

---

# ***Henning Larsen Architects A/S***

Vesterbrogade 76, DK-1620 København V

## **Annual Report for 1 July 2019 - 31 December 2020**

---

CVR No 18 94 08 84

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
9 /4 2021

Kasper Freund  
Chairman of the General  
Meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Group Chart	6
Financial Highlights	7
Management's Review	8
<b>Consolidated and Parent Company Financial Statements</b>	
Income Statement 1 July - 31 December	13
Balance Sheet 31 December	14
Statement of Changes in Equity	16
Cash Flow Statement 1 July - 31 December	18
Notes to the Financial Statements	19

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Henning Larsen Architects A/S for the financial year 1 July 2019 - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 9 April 2021

## Executive Board

Mette Kynne Frandsen  
CEO

Louis Andreas Becker

## Board of Directors

Søren Holm Johansen  
Chairman

Marianne Sørensen Henriksen  
Deputy Chairman

Kasper Freund

Monica Reib

Helle Basse Larsen

Helene Bekker

# Independent Auditor's Report

To the Shareholder of Henning Larsen Architects A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2019 - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Henning Larsen Architects A/S for the financial year 1 July 2019 - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

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

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

## Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

## Independent Auditor's Report

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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. 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 internal control that we identify during our audit.

Hellerup, 9 April 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Kim Danstrup  
State Authorized Public Accountant  
mne32201

Jakob Thisted Binder  
State Authorized Public Accountant  
mne42816

## Company Information

### **The Company**

Henning Larsen Architects A/S  
Vesterbrogade 76  
DK-1620 København V

CVR No: 18 94 08 84  
Financial period: 1 July 2019 - 31 December 2020  
Municipality of reg. office: København

### **Board of Directors**

Søren Holm Johansen, Chairman  
Marianne Sørensen Henriksen, Deputy Chairman  
Kasper Freund  
Monica Reib  
Helle Basse Larsen  
Helene Bekker

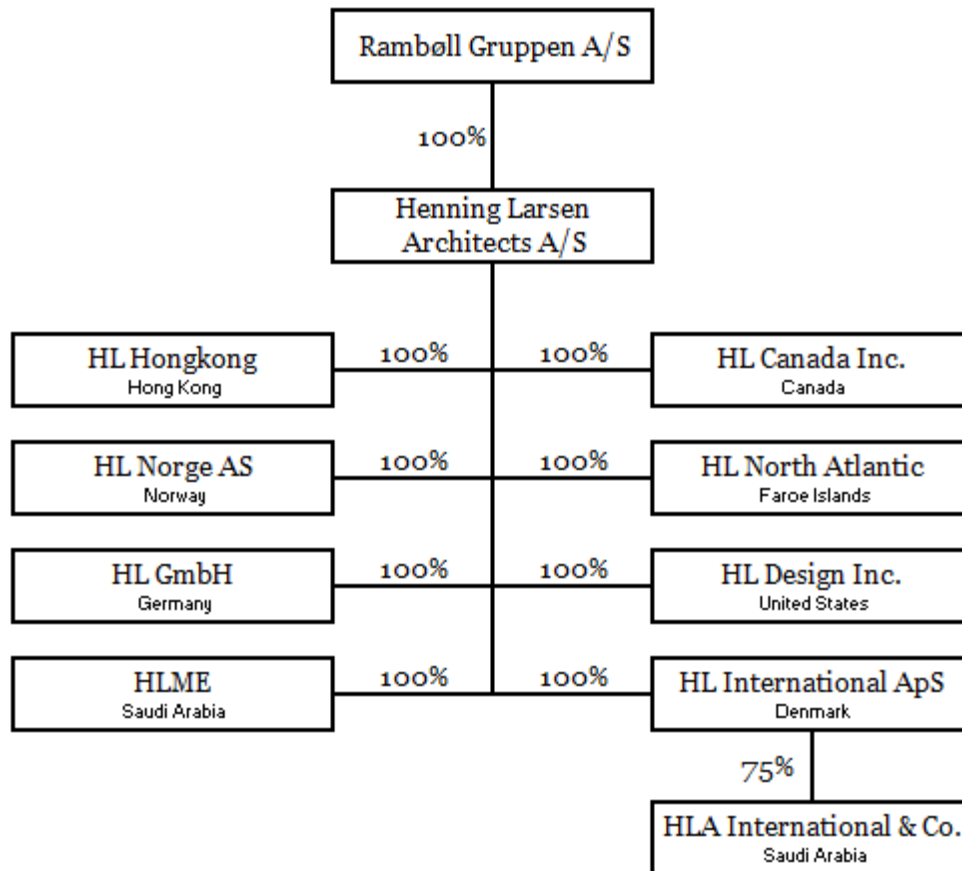
### **Executive Board**

Mette Kynne Frandsen  
Louis Andreas Becker

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Group Chart





# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK 18 months	TDKK 12 months	TDKK 12 months	TDKK 12 months	TDKK 12 months
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	526,039	336,395	279,375	268,455	282,204
Gross profit/loss	159,835	91,087	83,481	70,376	76,688
Operating profit/loss	92,324	39,213	38,738	34,119	36,380
Profit/loss before financial income and expenses	92,323	44,381	39,047	34,186	36,396
Net financials	-564	1,124	-390	2,069	-1,622
Net profit/loss for the year	68,691	34,621	30,131	28,093	27,119
<b>Balance sheet</b>					
Balance sheet total	282,089	243,608	239,049	238,164	237,612
Equity	115,710	79,056	85,221	73,382	61,725
<b>Cash flows</b>					
Cash flows from:					
- operating activities	81,371	37,969	27,553	26,997	33,307
- investing activities	34,386	-11,668	-7,471	-16,339	-2,832
- financing activities	-31,289	-39,676	-18,000	-16,000	-20,000
Change in cash and cash equivalents for the year	84,469	-13,374	2,082	-5,342	10,475
Number of employees	277	297	288	275	281
<b>Ratios</b>					
Gross margin	30.4%	27.1%	29.9%	26.2%	27.2%
Profit margin	17.6%	13.2%	14.0%	12.7%	12.9%
Return on assets	32.7%	18.2%	16.3%	14.4%	15.3%
Solvency ratio	41.0%	32.5%	35.7%	30.8%	26.0%
Return on equity	70.5%	42.1%	38.0%	41.6%	46.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The financial year for the group covers the period 1 July 2019 - 31 December 2020.

# Management's Review

## Principal activity

Henning Larsen Architects A/S provides design solutions and consultancy services within architecture, city planning, landscaping, space planning & interiors and sustainability engineering.

## Ownership and Executive Board

As per 1. January 2020 the Henning Larsen Group was acquired 100% by the Rambøll Group. CEO, Mette Kynne Frandsen and Design Principal Louis Becker comprise the Executive Board of Henning Larsen Architects and are authorized to bind the company.

## Corporate Structure

The corporate structure comprises the parent company Henning Larsen Architects A/S and its subsidiaries Henning Larsen Middle East (HLME), Henning Larsen GmbH, Henning Larsen AS Oslo, Henning Larsen Architects Hong Kong Ltd., Henning Larsen Canada Inc., Henning Larsen Design Inc., HLA International ApS, HLA International & Co. Engineering Consultant and Henning Larsen North Atlantic Sp/f.

## Financial Year Developments (18 months compared to 12 months last year)

The year was characterized by a high level of activity as the Group executed major contracted projects, focused on generating new orders and continued its international expansion.

Gross revenue (revenue including fees for sub-contractors) stood at tDKK 526,039 (18 months) (2018/19: tDKK 336,395).

The Group's own revenue stood at tDKK 387,073 (18 months) (2018/19: tDKK 245,652)

Projects executed outside Denmark represented 72% of consolidated revenue compared with 78% in the previous financial year. The subsidiaries' revenues made up 32% of consolidated revenue constituting a 4-percentage point increase from previous financial year. The increase mainly relates to the German and US subsidiaries that performed good in 2019-20, whereas the US operation made a complete turnaround.

Gross earnings stood at tDKK 159,835 (18 months), which was higher than in 2018/19, where gross earnings stood at tDKK 91,087.

Earnings before tax for the year stood at tDKK 91,759 (18 months) (2018/19: tDKK 45,505 ) and tDKK 68,691 after tax (2018/19: tDKK 34,621), which are considered satisfactory.

The Henning Larsen Architects Group employs 277 individuals (2018/19: 297), of which 195 are in Denmark (2018/19: 200).

# Management's Review

## Special risks

A significant share of Henning Larsen Architects' activities take place abroad. The Group makes every effort to enter contracts denominated in either euros or Danish kroner. However, contracts in the US are entered in US dollars and contracts in the Middle East and Canada are entered in currencies that are pegged to the US dollar. This means that the Group is exposed to foreign exchange risks.

## Uncertainties Relating to Recognition and Measurement

### *Work in progress*

Measuring the company's work in progress includes estimating stages of completion. Actual realization, especially for major projects, may result in material positive or negative differences compared with the estimates made.

## Liquidity risks

### *Receivables*

Management makes provisions for bad debts based on the risk of loss resulting from customers' subsequent inability to pay.

## Markets

Henning Larsen Group is active with on-going projects on six continents. These projects include execution of major design projects for the construction of cultural, educational, office, and urban developments.

Henning Larsen Group is present with offices in the Nordic Region, Central-Europe, the United States, and Asia in 2019-20.

Henning Larsen Group has considerably strengthened its market position in North America and Central Europe with several new large projects – Wolfsburg & Volkswagen, Bastille Opera (FR), St Denis Mixed Use (FR), Raleigh Civic Centre (US), Etobicoke Civic Centre (CA) Block 20 (CA) among others. Henning Larsen have completed large-scale project Biotope (FR), Cincinnati Business School (US).

Activity in the Scandinavian home market cover key project wins like: DNR Hospital (NO), WoV – Experience Center (SE), Fælledbyen (DK), Marmormolen (DK) among others. Henning Larsen are completed large-scale projects such as Østre Landsret (DK), Redmolen (DK).

In Asia-Pacific and Middle Eastern regions, Henning Larsen work on several prestigious projects; Cockle Bay (AUS), Wuxi Conference Center (CN) and ILMI Children Museum (SA).

# Management's Review

## Intellectual Capital and Management Culture

The organization's core values are rooted in a Scandinavian cultural tradition that emphasizes delegation of responsibility and an inclusive decision-making structure. Employee development takes place through continuous further training, professional challenges and a focus on results, collaborations, and a well-functioning social work environment. At the company's core is an organizational structure in which work is performed in project teams and where individual employees are given both mandate and responsibility.

Henning Larsen Architects has intellectual capital that include expertise in architectural typologies such as city development & transformation, cultural institutions, education & research environments, large organizations, and housing.

One of our competitive parameters for continued internationalization is to be able to attract and retain qualified architects from other countries and cultures and to use this cultural versatility as key resource for solving projects in all markets. Henning Larsen Architects therefore currently counts 44 nationalities among its 277 employees.

Our ambition for the Group is to achieve equal gender distribution – it is currently 51% male and 49% female employees.

## Business Areas

In addition to architectural services, which represent our core business, Henning Larsen Architects have divisions that offer services within the areas of sustainability engineering, client consultancy, innovation, landscape architecture, interior design and graphics. These services are provided in connection with architectural projects or through independently acquired projects. The divisions provide a high degree of support for the company's core business with expertise and solutions that inform and add value to architectural projects ensuring that Henning Larsen Architects maintains a differentiated and competitive market profile.

This year has been impacted by the development of projects within city planning and urban transformation and has positioned Henning Larsen Architects globally within this area. The Group's ongoing activities within this field include masterplan projects in growing metropolises like Shenzhen, Toronto, Boston, Paris, Brussels, London, Belfast, Copenhagen, and Gdansk.

Moreover, this past year, Henning Larsen has acquired several new projects within consultancy in the early stages, primarily for urban development.

## Research and Development Activities

Expertise within social, environmental, and economic sustainability is a strong competitive parameter and the division for sustainability and research has increased the company's intellectual capacity and positioned Henning Larsen Architects as a leader in the areas of integrated and evidence-based design

## Management's Review

solutions.

Henning Larsen works with evidence-based design through a three-stringed approach:

### Sustainability

Henning Larsen approach all projects holistically believing that the scientific crossroads of architecture, engineering, academia and technology is where novel ideas and solutions flourish. Working across disciplines, Henning Larsen extract knowledge from the site, users, context and climate seeking new ways to reduce the consumption of resources, emissions and waste. We estimate, analyze, and monitor the performance of buildings to provide our clients with measurable results and lasting value. Through this approach, Henning Larsen supervise and conduct documentation within the sustainability certification systems LEED, DGNB, BREEAM and WELL for projects of all scales.

### Industrial PhD Projects

In collaboration with Danish and International Universities and Research Institutions such as the MIT, The University of Sheffield, the Royal Danish Academy of Fine Arts, School of Architecture, Technical University of Denmark and University of Copenhagen, Henning Larsen Architects has over the last years sponsored five Industrial PhDs specializing in urban design, artificial lighting, intelligent facades, acoustics and human behavior science.

### Collaborative Innovation Projects

Henning Larsen is engaged in multiple projects that bridge the gaps between research environments, public agencies, and private companies. REBUS dedicated to developing sustainable renovation solutions and NEXTCON dedicated to research, development and commercialization of next generation 3D-printed concrete structures.

## Intellectual Capital and Management Culture

Henning Larsen Architects has intellectual capital that includes master plans, hospitals, culture, training, laboratories, business, and housing. One of our competitive parameters for continued internationalisation is to be able to attract and retain qualified architects from other countries and cultures. Henning Larsen Architects therefore currently counts 36 nationalities among its 277 employees.

# Management's Review

## **Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act**

Henning Larsen Architects is as a part of the Rambøll Group committed to the UN Global Compact and reports yearly involving CSR. The principles laid down in the UN Global Compact function internally and externally as international value guidelines for our international projects. The annual report for the Rambøll Group relating to the 10 principles of the UN Global Compact has been prepared and is available at <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/450744>.

## **Report on Gender Composition of Management, cf. Section 99(b) of the Danish Financial Statements Act**

Henning Larsen Architects A/S top executive body, the company's Executive Board, maintain equal gender distribution, as its membership is 50% female and 50% male. At the other management levels, the gender distribution is also equal.

## **Future Outlook**

Henning Larsen Architects will continue to invest in internationalization and interdisciplinary competence development to respond to an increasing global demand for architectural solutions offering both high artistic value as well as performative and evidence-based design that respond to environmental and health challenges related to the built environment.

As a business partner and consultant, Henning Larsen is known for its professionalism and collaborative approach and investments will also be aimed towards developing these competencies.

Based on the current pipeline, the merger with Rambøll the Group expect further international growth. Based on the prior investment in the US entity we foresee further growth and consolidation in North America.

Overall the group expect 2021 to be a consolidation year with a result on the level of the financial year 2019/20 normalized to a 12 month period.

## Income Statement 1 July - 31 December

	Note	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		DKK 18 months	DKK 12 months	DKK 18 months	DKK 12 months
<b>Revenue</b>	1	<b>526,039,357</b>	<b>336,395,132</b>	<b>372,387,788</b>	<b>276,173,288</b>
Cost of sales	2	<u>-366,203,939</u>	<u>-245,307,659</u>	<u>-265,850,944</u>	<u>-208,177,775</u>
<b>Gross profit/loss</b>		<b>159,835,418</b>	<b>91,087,473</b>	<b>106,536,844</b>	<b>67,995,513</b>
Administrative expenses	2	<u>-67,511,250</u>	<u>-51,874,688</u>	<u>-46,761,876</u>	<u>-37,448,631</u>
<b>Operating profit/loss</b>		<b>92,324,168</b>	<b>39,212,785</b>	<b>59,774,968</b>	<b>30,546,882</b>
Other operating income		1,045,053	5,213,562	77,497	5,016,223
Other operating expenses		<u>-1,046,469</u>	<u>-45,103</u>	<u>-78,696</u>	<u>-45,103</u>
<b>Profit/loss before financial income and expenses</b>		<b>92,322,752</b>	<b>44,381,244</b>	<b>59,773,769</b>	<b>35,518,002</b>
Income from investments in subsidiaries		0	0	28,020,577	2,272,926
Income from investments in associates		403,600	883,088	403,600	883,088
Financial income	3	2,246,929	1,760,220	1,182,903	2,310,549
Financial expenses	4	<u>-3,214,064</u>	<u>-1,519,626</u>	<u>-2,958,660</u>	<u>-1,029,359</u>
<b>Profit/loss before tax</b>		<b>91,759,217</b>	<b>45,504,926</b>	<b>86,422,189</b>	<b>39,955,206</b>
Tax on profit/loss for the year	5	<u>-23,068,462</u>	<u>-10,884,083</u>	<u>-17,688,529</u>	<u>-8,647,322</u>
<b>Net profit/loss for the year</b>		<b>68,690,755</b>	<b>34,620,843</b>	<b>68,733,660</b>	<b>31,307,884</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		DKK	DKK	DKK	DKK
Software		253,085	25,720	0	0
<b>Intangible assets</b>	6	<b>253,085</b>	<b>25,720</b>	<b>0</b>	<b>0</b>
Land and buildings		3,880,525	4,014,764	3,880,525	4,014,764
Other fixtures and fittings, tools and equipment		4,046,922	6,553,438	3,057,270	5,627,230
Leasehold improvements		8,646,761	10,909,988	3,503,497	4,524,822
<b>Property, plant and equipment</b>	7	<b>16,574,208</b>	<b>21,478,190</b>	<b>10,441,292</b>	<b>14,166,816</b>
Investments in subsidiaries	8	0	0	42,067,859	19,202,112
Investments in associates	9	0	1,547,821	0	1,547,821
Deposits	10	322,321	1,874,142	70,971	523,803
<b>Fixed asset investments</b>		<b>322,321</b>	<b>3,421,963</b>	<b>42,138,830</b>	<b>21,273,736</b>
<b>Fixed assets</b>		<b>17,149,614</b>	<b>24,925,873</b>	<b>52,580,122</b>	<b>35,440,552</b>
Trade receivables		86,639,834	93,209,234	53,153,753	61,237,975
Contract work in progress	11	28,232,996	22,666,065	18,804,713	13,115,816
Receivables from group enterprises		0	0	21,143,630	19,869,194
Receivables from associates		0	19,055	0	19,055
Other receivables		2,137,771	1,133,724	525,767	116,438
Deferred tax asset	15	1,202,957	2,083,048	0	0
Prepayments	12	2,349,699	4,556,782	1,542,922	3,669,282
<b>Receivables</b>		<b>120,563,257</b>	<b>123,667,908</b>	<b>95,170,785</b>	<b>98,027,760</b>
<b>Investments in securities</b>		<b>0</b>	<b>35,354,367</b>	<b>0</b>	<b>35,354,367</b>
<b>Cash at bank and in hand</b>		<b>144,376,527</b>	<b>59,660,076</b>	<b>99,415,854</b>	<b>45,609,031</b>
<b>Currents assets</b>		<b>264,939,784</b>	<b>218,682,351</b>	<b>194,586,639</b>	<b>178,991,158</b>
<b>Assets</b>		<b>282,089,398</b>	<b>243,608,224</b>	<b>247,166,761</b>	<b>214,431,710</b>



# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
Share capital	13	500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	0	1,741,712	9,249,944
Retained earnings		83,382,152	73,339,089	81,640,434	64,089,145
Proposed dividend for the year		31,000,000	0	31,000,000	0
<b>Equity attributable to shareholders of the Parent Company</b>		<b>114,882,152</b>	<b>73,839,089</b>	<b>114,882,146</b>	<b>73,839,089</b>
Minority interests		828,120	5,216,451	0	0
<b>Equity</b>		<b>115,710,272</b>	<b>79,055,540</b>	<b>114,882,146</b>	<b>73,839,089</b>
Provision for deferred tax	15	43,990,395	37,828,561	40,790,620	37,757,673
Other provisions	16	1,185,421	3,085,750	943,333	2,825,000
<b>Provisions</b>		<b>45,175,816</b>	<b>40,914,311</b>	<b>41,733,953</b>	<b>40,582,673</b>
Trade payables		29,307,194	19,907,331	13,309,377	16,754,730
Contract work in progress, liabilities	11	46,350,819	48,049,684	39,164,638	36,223,155
Payables to group enterprises		0	0	2,864,102	1,739,332
Corporation tax		3,820,671	3,326,111	2,369,630	826,636
Other payables		41,724,626	52,355,247	32,842,915	44,466,095
<b>Short-term debt</b>		<b>121,203,310</b>	<b>123,638,373</b>	<b>90,550,662</b>	<b>100,009,948</b>
<b>Debt</b>		<b>121,203,310</b>	<b>123,638,373</b>	<b>90,550,662</b>	<b>100,009,948</b>
<b>Liabilities and equity</b>		<b>282,089,398</b>	<b>243,608,224</b>	<b>247,166,761</b>	<b>214,431,710</b>
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	500,000	0	73,339,089	0	73,839,089	5,216,451	79,055,540
Exchange adjustments	0	0	-796,045	0	-796,045	-264,888	-1,060,933
Extraordinary dividend paid	0	0	-31,307,884	0	-31,307,884	-350,877	-31,658,761
Other equity movements	0	0	4,413,331	0	4,413,331	-3,729,660	683,671
Net profit/loss for the year	0	0	37,733,661	31,000,000	68,733,661	-42,906	68,690,755
<b>Equity at 31 December</b>	<b>500,000</b>	<b>0</b>	<b>83,382,152</b>	<b>31,000,000</b>	<b>114,882,152</b>	<b>828,120</b>	<b>115,710,272</b>

## Statement of Changes in Equity

### Parent Company

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	500,000	9,249,944	64,089,152	0	73,839,096	0	73,839,096
Extraordinary dividend paid	0	0	-31,307,884	0	-31,307,884	0	-31,307,884
Exchange adjustments	0	-796,045	0	0	-796,045	0	-796,045
Dividend from group enterprises	0	-3,643,500	3,643,500	0	0	0	0
Other equity movements	0	-31,492,846	35,906,177	0	4,413,331	0	4,413,331
Net profit/loss for the year	0	28,424,159	9,309,489	31,000,000	68,733,648	0	68,733,648
<b>Equity at 31 December</b>	<b>500,000</b>	<b>1,741,712</b>	<b>81,640,434</b>	<b>31,000,000</b>	<b>114,882,146</b>	<b>0</b>	<b>114,882,146</b>

## Cash Flow Statement 1 July - 31 December

	Note	Group	
		2019/20 DKK 18 months	2018/19 DKK 12 months
Net profit/loss for the year		68,690,755	34,620,843
Adjustments	17	28,184,301	8,803,402
Change in working capital	18	-2,605,399	-11,240,423
<b>Cash flows from operating activities before financial income and expenses</b>		<b>94,269,657</b>	<b>32,183,822</b>
Financial income		110,915	1,236,738
Financial expenses		-400,874	-1,144,981
<b>Cash flows from ordinary activities</b>		<b>93,979,698</b>	<b>32,275,579</b>
Corporation tax		-12,608,425	5,693,509
<b>Cash flows from operating activities</b>		<b>81,371,273</b>	<b>37,969,088</b>
Purchase of intangible assets		-288,738	0
Purchase of property, plant and equipment		-2,606,429	-12,475,316
Fixed asset investments made etc		0	-811,572
Sale of property, plant and equipment		0	7,018,061
Purchase of investments in securities		0	-5,494,577
Sale of financial assets		1,551,821	95,862
Sale of investments in securities		35,729,754	0
<b>Cash flows from investing activities</b>		<b>34,386,408</b>	<b>-11,667,542</b>
Raising of loans from associates		19,057	324,321
Dividend paid		-31,307,884	-40,000,000
<b>Cash flows from financing activities</b>		<b>-31,288,827</b>	<b>-39,675,679</b>
<b>Change in cash and cash equivalents</b>		<b>84,468,854</b>	<b>-13,374,133</b>
Cash and cash equivalents at 1 July		59,660,076	73,731,742
Exchange adjustment of current asset investments		247,597	-697,533
<b>Cash and cash equivalents at 31 December</b>		<b>144,376,527</b>	<b>59,660,076</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		144,376,527	59,660,076
<b>Cash and cash equivalents at 31 December</b>		<b>144,376,527</b>	<b>59,660,076</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK 18 months	DKK 12 months	DKK 18 months	DKK 12 months
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Revenue, Denmark	138,371,992	72,538,222	138,108,309	72,470,417
Revenue, Other countries in Europe	214,512,640	186,922,177	148,652,484	164,874,826
Revenue, North America	78,700,867	21,320,333	21,236,205	13,700,831
Revenue, Other countries	94,453,858	55,614,400	64,390,790	25,127,214
	<b>526,039,357</b>	<b>336,395,132</b>	<b>372,387,788</b>	<b>276,173,288</b>
<b>2 Staff</b>				
Wages and Salaries	210,805,314	134,919,193	147,447,608	101,172,609
Pensions	13,306,660	8,213,846	11,844,459	7,538,114
Other social security expenses	5,264,370	3,800,045	434,256	842,053
Other staff expenses	967,596	561,629	0	0
	<b>230,343,940</b>	<b>147,494,713</b>	<b>159,726,323</b>	<b>109,552,776</b>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	210,039,096	131,207,112	140,887,738	94,567,293
Administrative expenses	20,304,844	16,287,601	18,838,585	14,985,483
	<b>230,343,940</b>	<b>147,494,713</b>	<b>159,726,323</b>	<b>109,552,776</b>
Including remuneration to the Executive and Supervisory Boards of:				
Executive Board	3,665,685	3,193,591	3,665,685	3,193,591
Supervisory Board	653,750	736,333	653,750	736,333
	<b>4,319,435</b>	<b>3,929,924</b>	<b>4,319,435</b>	<b>3,929,924</b>
<b>Average number of employees</b>	<b>277</b>	<b>297</b>	<b>195</b>	<b>200</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2019/20 DKK 18 months	2018/19 DKK 12 months	2019/20 DKK 18 months	2018/19 DKK 12 months
<b>3 Financial income</b>				
Interest received from group enterprises	0	0	1,171,414	572,918
Other financial income	110,915	1,236,738	11,489	1,227,572
Exchange adjustments	2,136,014	523,482	0	510,059
	<b>2,246,929</b>	<b>1,760,220</b>	<b>1,182,903</b>	<b>2,310,549</b>
<b>4 Financial expenses</b>				
Other financial expenses	400,889	1,144,981	159,260	1,029,359
Exchange adjustments, expenses	2,813,175	374,645	2,799,400	0
	<b>3,214,064</b>	<b>1,519,626</b>	<b>2,958,660</b>	<b>1,029,359</b>
<b>5 Tax on profit/loss for the year</b>				
Current tax for the year	14,904,877	8,475,458	9,963,524	6,333,954
Deferred tax for the year	3,166,871	1,405,193	3,032,947	1,354,575
Dividend tax	0	87,483	0	87,483
Adjustment of tax concerning previous years	4,996,714	915,949	4,692,058	871,310
	<b>23,068,462</b>	<b>10,884,083</b>	<b>17,688,529</b>	<b>8,647,322</b>

# Notes to the Financial Statements

## 6 Intangible assets

### Group

	<u>Software</u> DKK
Cost at 1 July	115,992
Exchange adjustment	-378
Additions for the year	<u>288,738</u>
Cost at 31 December	<u>404,352</u>
Impairment losses and amortisation at 1 July	90,272
Exchange adjustment	-294
Amortisation for the year	<u>61,289</u>
Impairment losses and amortisation at 31 December	<u>151,267</u>
<b>Carrying amount at 31 December</b>	<b><u>253,085</u></b>
Amortised over	<u>3 years</u>

# Notes to the Financial Statements

## 7 Property, plant and equipment

### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4,401,124	18,417,474	37,004,102	59,822,700
Exchange adjustment	0	-115,808	-558,535	-674,343
Additions for the year	0	2,111,635	494,795	2,606,430
Disposals for the year	0	-682,858	0	-682,858
Cost at 31 December	<u>4,401,124</u>	<u>19,730,443</u>	<u>36,940,362</u>	<u>61,071,929</u>
Impairment losses and depreciation at 1 July	386,360	11,864,036	26,094,114	38,344,510
Exchange adjustment	0	-61,944	-71,077	-133,021
Depreciation for the year	134,239	4,348,035	2,270,564	6,752,838
Reversal of impairment and depreciation of sold assets	0	-466,606	0	-466,606
Impairment losses and depreciation at 31 December	<u>520,599</u>	<u>15,683,521</u>	<u>28,293,601</u>	<u>44,497,721</u>
<b>Carrying amount at 31 December</b>	<u><b>3,880,525</b></u>	<u><b>4,046,922</b></u>	<u><b>8,646,761</b></u>	<u><b>16,574,208</b></u>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	



## Notes to the Financial Statements

### 7 Property, plant and equipment (continued)

#### Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	4,401,124	14,985,781	29,235,617	48,622,522
Additions for the year	0	1,128,917	166,572	1,295,489
Disposals for the year	0	-245,082	0	-245,082
Kostpris at 31 December	<u>4,401,124</u>	<u>15,869,616</u>	<u>29,402,189</u>	<u>49,672,929</u>
Impairment losses and depreciation at 1 July	386,360	9,358,551	24,710,795	34,455,706
Depreciation for the year	<u>134,239</u>	<u>3,453,795</u>	<u>1,187,897</u>	<u>4,775,931</u>
Impairment losses and depreciation at 31 December	<u>520,599</u>	<u>12,812,346</u>	<u>25,898,692</u>	<u>39,231,637</u>
<b>Carrying amount at 31 December</b>	<b><u>3,880,525</u></b>	<b><u>3,057,270</u></b>	<b><u>3,503,497</u></b>	<b><u>10,441,292</u></b>
Depreciated over	<u>10-80 years</u>	<u>3-5 years</u>	<u>10 years</u>	

# Notes to the Financial Statements

	<b>Parent Company</b>	
	2019/20	2018/19
	DKK 18 months	DKK 12 months
<b>8 Investments in subsidiaries</b>		
Cost at 1 July	4,379,570	4,425,440
Additions for the year	35,906,177	250,000
Disposals for the year	0	-295,870
Transfers for the year	40,000	0
Cost at 31 December	<u>40,325,747</u>	<u>4,379,570</u>
Value adjustments at 1 July	7,742,123	12,111,827
Disposals for the year	0	196,036
Exchange adjustment	-796,045	195,567
Net profit/loss for the year	28,020,577	2,273,803
Dividend to the Parent Company	-3,643,500	-7,430,082
Other equity movements, net	-31,492,464	394,972
Transfers for the year	1,911,421	0
Value adjustments at 31 December	<u>1,742,112</u>	<u>7,742,123</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>7,080,419</u>
<b>Carrying amount at 31 December</b>	<b><u>42,067,859</u></b>	<b><u>19,202,112</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Henning Larsen Architects AS	Norway	30,000 NOK	100%
Henning Larsen Architects Hong Kong Ltd	China	10,000 HKD	100%
HLA International & Co. Engineering Consultant*	Saudi-Arabia	2,000,000 SAR	75%
Henning Larsen Architects Middle East Company	Saudi-Arabia	500,000 SAR	100%
Henning Larsen Design Inc	USA	300,000 USD	100%
Henning Larsen GmbH	Germany	25,000 EUR	100%
Henning Larsen Architects International ApS	Denmark	70,000 DKK	100%
Henning Larsen Canada Inc	Canada	10,000 CAD	100%
Henning Larsen North Atlantic Sp/f	Faroe Islands	40,000 DKK	100%

\*Indirect ownership through Henning Larsen Architects International ApS

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent Company</b>	
	2019/20	2018/19	2019/20	2018/19
	DKK 18 months	DKK 12 months	DKK 18 months	DKK 12 months
<b>9 Investments in associates</b>				
Cost at 1 July	40,000	40,000	40,000	40,000
Transfers for the year	-40,000	0	-40,000	0
Cost at 31 December	0	40,000	0	40,000
Value adjustments at 1 July	1,507,821	624,733	1,507,821	624,733
Net profit/loss for the year	403,600	883,088	403,600	883,088
Transfers for the year	-1,911,421	0	-1,911,421	0
Value adjustments at 31 December	0	1,507,821	0	1,507,821
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>1,547,821</b>	<b>0</b>	<b>1,547,821</b>

### 10 Other fixed asset investments

	<b>Group</b>		<b>Parent Company</b>	
	<b>Deposits</b>		<b>Deposits</b>	
	DKK		DKK	
Cost at 1 July	1,874,142	523,803		
Exchange adjustment	-102,089	0		
Disposals for the year	-1,449,732	-452,832		
Cost at 31 December	322,321	70,971		
<b>Carrying amount at 31 December</b>	<b>322,321</b>	<b>70,971</b>		

## Notes to the Financial Statements

	Group		Parent Company	
	2019/20 DKK 18 months	2018/19 DKK 12 months	2019/20 DKK 18 months	2018/19 DKK 12 months
<b>11 Contract work in progress</b>				
Selling price of work in progress	1,224,311,709	1,168,756,818	860,907,375	909,817,976
Payments on account	<u>-1,242,429,532</u>	<u>-1,194,140,437</u>	<u>-881,267,300</u>	<u>-932,925,315</u>
	<b><u>-18,117,823</u></b>	<b><u>-25,383,619</u></b>	<b><u>-20,359,925</u></b>	<b><u>-23,107,339</u></b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	28,232,996	22,666,065	18,804,713	13,115,816
Contract work in progress recognised in debt	<u>-46,350,819</u>	<u>-48,049,684</u>	<u>-39,164,638</u>	<u>-36,223,155</u>
	<b><u>-18,117,823</u></b>	<b><u>-25,383,619</u></b>	<b><u>-20,359,925</u></b>	<b><u>-23,107,339</u></b>

### 12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

### 13 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

## Notes to the Financial Statements

	Group		Parent Company	
	2019/20 DKK 18 months	2018/19 DKK 12 months	2019/20 DKK 18 months	2018/19 DKK 12 months
<b>14 Distribution of profit</b>				
Extraordinary dividend paid	31,307,884	0	31,307,884	0
Proposed dividend for the year	31,000,000	0	31,000,000	0
Reserve for net revaluation under the equity method	0	0	28,424,171	3,352,929
Minority interests' share of net profit/loss of subsidiaries	-42,906	3,312,959	0	0
Retained earnings	6,425,777	31,307,884	-21,998,395	27,954,955
	<b>68,690,755</b>	<b>34,620,843</b>	<b>68,733,660</b>	<b>31,307,884</b>
Extraordinary dividend after year end	0	31,307,884	0	31,307,884

### 15 Provision for deferred tax

Provision for deferred tax at 1 July	35,745,513	34,952,161	37,757,673	36,403,098
Amounts recognised in the income statement for the year	3,166,871	1,405,193	3,032,947	1,354,575
Adjustment of deferred tax concerning previous years	3,875,054	-611,841	0	0
<b>Provision for deferred tax at 31 December</b>	<b>42,787,438</b>	<b>35,745,513</b>	<b>40,790,620</b>	<b>37,757,673</b>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised in the respective subsidiaries within the next three to five years.

### 16 Other provisions

Other provisions concern excess on projects.

Other provisions	1,185,421	3,085,750	943,333	2,825,000
	<b>1,185,421</b>	<b>3,085,750</b>	<b>943,333</b>	<b>2,825,000</b>

## Notes to the Financial Statements

	<b>Group</b>	
	2019/20	2018/19
	DKK 18 months	DKK 12 months
<b>17 Cash flow statement - adjustments</b>		
Financial income	-2,246,929	-1,760,220
Financial expenses	3,214,064	1,519,626
Depreciation, amortisation and impairment losses, including losses and gains on sales	4,409,324	-467,512
Income from investments in associates	-403,600	-883,088
Tax on profit/loss for the year	23,068,462	10,884,083
Other adjustments	142,980	-489,487
	<b>28,184,301</b>	<b>8,803,402</b>
<b>18 Cash flow statement - change in working capital</b>		
Change in receivables	2,224,558	-17,850,929
Change in other provisions	-1,900,329	-1,050,128
Change in trade payables, etc	-2,929,628	7,660,634
	<b>-2,605,399</b>	<b>-11,240,423</b>

# Notes to the Financial Statements

## 19 Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	2019/20 DKK 18 months	2018/19 DKK 12 months	2019/20 DKK 18 months	2018/19 DKK 12 months
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	5,045,476	4,403,943	2,121,325	1,587,504
Between 1 and 5 years	16,256,610	6,924,494	11,392,725	0
After 5 years	0	939,971	0	0
	<b>21,302,086</b>	<b>12,268,408</b>	<b>13,514,050</b>	<b>1,587,504</b>

### Other contingent liabilities

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Rambøll Gruppen A/S, which is the management company of the joint taxation purposes. Moreover, the danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has recognized issued performance guarantees in the Financial Statements equivalent to the expected amount to be utilized.

Total issued performance guarantees amounts to MDKK 21,9 (2018/19: 20,0).

In total the company has a credit facility of MDKK 24,3 in regards to guarantees.

## 20 Related parties

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Rambøll Gruppen A/S, Hannemanns Allé 53, 2300 København S

# Notes to the Financial Statements

## 20 Related parties (continued)

### Consolidated Financial Statements

The Company is included in the consolidated report for the Parent Company

<u>Name</u>	<u>Place of registered office</u>
Rambøll Gruppen A/S	Copenhagen

The Group Annual Report of Rambøll Gruppen A/S may be obtained at the following address:

Rambøll Gruppen A/S, Hannemanns Allé 53, 2300 København S



# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Henning Larsen Architects A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2019/20 are presented in DKK.

The consolidated and Parent Company Financial Statements for 2019/20 has been extended by 6 months and therefore consist of 18 months.

According to section 96(3) of the Danish Financial Statement Act no specified information regarding fee to auditors appointed at the general meeting audit fee have been prepared. The financial statements of Henning Larsen Architects A/S and its group enterprises are included in the consolidated financial statements of Rambøll Gruppen A/S.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Henning Larsen Architects A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment information on revenue

Information on geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

#### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the licence period; however not exceeding 3 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	10-80	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	10	years

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is amortised over receivables or recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### **Contract work in progress**

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Current asset investments**

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group/ Parent Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as other current asset investments (securities etc.).

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$