



**Schmidt Hammer Lassen  
Architects K/S**

Njalsgade 17 A  
2300 Copenhagen  
CVR No. 20728132

**Annual report 2021**

The Annual General Meeting adopted the  
annual report on 27.05.2022

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**Søren Hyllekvist**

Chairman of the General Meeting

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# Entity details

## Entity

Schmidt Hammer Lassen Architects K/S

Njalsgade 17 A

2300 Copenhagen

Business Registration No.: 20728132

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Søren Hyllekvist, Chairman

Philip Leonard Harrison

Kristian Lars Ahlmark

## Executive Board

Sanne Wall-Gremstrup, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Schmidt Hammer Lassen Architects K/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 27.05.2022

## Executive Board

**Sanne Wall-Gremstrup**  
CEO

## Board of Directors

**Søren Hyllekvist**  
Chairman

**Philip Leonard Harrison**

**Kristian Lars Ahlmark**

# Independent auditor's report

## To the shareholders of Schmidt Hammer Lassen Architects K/S

### Opinion

We have audited the financial statements of Schmidt Hammer Lassen Architects K/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 27.05.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Tim Kjær-Hansen**

State Authorised Public Accountant  
Identification No (MNE) mne23295

**Frederik Juhl Hestbæk**

State Authorised Public Accountant  
Identification No (MNE) mne47807

# Management commentary

## Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	136,265	116,632	138,749	177,222	138,501
Gross profit/loss	<b>13,475</b>	<b>(7,407)</b>	<b>(2,277)</b>	<b>36,369</b>	<b>36,845</b>
Operating profit/loss	(349)	(29,397)	(31,951)	10,553	7,893
Net financials	1,530	344	908	789	(2,716)
Profit/loss for the year	1,154	(29,086)	(31,193)	11,602	5,998
Total assets	107,018	90,786	100,992	111,200	90,782
Equity	22,766	21,612	10,699	41,892	37,478
Average number of employees	74	85	137	154	120
<b>Ratios</b>					
EBIT margin (%)	(0.26)	(25.20)	(23.03)	5.95	5.70
Equity ratio (%)	21.27	23.81	10.59	37.67	41.28

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Revenue

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets



### Primary activities

Schmidt Hammer Lassen Architects k/s (SHL) is an architecture firm providing services within architecture, workplace strategy, master planning, and client advisory. The Company operates both in Denmark and internationally, and its primary markets are Scandinavia, Northern Europe, Asia, and North America. The portfolio consists of projects within cultural, educational, healthcare, office, commercial, and residential sectors, including many years of experience with adaptive transformation and timber construction.

### Development in activities and finances

New business activities:

During 2021 the firm continued to grow its Nordic presence with new cultural and mixed-use projects in Denmark and Norway. In these markets the firm also oversaw the completion of several projects that span across typology and scale, including the NIO House Showroom and the VIA mixed use office development in Oslo and the Gellerup Sports and Culture Campus in Denmark.

SHL was awarded several international competitions with clients that reflect the firm's high ambitions in sustainability and architecture, including a new 94,000m<sup>2</sup> state-of-the-art hospital in Leeds, UK. The hospital will become the biggest of its generation; uniting adult, children's, and maternity hospitals in one building. It will offer the newest treatment methods in an innovative and user-oriented design. The project was commissioned through an international competition, and is designed in collaboration with Penoyre & Prasad, and Perkins&Will.

SHL continues to receive recognition for its designs by being awarded several international design awards; amongst those, the prestigious 'Urban Design Award' from the City of Melbourne for the firm's redevelopment of the State Library Victoria, Australia, and the Canadian Architects 'Award of Excellence' for the design of the UBC Gateway university building in Vancouver, Canada.

During 2021 the firm accelerated the development of its innovation and digital practice through improvements to, and accessibility of, digital tools across the organization – moving from few specialists to many activists; the development of tools and processes to support decision-making on projects related to adaptive transformation; and continued development of the firm's sustainability tools and processes that help assess and improve the social and environmental ecosystems touched by its work.

The continued investments made as part of the 5-year strategy initiated in 2019 includes advancing the firms sustainability assessments through the lifespan of its projects. Specifically, the development of a meticulous sustainability mapping process and framework for critical engagement with the sustainability potential of the site, conditions, ecology, and social capital that outlines different approaches and opportunities available to each project. This process has led to new competition wins such as the world's tallest timber tower for residential purpose in Winterthur, Switzerland.

### Profit/loss for the year in relation to expected developments

The result for 2021 shows a gross profit of DKK 13.5 mio. (2020: DKK -7.4 mio.) and a net result of DKK 1.2 million. (2020: DKK -29.1 million).

The positive financial development from 2020 to 2021 is a result of the combined consolidation, and the strategy initiated in 2019 that is showing results 1 year ahead of schedule.

Despite COVID-19 also impacted 2021 SHL continued to improve its business through an increase in the project portfolio both nationally and abroad.

During 2022 the management foresee a continued improvement in the financial performance, leveraging on the long-term strategic plan implemented during the past years. Balancing the financial health of the firm with ambitions investments in sustainability and digital practice.

### **Uncertainty relating to recognition and measurement**

The main accounting areas where the recognition and measurement can be affected by estimates and subject to uncertainty are:

- Revenue related to contract work in progress (projects), which are measured at the selling price of work performed, are recognized based on the stage of completion of work performed. Provision for disputes are measured at best estimate of the related cost to settle liabilities at the balance sheet date.

The stage of completion, provision for disputes and expected earnings is based on estimates as well as expected future events and is thus subject to uncertainty.

### **Outlook**

It is SHL's continued ambition, strategic objective, and expectation that both activity level and profit should improve over the coming years.

A key element of the 5-year strategic plan implemented in 2019 is to strengthen SHL's presence as a Danish architecture firm in Denmark, and the rest of Scandinavia. In the coming years SHL is expected to yield a significant development of the Company and growth in the project portfolio in the Nordic markets.

### **Use of financial instruments**

SHL's revenue from international projects is relatively high. The need for currency hedging is specifically assessed for each project, and forward exchange contracts might be concluded, if necessary, to cover any risks.

### **Statutory report on corporate social responsibility**

SHL works determinedly and strategically with CSR in the sense of social, environmental, and economic sustainability. SHL has acceded to UN's Global Compact for many years and is thus under an obligation to have a targeted focus on initiatives supporting four central areas: human rights, labor rights, environment, and anti-corruption.

### **Events after the balance sheet date**

No events have happened after the balance sheet date that would significantly impact the financials in this annual report.

# Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		136,265,474	116,632,385
Cost of sales		(54,500,184)	(47,427,074)
Costs of raw materials and consumables		(51,073,276)	(49,456,631)
Other external expenses		(17,216,971)	(27,155,536)
<b>Gross profit/loss</b>		<b>13,475,043</b>	<b>(7,406,856)</b>
Staff costs	2	(13,514,535)	(20,604,893)
Depreciation, amortisation and impairment losses	3	(309,744)	(1,384,776)
<b>Operating profit/loss</b>		<b>(349,236)</b>	<b>(29,396,525)</b>
Income from investments in group enterprises		(27,405)	(33,768)
Other financial income	4	1,749,343	433,280
Other financial expenses	5	(219,041)	(89,354)
<b>Profit/loss for the year</b>	6	<b>1,153,661</b>	<b>(29,086,367)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Acquired licences		0	20,489
<b>Intangible assets</b>	7	<b>0</b>	<b>20,489</b>
Other fixtures and fittings, tools and equipment		390,093	642,738
Leasehold improvements		31,134	82,926
<b>Property, plant and equipment</b>	8	<b>421,227</b>	<b>725,664</b>
Investments in group enterprises		0	0
Deposits		613,663	666,334
<b>Financial assets</b>	9	<b>613,663</b>	<b>666,334</b>
<b>Fixed assets</b>		<b>1,034,890</b>	<b>1,412,487</b>
Trade receivables		22,423,009	18,051,993
Contract work in progress	10	40,325,318	26,550,585
Receivables from group enterprises		9,051,953	8,097,274
Other receivables		642,186	2,467,600
Prepayments	11	389,800	747,632
<b>Receivables</b>		<b>72,832,266</b>	<b>55,915,084</b>
<b>Cash</b>		<b>33,150,853</b>	<b>33,458,707</b>
<b>Current assets</b>		<b>105,983,119</b>	<b>89,373,791</b>
<b>Assets</b>		<b>107,018,009</b>	<b>90,786,278</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital		4,004,000	4,004,000
Retained earnings		18,761,797	17,608,136
<b>Equity</b>		<b>22,765,797</b>	<b>21,612,136</b>
Lease liabilities		0	110,833
Other payables	12	4,248,337	4,185,554
<b>Non-current liabilities other than provisions</b>	<b>13</b>	<b>4,248,337</b>	<b>4,296,387</b>
Current portion of non-current liabilities other than provisions	13	110,602	278,583
Contract work in progress	10	48,321,094	36,525,139
Trade payables		6,344,988	10,766,447
Payables to group enterprises		10,116,085	3,794,739
Other payables		15,111,106	13,512,847
<b>Current liabilities other than provisions</b>		<b>80,003,875</b>	<b>64,877,755</b>
<b>Liabilities other than provisions</b>		<b>84,252,212</b>	<b>69,174,142</b>
<b>Equity and liabilities</b>		<b>107,018,009</b>	<b>90,786,278</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

# Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	4,004,000	17,608,136	21,612,136
Profit/loss for the year	0	1,153,661	1,153,661
<b>Equity end of year</b>	<b>4,004,000</b>	<b>18,761,797</b>	<b>22,765,797</b>

# Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(349,236)	(29,396,525)
Amortisation, depreciation and impairment losses		309,744	1,384,776
Working capital changes	14	21,960	(1,393,281)
Other adjustments		(1,760,978)	2,341,615
<b>Cash flow from ordinary operating activities</b>		<b>(1,778,510)</b>	<b>(27,063,415)</b>
Financial income received		1,749,343	433,280
Financial expenses paid		(219,041)	(89,354)
<b>Cash flows from operating activities</b>		<b>(248,208)</b>	<b>(26,719,489)</b>
Acquisition of fixed asset investments		(59,646)	(88,870)
<b>Cash flows from investing activities</b>		<b>(59,646)</b>	<b>(88,870)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(307,854)</b>	<b>(26,808,359)</b>
Cash increase of capital		0	40,500,000
<b>Cash flows from financing activities</b>		<b>0</b>	<b>40,500,000</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(307,854)</b>	<b>13,691,641</b>
Cash and cash equivalents beginning of year		33,458,707	19,767,066
<b>Cash and cash equivalents end of year</b>		<b>33,150,853</b>	<b>33,458,707</b>
Cash and cash equivalents at year-end are composed of:			
Cash		33,150,853	33,458,707
<b>Cash and cash equivalents end of year</b>		<b>33,150,853</b>	<b>33,458,707</b>

# Notes

## 1 Events after the balance sheet date

No events have happened after the balance sheet date that would significantly impact the financials in this annual report.

## 2 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	46,730,722	51,071,085
Pension costs	3,647,259	4,283,977
Other social security costs	398,382	200,842
	<b>50,776,363</b>	<b>55,555,904</b>
Staff costs classified as assets	(37,261,828)	(34,951,011)
	<b>13,514,535</b>	<b>20,604,893</b>
Average number of full-time employees	74	85

Referring to Danish Financial Statements act §98b, 2 the remuneration for management is not shown.

## 3 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	20,489	58,413
Depreciation of property, plant and equipment	364,083	1,286,064
Profit/loss from sale of intangible assets and property, plant and equipment	(74,828)	40,299
	<b>309,744</b>	<b>1,384,776</b>

## 4 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Exchange rate adjustments	1,749,343	433,280
	<b>1,749,343</b>	<b>433,280</b>

## 5 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	219,041	89,354
	<b>219,041</b>	<b>89,354</b>



**6 Proposed distribution of profit and loss**

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	1,153,661	(29,086,367)
	<b>1,153,661</b>	<b>(29,086,367)</b>

**7 Intangible assets**

	<b>Acquired licences DKK</b>
Cost beginning of year	183,307
<b>Cost end of year</b>	<b>183,307</b>
Amortisation and impairment losses beginning of year	(162,818)
Amortisation for the year	(20,489)
<b>Amortisation and impairment losses end of year</b>	<b>(183,307)</b>
<b>Carrying amount end of year</b>	<b>0</b>

**8 Property, plant and equipment**

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	11,376,363	1,263,397
Additions	59,646	0
<b>Cost end of year</b>	<b>11,436,009</b>	<b>1,263,397</b>
Depreciation and impairment losses beginning of year	(10,733,625)	(1,180,471)
Depreciation for the year	(312,291)	(51,792)
<b>Depreciation and impairment losses end of year</b>	<b>(11,045,916)</b>	<b>(1,232,263)</b>
<b>Carrying amount end of year</b>	<b>390,093</b>	<b>31,134</b>

## 9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	255,036	666,334
Disposals	0	(52,671)
<b>Cost end of year</b>	<b>255,036</b>	<b>613,663</b>
Revaluations beginning of year	(255,036)	0
Share of profit/loss for the year	(27,405)	0
Investments with negative equity value depreciated over receivables	27,405	0
<b>Revaluations end of year</b>	<b>(255,036)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>613,663</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Schmidt Hammer & Lassen Ltd.	England	Ltd.	100.00
Schmidt Hammer Lassen Architects BV	The Netherlands	BV	100.00

## 10 Contract work in progress

	2021 DKK	2020 DKK
Contract work in progress	604,698,884	544,273,320
Progress billings regarding contract work in progress	(612,694,660)	(554,247,874)
Transferred to liabilities other than provisions	48,321,094	36,525,139
	<b>40,325,318</b>	<b>26,550,585</b>

## 11 Prepayments

Prepayments consists of prepaid costs for 2022.

## 12 Other payables

	2021 DKK	2020 DKK
Holiday pay obligation	4,248,337	4,185,554
	<b>4,248,337</b>	<b>4,185,554</b>

### 13 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Lease liabilities	110,602	278,583	0	0
Other payables	0	0	4,248,337	4,248,337
	<b>110,602</b>	<b>278,583</b>	<b>4,248,337</b>	<b>4,248,337</b>

### 14 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in receivables	(18,905,309)	6,299,402
Increase/decrease in trade payables etc	18,927,269	(7,692,683)
	<b>21,960</b>	<b>(1,393,281)</b>

### 15 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	744,328	819,000

### 16 Contingent liabilities

A chattel mortgage registered to the mortgager of DKK 10,000 thousand has been provided as collateral for bank debt secured upon fixtures and fittings, operating equipment and goodwill. The carrying amount of the assets provided as collateral amounting to DKK 421 thousand at 31 December 2021. A charge has been provided as collateral for bank debt secured upon unsecured claims of DKK 13,000 thousand. The carrying amount of the assets provided as collateral amounting to DKK 22,423 thousand at 31 December 2021.

The Company is a party to cases typical for the construction business and participates in construction projects and tenders. These can result in material claims on the project as a whole, where the company might be held liable. The Company tries to address these risks by means of insurance. If the Company should be held financially responsible, a provision will be made in this respect.

A claim typically runs over a long period of time, causing high uncertainty of the outcome, and costs related to the claim.

The company is involved in 3 contracts where public entities are project owners, of which 1 contract has resulted in arbitration claim, and the 2 other contracts are under dispute and ongoing. For all 3 contracts the outcome of the disputes are uncertain and thus provisions, if any, are based on management best estimates.

The Company participates in two consortium agreements in which the participants are jointly and severally liable.

### 17 Assets charged and collateral

The Company's bank has, in the name of the Company, provided guarantees for the lessors of premises

amounting to DKK 408 thousand at 31 December 2021.

### 18 Related parties with controlling interest

P+W Denmark ApS, Copenhagen, Denmark & Komplementarselskabet SHL ApS, Copenhagen, Denmark have a participating interest.

### 19 Transactions with related parties

	<b>Parent DKK</b>	<b>Subsidiaries DKK</b>	<b>Other related parties DKK</b>
Management fee / IT allocations (expense)	8,338,004		
Revenue from IC-projects administered by IC companies	21,903,073		
Receivables		413,402	8,945,558
Liabilities other than provisions	(10,378,809)	(44,284)	

### 20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Perkins & Will Inc, Chicago, USA.

Copies of the consolidated financial statements of Perkins & Will Inc may be ordered at the following address:  
Perkins & Will Inc, Chicago, USA.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Material uncertainty related to recognition and measurement

The main accounting areas where the recognition and measurement can be affected by estimates and subject to uncertainty are:

- Revenue related to contract work in progress (projects), which are measured at the selling price of work performed, are recognized based on the stage of completion of work performed. Provision for disputes are measured at best estimate of the related cost to settle liabilities at the balance sheet date.

The stage of completion, provision for disputes and expected earnings is based on estimates as well as expected future events and is thus subject to uncertainty.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Revenue

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

**Reinvoiced outlays**

Reinvoiced outlays comprise of fees for architects, construction designers and draughtsmen as well as direct cost, e.g. insurance and travelling expenses, etc. paid to subcontractors.

**Direct project expenses**

Direct project expenses include salaries and fees for architects, construction designers and draughtsmen as well as direct costs, e.g. insurance and travelling expenses, etc.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Balance sheet****Acquired licences**

Software, which is recognised in the balance sheet, is measured at the lower of cost less accumulated amortisation and recoverable amount.

Cost comprises the purchase price and any costs directly attributable to acquisitions until the date when the asset is available for use.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years
Software	3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. Provision for disputes are measured at best estimate of the related cost to settle liabilities at the balance sheet date.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.