585</u> | <u>62,851,579</u> |
| Revaluations, opening balance 1 January 2018 | | | -37,172,230 | -47,713,546 |
| Translation by use of the exch, rate valid on balance sheet date | | | -71,433 | 208,998 |
| Results for the year before goodwill amortisation | | | 4,096,061 | 10,332,318 |
| Other movements in capital | | | <u>1,933,915</u> | <u>0</u> |
| Revaluation 31 December 2018 | | | <u>-31,213,687</u> | <u>-37,172,230</u> |
| Book value 31 December 2018 | | | <u>31,637,898</u> | <u>25,679,349</u> |
| Group enterprises: | | | Domicile | Share of ownership |
| Copenhagen Contractors A/S | | | Copenhagen | 100 % |
| Copenhagen Election A/S | | | Copenhagen | 100 % |
| Copenhagen Global A/S | | | Copenhagen | 100 % |
| Copenhagen Artic A/S | | | Copenhagen | 100 % |
| Copenhagen Contractors Int, Ltd, | | | Jordan | 100 % |
| Copenhagen Contractors Int, Ltd, | | | Kuwait | 100 % |
| 11. Deposits | | | | |
| Cost 1 January 2018 | 550,243 | 679,605 | 476,015 | 539,406 |
| Additions during the year | 46,605 | 0 | 46,605 | 0 |
| Disposals during the year | <u>0</u> | <u>-129,362</u> | <u>0</u> | <u>-63,391</u> |
| Cost 31 December 2018 | <u>596,848</u> | <u>550,243</u> | <u>522,620</u> | <u>476,015</u> |
| Book value 31 December 2018 | <u>596,848</u> | <u>550,243</u> | <u>522,620</u> | <u>476,015</u> |

All amounts in DKK.

Notes

| | GROUP | | PARENT ENTERPRISE | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31/12 2018 | 31/12 2017 | 31/12 2018 | 31/12 2017 |
| 12. Work in progress for the account of others | | | | |
| Sales value of the production of the period | <u>1,609,390</u> | <u>1,826,223</u> | <u>0</u> | <u>0</u> |
| Work in progress for the account of others, net | <u>1,609,390</u> | <u>1,826,223</u> | <u>0</u> | <u>0</u> |
| 13. Deferred tax assets | | | | |
| Deferred tax assets 1 January 2018 | 3,582,390 | 1,619,738 | 2,388,494 | 397,458 |
| Adjustments | <u>-1,294,647</u> | <u>1,962,652</u> | <u>-2,063,424</u> | <u>1,991,036</u> |
| | <u>2,287,743</u> | <u>3,582,390</u> | <u>325,070</u> | <u>2,388,494</u> |
| 14. Accrued income and deferred expenses | | | | |
| Accruals consist of prepaid expenses related to the next fiscal year | | | | |
| 15. Contributed capital | | | | |
| Contributed capital 1 January 2018 | | | <u>3,000,000</u> | <u>3,000,000</u> |
| | | | <u>3,000,000</u> | <u>3,000,000</u> |
| During the last 5 years, there has been the following changes to the contributed capital: | | | | |
| The company has in 2014 reduced the contributed capital from DKK 6,000,001 to DKK 3,000,000 through a share annulment paid out to the shareholders. | | | | |
| 16. Other provisions | | | | |
| Other provisions 1 January 2018 | 100,000 | 100,762 | 0 | 0 |
| Change of the year in other provisions | <u>0</u> | <u>-762</u> | <u>0</u> | <u>0</u> |
| | <u>100,000</u> | <u>100,000</u> | <u>0</u> | <u>0</u> |

All amounts in DKK.

Notes

| | GROUP | | PARENT ENTERPRISE | |
|---|------------------|------------------|-------------------|------------------|
| | 31/12 2018 | 31/12 2017 | 31/12 2018 | 31/12 2017 |
| 17. Mortgage debt | | | | |
| Mortgage debt in total | 998,120 | 1,093,190 | 998,120 | 1,093,190 |
| Share of amount due within 1 year | <u>-47,620</u> | <u>-47,500</u> | <u>-47,620</u> | <u>-47,500</u> |
| | 950,500 | 1,045,690 | 950,500 | 1,045,690 |
| Share of liabilities due after 5 years | <u>750,000</u> | <u>797,500</u> | <u>750,000</u> | <u>797,500</u> |
| 18. Other debts | | | | |
| Other debts in total | 2,889,137 | 1,131,429 | 1,449,519 | 0 |
| Share of amount due within 1 year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other debts in total | 2,889,137 | 1,131,429 | 1,449,519 | 0 |
| Share of liabilities due after 5 years | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 19. Mortgage and securities | | | | |
| As security for the group's mortgage debts, tDKK 998 (parent enterprise: tDKK 998), the group has granted mortgage on land and buildings representing a book value of tDKK 1.697 (parent enterprise: tDKK 1.679) at 31 December 2018. | | | | |
| As security for the group's bank debts, tDKK 11.360 (parent enterprise tDKK 11.360), the group has granted mortgage in available funds representing a book value of tDKK 1.450 (parent enterprise tDKK 1.450) at 31 December 2018. | | | | |
| For the group's bank debts, tDKK 11.360, (parent enterprise tDKK 11.360) the group has provided security in company assets representing a nominal value of tDKK 18.500. (parent enterprise tDKK 17.000). This security comprises the below assets, stating the book values: | | | | |
| Inventories | | tDKK 4,486 | | |
| Trade debtors | | tDKK 38,048 | | |
| Other plants, operating assets, fixtures and furniture | | tDKK 2,863 | | |

All amounts in DKK.

Notes

20. Contingencies

| Contingent liabilities for the group | | DKK in thousands |
|---|--|------------------|
| Leasing liabilities | | 840 |
| Recourse guarantee commitments | | 11,360 |
| Recourse liability to products sold | | <u>9,181</u> |
| Contingent liabilities in total | | 21,381 |
| Comprising: | | |
| Contingent liabilities, group enterprises | | <u>11,360</u> |

Recourse guarantee commitments

The parent enterprise has provided guarantees for the bank debts of the group enterprises. On 31 December 2018 the total bank debts of the group enterprises were tDKK 11,360.

Joint taxation

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

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

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

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

All amounts in DKK.

Notes

21. Related parties
Controlling interest

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

Majority shareholder

Other related parties

Casper Moltke-Leth

Jeppe Handwerk

Meta Birgitte Zachau Handwerk

Copenhagen Contractors A/S

Copenhagen Election A/S

Copenhagen Arctic A/S

Copenhagen Contractors Ltd., Kuwait

Copenhagen Contractors Ltd., Jordan

Board member

Board member

Board member

Group enterprise

Group enterprise

Group enterprise

Group enterprise

Group enterprise

The shareholder of the group is also employed as CEO. Remuneration is granted on market terms.

Transactions

All transactions with related parties are made on market terms.

Consolidated annual accounts

The company is included in the consolidated annual accounts of Handwerk Holding A/S.

Notes

22. Adjustments

Depreciation and amortisation

Income from equity investments in group enterprises

Other financial income

Other financial costs

Tax on ordinary results

23. Change in working capital

Change in inventories

Change in debtors

Change in trade creditors and other liabilities

| GROUP | | PARENT ENTERPRISE | |
|--------------------|--------------------|-------------------|--------------------|
| 2018 | 2017 | 2018 | 2017 |
| 1,884,121 | 268,466 | 50,011 | 83,229 |
| 0 | 0 | -4,667,518 | -10,332,318 |
| -2,064,881 | -2,694,141 | -1,606,773 | -1,708,423 |
| 2,941,562 | 4,573,607 | 2,209,158 | 4,219,183 |
| <u>1,340,600</u> | <u>-1,494,459</u> | <u>928,400</u> | <u>-3,516,632</u> |
| <u>4,101,402</u> | <u>653,473</u> | <u>-3,086,722</u> | <u>-11,254,961</u> |
| | | | |
| 4,047,755 | -321,969 | 0 | 0 |
| 53,768,350 | -74,507,252 | -89,589 | -87,650 |
| <u>-47,268,520</u> | <u>63,989,870</u> | <u>-52,483</u> | <u>-506,604</u> |
| <u>10,547,585</u> | <u>-10,839,351</u> | <u>-142,072</u> | <u>-594,254</u> |

Accounting Policies

The Annual Report for Copenhagen Group A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises). The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and Measurement in General
Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities.

Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

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

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item. At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The Consolidated Annual Accounts
The consolidated annual accounts comprise the parent company Copenhagen Group A/S and those group enterprises of which Copenhagen Group A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting

rights and exercises considerable, but not controlling interest are considered associated enterprises. By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Minority Interests
The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

THE PROFIT AND LOSS ACCOUNT
Net Turnover
The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received.

The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale. Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method).

The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only

recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

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

Other Operating Income
Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

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

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

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

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

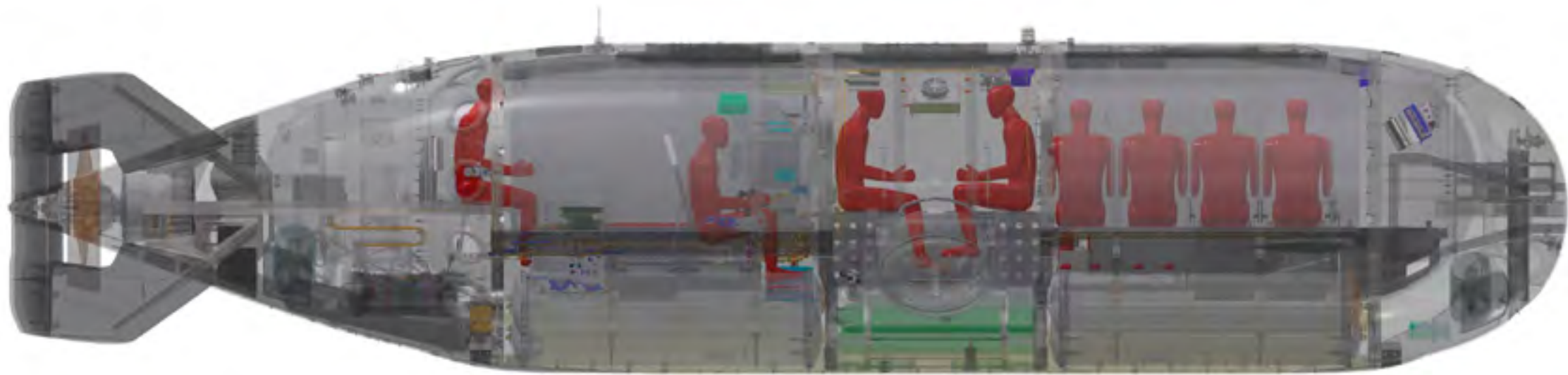
Golden Arrow Marine Tactical Watercraft



Copenhagen Global represents Golden Arrow Marine in the Kingdom of Denmark (incl. Greenland and the Faroe Islands), Sweden, Norway, Finland, Iceland, Poland, Germany, Belgium, the Netherlands and the Baltic Countries with regard to tactical watercraft, small and large variant. The tactical watercraft is based on a Sea-Doo jet ski. The inflatable collar/sponsons by Wing Inflatable Inc. offers extra stability and speed.

Manned Submersibles

by M Subs



Copenhagen Global represents M Subs Ltd in the Kingdom of Denmark (incl. Greenland and the Faroe Islands) with regard to manned and unmanned underwater vehicles, such as the 12m S361 manned submersible, which provides a medium payload, long range and long endurance.

Results from Equity Investments in Group Enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the Results for the Year

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

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises.

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

THE BALANCE SHEET

Intangible Fixed Assets and Intellectual Property

Aquired software and intellectual property is measured at cost price less accumulated

amortization and is amortized by the straight-line method over the expected useful life estimated to three to five years.

Tangible Fixed Assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated. The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use. The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

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

assets: buildings, Denmark (30 years); Other Plants, Operating Assets, Fixtures and Furniture (3-5 years). (Residual value: 0-20%)

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

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

Leasing contracts

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract. All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Write-Down of Fixed Assets

The book values of both intangible and tangible

fixed assets as well as equity investments in subsidiaries and associated enterprises 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 takes place to the recoverable amount, if this value is lower than the book value. The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets. Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

FINANCIAL FIXED ASSETS

Equity Investments in Group Enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method. Group enterprises and associated enterprises

with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill

and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price. Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

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

Inventories

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

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

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

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

Debtors

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

Work in Progress for the Account of Others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design.

Furthermore, it is a requirement that before work is commenced, a binding contract is

to be been entered into, implying penalty or damages in case of subsequent cancellation. The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions. If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities. Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued Income and Deferred Expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available Funds

Available funds comprise cash at bank and in hand.

EQUITY

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate Tax and Deferred Tax

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

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

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus. Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

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

Other Provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

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

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract.

Provisions are recognised as costs under production costs.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds



Copenhagen Global and USMI supplied and delivered two new 11mtr NSW RIBs, installed with FPT engines, to the Danish Defence. In addition to FPT engines, the RIB has been updated in terms of console design and fuel cells.

and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Liabilities relating to investment properties are measured at amortised cost. Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

THE CASH FLOW STATEMENT

The cash flow statement shows the cash flow of the group and the parent enterprise for the year, divided in cash flows deriving from operating activities, investment activities, and

financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively. The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash Flow from Operating Activities

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

Cash Flow from Investment Activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and

tangible fixed assets and fixed asset investments respectively.

Cash Flow from Financing Activities

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

Available Funds

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