
WSP Danmark A/S

Linnés Alle 2, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2021

CVR No 21 26 55 43

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/03 2022

Ingeborg Nordviken
Kristiansen
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of WSP Danmark A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations for 2021.

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.

Taastrup, 14 March 2022

Executive Board

Per Christensen
CEO

Board of Directors

Anna-Lena Kristina Öberg Högsta
Chairman

Eva Elisabeth Aspengren

Ingeborg Nordviken
Kristiansen

Per Christensen

Anette Andersen
Staff Representative

Kristina Møberg Jensen
Staff Representative

Lars Brammer Nejrup
Staff Representative

Independent Auditor's Report

To the Shareholders of WSP Danmark 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 2021 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of WSP Danmark A/S for the financial year 1 January - 31 December 2021, 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 ("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' 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.

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 audit evidence obtained up to the date of our auditor's report. However, future events or conditions

Independent Auditor's Report

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, 14 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Tue Stensgård Sørensen
statsautoriseret revisor
mne32200

Thomas Lauritsen
statsautoriseret revisor
mne34342

Company Information

The Company

WSP Danmark A/S
Linnés Alle 2
DK-2630 Taastrup

CVR No: 21 26 55 43

Financial period: 1 January - 31 December

Municipality of reg. office: Høje Taastrup

Board of Directors

Anna-Lena Kristina Öberg Högsta, Chairman
Eva Elisabeth Aspengren
Ingeborg Nordviken Kristiansen
Per Christensen
Anette Andersen
Kristina Møberg Jensen
Lars Brammer Nejrup

Executive Board

Per Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Handelsbanken

Financial Highlights

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

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	519.071	501.117	424.227	474.854	486.771
Gross profit/loss	328.725	313.417	300.237	359.030	336.197
In-house production	398.375	381.246	358.051	421.888	423.670
Profit/loss before financial income and expenses	14.967	2.284	-11.421	1.875	-63.287
Net financials	-212	-608	-163	-559	-2.135
Profit/loss before tax	14.755	1.676	-11.583	1.316	-65.422
Profit/loss from discontinuing activities	146	0	-295	0	0
Net profit/loss for the year	10.322	827	-11.395	576	-53.840
Balance sheet					
Balance sheet total	227.189	226.154	180.825	199.792	217.024
Equity	59.451	33.629	32.802	44.197	43.758
Investment in property, plant and equipment	-5.695	-6.974	-2.160	-1.923	-7.347
Number of employees	438	443	445	527	586
Ratios					
Gross margin	63,3%	62,5%	70,8%	75,6%	69,1%
Profit margin	2,9%	0,5%	-2,7%	0,4%	-13,0%
Return on assets	6,6%	1,0%	-6,3%	0,9%	-29,2%
Solvency ratio	26,2%	14,9%	18,1%	22,1%	20,2%
Return on equity	22,2%	2,5%	-29,6%	1,3%	-104,7%
Quick ratio	145,2%	117,9%	130,5%	117,1%	97,0%
EBITDA margin	4,8%	2,4%	-0,3%	2,9%	-10,2%

Management's Review

Key activities

WSP Danmark A/S is a Danish technical advisory services company with approximately 500 employees who provide technical advice and assistance in the fields of environmental services, climate adaptation, construction, public utilities, transport and infrastructure.

Our purpose is to secure the future of our cities and environment. We do this by designing for the future and having an innovative approach to future trends. The common denominator is sustainable solutions that create value for our customers, our partners and our community.

WSP is one of the world's leading consulting engineering companies with around 55,000 employees globally. This means that we in Denmark have access to a very strong network of experts around the world.

Development in Activities and Financial Conditions

Net Result of the Year

WSP Danmark's income statement for 2021 shows a profit of TDKK 10,322, and the balance sheet on 31 December 2021 shows equity of TDKK 59,451.

The Group (WSP Danmark and Golder) delivers an inhouse-production of 398.4 mDKK and an EBITDA of 24.9 mDKK corresponding to an EBITDA margin of 6.2%. The Group result is influenced by the discontinuation of our activities in Arctic and the integration of Golder.

Seen in isolation, WSP Danmark delivers an inhouse-production of 399.8 mDKK and an EBITDA of 28.9 mDKK corresponding to an EBITDA margin of 7.2%. Compared to the 2021 annual accounts WSP Danmark shows growth in both top and bottom line corresponding to 8.0% organic growth on in house production and 25% improved EBITDA result which is very satisfactory.

Activities during the Year

2021 has, once again, been a year strongly marked by the corona pandemic with alternating lockdowns and re-openings of our offices. Despite the turmoil that it has caused for everyone, our three major divisions have experienced high levels of activity and delivered great results.

Throughout the year, we have steadily increased our order backlog and won several strategically important projects in the areas of environmental services and climate adaptation, including environmental impact assessments for the Bornholm Energy Island project and the design of a comprehensive solution for climate adaptation, nature restoration and cloudburst management around the Harrestrup stream in Vigerslevparken. We have also been chosen as a third-party consultant in connection with the construction of Mindet in Aarhus, which will be Denmark's largest office building.

Environmental Division

In 2021, the Environmental Division has produced very satisfactory results with progress both at top line and bottom line as well as organic growth in almost all areas of expertise and sales regions.

Management's Review

Based on our market-leading position within water and nature management, we have been working on new methods and services throughout the year alongside the core business. Through a focused innovation effort, digital solutions have been developed for land registration in both urban and rural settings. The new business area is expected to spread to the closest neighbouring countries in 2022.

WSP's acquisition of Golder in 2021 has made the group the world's leading environmental consultancy company and has given access to larger market shares and new customers in Denmark, especially within building screenings and sustainable recycling of materials.

We have won many significant and long-term contracts, especially within environmental studies in relation to the green transition, climate adaptation projects and regional pollution surveys and decontamination.

The inflow of orders has been constantly increasing and is expected to continue the same trend in 2022, and the cooperation with WSP in other countries is predicted to be further developed.

Utilities and Infrastructure Division

The result within Utilities and Infrastructure for 2021 is extremely satisfactory and is based on very high productivity and security in project deliveries in all service areas. The infrastructure area has also performed well throughout the year, which, however, is characterized by fierce competition for employees.

In 2021, we initiated the work of creating a new department which is to work with ESG (Environment, Social and Governance) and strategic sustainability, and we have hired the first three employees.

Our intake of orders during the year has been on the rise, and Utilities and Infrastructure are entering the new year with a good volume of orders and great optimism. The environment, climate and the development of transport infrastructure are high on the political agenda, and we therefore expect further growth in 2022.

Construction Division

The Construction Division continues its positive development that has taken place over the last few years and, in 2021, it is stronger than ever with a solid and robust construction business.

In the design and engineering area, a strong collaboration has been built up with WSP's "Complimentary Resource Center" in Romania, where the affiliation of a team of competent engineering colleagues has been instrumental in strengthening the business.

On the specialist track, a focused effort with an emphasis on professionalism and significant projects has led to a market-leading position within operations consulting, building automation, CTS and Commissioning. This has, among other things, resulted in the recruitment of new experts becoming significantly easier.

During the year, several significant projects were won, where the construction of Denmark's largest office

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building, Mindet in Aarhus, is one of the most obvious examples of what it means to be part of a global company. Some of the world's most acclaimed experts in high-rise constructions are located in WSP in England, and involving them has meant that we are now solving tasks that we had not been able to handle on our own.

The past year and follow-up on development expectations from last year

The result for inhouse-production does not meet our expectations. This is due to the discontinuation of activities in Arctic and the integration of Golder. However, we meet our expectation for EBITDA margin. The Group (WSP Danmark and Golder) delivers an inhouse-production of 398.4 mDKK and an EBITDA of 24.9 mDKK corresponding to an EBITDA margin of 6.2%. The result for 2021 is very satisfactory.

CSR: Statement on Corporate Social Responsibility

Our purpose as a company is to future-proof our cities and environment through consulting in the fields of environment, climate adaptation, construction, utilities, transport and infrastructure. This may be the case, for example, when we work with sustainable solutions in construction, nature restoration and protection of society against the negative consequences of climate change.

Tomorrow's society will, in many ways, be different from the world we experience today. Our global WSP-program, Future Ready, aims to examine megatrends from around the world in the fields of climate change, society, technology and resources, giving us an insight into tomorrow's society. We share this knowledge internally within the organization, and we can thus help our customers deliver tomorrow's projects that are designed to meet the challenges of the future, while at the same time living up to the needs of today.

Our work on social responsibility is based on the principles of the UN Global Compact and the four main areas: Human Rights, Workers' Rights, Environment and Anti-Corruption. In our work and in the solutions we deliver to our customers, we also contribute to the achievement of the UN's 17 global goals for sustainable development.

During 2021, all employees have been trained in CSR guidelines that apply to all of WSP, including Code of Conduct, Anti-Corruption Policy, and Policy regarding Gifts, Entertainment and Hospitality. The mandatory training in the Code of Conduct is followed by annual refresher courses.

Human Rights and Labour Rights

In WSP Danmark, we support and respect the protection of the internationally recognized human rights. It is our fundamental belief that everyone has the right to equal treatment, regardless of gender, race, ethnic origin, religion, belief, disability, age and sexual orientation.

The focal point for us when we talk about human rights and labour rights is, in particular, the under-represented gender, in our case women, as well as the safety, health and well-being of employees.

WSP makes every effort to ensure that our people, clients, and assets are protected against threats and risks, including unplanned and undesired events such as natural or manmade disasters, accidents, crime,

Management's Review

civil unrest that has the potential to cause harm to an employee or groups of employees.

Impacts of unplanned and unexpected events may compromise the company's ability to continue operations in a safe and secure manner. In 2022 a Crisis Management Plan is to be implemented for areas where there is a need to protect our people, clients, brand, reputation, assets, and the general interests of our stakeholders and the wider community.

The objectives of this plan are to

1. Identify potential/foreseeable threats and treat them before they are realized,
2. Contain and manage the immediate of impact unplanned and unexpected events should they eventuate and
3. Recover to a safe state key business operations and deliverables.

Diversity

We wish to contribute to a society with a workplace that is characterized by diversity in our working and employment relationships. Our culture is inclusive, with respect for all the differences that our employees bring with them into WSP.

- Competences are always a crucial parameter in recruitment and promotions
- Employees and job seekers have the same opportunities to pursue careers in the company, regardless of gender
- Our company supports initiatives that induce more young people to choose the natural sciences educations, including special events to get more girls to choose the natural sciences.

Our company is in the technical/scientific industry, where there is no equal gender distribution, which is also reflected in our organization.

Proportion of women in WSP <u>Danmark</u>	2019	2020	2021
Board of directors	50%	57%	75%
Top management levels 1 and 2 (chief executives)	13%	14%	14%
Level 3 (senior managers)	26%	32%	28%
Employees in total	37%	33%	34%

The proportion of women on the board has steadily increased in recent years, reaching 75% in 2021. As there is an equal gender distribution on the board no KPI has been set for 2022.

At levels 1 and 2, the proportion of women is at the same level as last year. We are seeing a small overall increase across the company in the proportion of women, while women representation at managerial level 3 has decreased since 2020.

Our ambitions for 2022 will be to implement a much more structured approach to focusing on increasing the proportion of women both in general and also in management roles. This will come about i.a. through the launch of more structured search and recruitment processes that will actively seek to reduce unconscious bias. Furthermore, we will work in 2022 with our Employer Brand in Denmark, in order to

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both internally and externally make visible what kind of workplace we want to further develop towards. Here, room for diversity will be an extremely important theme towards being perceived as a sustainable workplace for all employees.

We want to contribute to more girls taking a science education and thereby support the gender equality agenda. In order to “encourage” more female students to take an interest in engineering, we participated in Girls Day In Science, which is a nationwide campaign to make girls more interested in pursuing a science and technology education. We will participate again in 2022.

In our strategy 2022-2024, one of our goals is to achieve at least 30% of our management positions being occupied by women.

Employee Satisfaction

Employee satisfaction and commitment are strategic priorities in WSP and, in 2021, we switched to Peakon Engagement Survey which is a new global concept for measuring employee satisfaction. We thus continue to listen to our employees and have a systematic approach to collecting employee feedback from all of WSP.

As a global tool, Peakon gives us the opportunity to compare our results with those of the other countries, and it also gives our top corporate management a better understanding of what works well, what needs to be improved, and what cultural similarities and differences there are around the world. Peakon Engagement Survey was launched in September 2021, and it showed an overall commitment score for WSP Denmark of 7.8, which exceeds the global and Nordic WSP benchmarks. We want to step up our efforts in WSP Denmark in 2022 to introduce Peakon as a framework tool for working on employee satisfaction and commitment.

In-service Training and Personal Development

Being a knowledge-based company, WSP Denmark wants to concentrate on continuous in-service training of our employees, so that they can maintain a high level of competences. Skills development and onboarding take place through internally developed course programs in WSP Academy, such as peer training on projects or external courses, long-term training courses and completion of business PhD projects. Our educational platform, WSP Academy, will be further developed in 2022 with offers of skills development.

Average costs of in-service training per employee	2017	2018	2019	2020
Industry average*	5,400	4,487	4,700	3,200
WSP Denmark	8,195	6,498	5,515	3,711

*Source: FRI's Industry Survey (FRI's Industry Survey 2021 will be published later this year, which is why we are comparing industry figures for 2020)

Figures from FRI's Industry Survey 2020 show that the industry is generally spending less on in-service training compared to earlier. In WSP Denmark, our costs related to in-service training has decreased compared to the previous year, but we still exceed the industry average. For the coming years, our ambition is to remain on the industry average.

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Our career model, which consists of different career tracks and levels, forms a foundation for conversations about and planning of employees' careers and competence development. Discussions about career paths and skills development take place at employee satisfaction interviews between employee and manager at least once a year.

Health and Safety

In WSP, we give high priority to health and safety and we have a vision of Zero Harm.

In 2021, we continued our work on WSP's Integrated Safety Management System (ISMS) for the registration of incidents, near miss incidents and safety observations as well as for setting goals, achieving clarity of purpose, objectives and communication throughout the organization.

In 2022, we will continue our efforts to reduce and eliminate the risks associated with our activities, and to focus on field work as well as increased guidance and awareness among all our employees. Furthermore, we will implement new standards for well-defined "Life Saving Actions" as part of our efforts to prevent accidents and protect our employees at work.

As a company, we have few work-related injuries. In 2021, seven incidents were registered, which required treatment in addition to first aid – one of them was of a serious nature and was due to a fall on an icy surface.

Parameter	2019	2020	2021
Incidents (with treatment)	4	3	7
Near miss incidents	0	2	7

The plan is to measure the entire organization's attention on work environment issues. This will be done by increasing the reporting of near misses and security observations that could have resulted in an incident. As a result, we expect to be able to take care of safety issues to a greater extent before things go wrong.

Sickness Absenteeism

In 2020, WSP Danmark had an average sickness absenteeism of 5.9 days which is a little below the industry average of 6.5 days (FRI's Industry Survey 2020). If we exclude the long-term sick, we are slightly above the industry level of 4.1 sick days with our 4.5 days. We will keep close track of sick leave with the aim of reducing it. Our attention is focused on long-term illness, stress and recurrent short-term illness. Our efforts for long-term illness, including stress, include conversations and an individually tailored course to ensure a lasting return to work. Efforts to reduce sick leave will continue in 2022.

Data Ethics

WSP's Information Security Policy Statement depends upon its information systems for its continued and successful operation. We hold data that is commercially and personally confidential. Our reputation with our clients and our employees depends on the care and diligence we exercise in keeping their

Management's Review

information and WSP's information safe and secure.

This covers all types of information (including but not limited to information printed or written on paper, stored electronically, transmitted by post or using electronic means, shown on video, or spoken in conversation) and the means by which it is stored and shared. Information Security objectives are achieved by the implementation of a set of controls, including policies, practices, procedures, organizational structures and software functions. These information security controls are not limited to Information Technology but also include business operations, Legal, Procurement, Human Resources (HR), Estates and Health & Safety. Securing WSP's information is the responsibility of our entire business. WSP is committed to ensuring our Information Security is effective, as well as to continuous improvement to protect our information assets.

The objectives are to:

- Protect our client, employee and corporate information.
- Protect people, by ensuring our corporate resources are not used to harm our employees, harm other people or damage the resources of other organizations or people.
- Protect WSP by maintaining our brand and corporate identity.

We carefully protect the privacy of our employees, customers and other business partners. In our "Employee Privacy Notice", "Global Privacy Policy" and "Global Information Classification and Handling Policy", we have described our guidelines for how we collect, store, use, share, transmit, delete and in other ways process personal data.

WSP collects and processes data such as:

- Employment data: personal information about current, potential and former employees.
- Customer data: information on customers and potential customers.
- Information regarding business partners: contact information of consultants, contractors, suppliers, agents and other business partners.
- Contact information: personal data related to a person's name, position, company affiliation, postal address, phone and fax numbers, SMS contact information, e-mail address and contact preferences.

Every year, all employees undergo mandatory digital training in data protection and information security. During the training, our employees are made aware of their duty to immediately notify our "Privacy Office" of any complaints, concerns or questions they may receive that are related to WSP's privacy practices or the personal data we process. Also, the introduction to GDPR is an integrated part of our onboarding program for new employees.

Responsibility for the Environment and Climate

In 2021, we launched our new sustainability strategy. Our goal is to become climate neutral in our own footprint* in 2025 and halve the CO₂ footprint in our projects by the year 2030.

*Own impact to be understood as CO₂ footprint for Scope 1 and 2 calculated in accordance with the Greenhouse Gas Protocol principles.

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Our action plan covers five areas:

- Our consultancy services: plan for how to reduce our climate footprint in relation to our projects
- Our transport: reduction of transport between sites and in general
- Our offices: energy efficiency, sustainable canteens and green energy procurement
- Our purchasing: drawing up a plan for green procurement
- Our conduct: training of all staff in our code of conduct as well as idea bank of green ideas

We are basically an office workplace, so our direct environmental impact occurs through the transport and consumption of electricity, heat, water and paper.

In order to reduce our transport emissions, we use digital communication channels for direct dialogue and meetings across the country and between our international subsidiaries. We sort paper and cardboard waste and have a sharp focus on the consumption of water, heat and electricity.

The below data comes direct from our suppliers such as Ørsted, HT Fjernvarme, Norlys, Aarhus Vand, Energy Fyn, Affaldvarme-Aarhus and landlords.

Consumption	2017	2018	2019	2021
Total consumption of heat per m2 (kWh/m2)	51	68	63	49
Consumption of heat per employee (kWh/employee)	2,725	2,494	2,507	1,821
Total consumption of electricity per m2 (kWh/m2)	24	29	34	24
Consumption of electricity per employee (kWh/employee)	1,312	1,056	1,345	876
Total consumption of water per m2 (m3/m2)	0.10	0.16	0.18	0.59
Consumption of water per employee (m3/employee)	5.38	5.95	7.17	21.73
Company driving in private vehicles (km/employee)	3,877	3,875	3,142	2,960
Consumption of paper (tons)	6	9	2.92	5.57
Paper consumption per employee (kg/employee)	10	16	6.47	12.06

This year we have received all the annual statements on energy consumption for 2021 before the end of the annual account's preparation. Previous years green accounts have been reported staggered by one year compared to the annual report.

In 2022, we will launch a transport policy with guidelines for company travel by car, train and plane, and we will also work towards switching to green electricity. We expect our resource consumption in 2022 to be lower than in 2021.

Corruption and Bribery

As our success and reputation depends upon the trust of clients and other stakeholders, our commitment to maintaining zero tolerance to all forms of corruption extends beyond regulatory compliance. For instance, WSP strives to keep the topic front of mind for employees, notably through an extensive ethics and compliance e-learning onboarding and refresher training, live training sessions, regular communications, as well as tailored compliance tools.

In our Code of Conduct and underlying Anti-Corruption Policy, we have described our responsibility to

Management's Review

fight corruption and bribery. We do not engage in any form of direct or indirect corruption/bribery in accordance with the World Bank's definition and guidelines for combating corruption and economic crime. We make the same demands on our partners when implementing joint projects.

All employees undergo mandatory training in our Code of Conduct every year. Our completion rate in 2021 is at 100%. There have been no cases of corruption or bribery in 2021 in WSP Denmark.

The focus in 2022 will be:

- Empower leaders to better understand and communicate ethics-related issues
- Maintain a high level of awareness with respect to our Business Conduct Hotline
- Planning to highlight Anti-Corruption Day in 2022
- Planning the annual reminder to employees regarding business courtesy exchanges

Ownership

Since 31 August 2019, WSP Denmark has been part of the Canadian company WSP, which is one of the world's leading consulting engineering companies.

Expected Development

We have prepared a targeted strategic growth plan for all our business areas, which by 2023 is to ensure annual growth and increased earnings on the bottom line. The implementation of a new ERP system, which is scheduled to become effective in the first quarter of 2022, is expected to strengthen the company's governance and profitability as well as ensure more efficient business processes.

Access to a huge range of services and skills worldwide by being part of WSP provides good opportunities for developing and growing the business. Based on this, we are optimistic about our goal for 2022 of progress on both the top and bottom lines. We expect a top line growth of 4-8% and a similar bottom line growth.

Events after the Balance Sheet Date

No circumstances have occurred after the balance sheet dates that have had a material effect on the assessment of the annual report.

Income Statement 1 January - 31 December

	Note	Koncern		Moderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Revenue	1	519.071	501.117	520.618	483.651
Other operating income		1.658	1.453	3.075	2.388
Other external expenses		-192.004	-189.153	-191.786	-182.336
Gross profit/loss		328.725	313.417	331.907	303.703
Staff expenses	2	-303.190	-300.963	-302.339	-292.439
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-9.918	-9.545	-9.914	-9.478
Other operating expenses		-650	-625	-650	-625
Profit/loss before financial income and expenses	4	14.967	2.284	19.004	1.161
Income from investments in subsidiaries	5	0	0	-3.521	1.254
Financial income	6	512	104	512	104
Financial expenses	7	-724	-712	-807	-621
Profit/loss before tax		14.755	1.676	15.188	1.898
Tax on profit/loss for the year	8	-4.579	-849	-4.866	-1.071
Profit/loss from continuing activities		10.176	827	10.322	827
Profit/loss from discontinuing activities	9	146	0	0	0
Net profit/loss for the year		10.322	827	10.322	827

Balance Sheet 31 December

Assets

	Note	Koncern		Morderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Completed development projects		0	575	0	575
Acquired patents		3.454	513	3.454	513
Goodwill		15.700	20.930	15.700	20.930
Prepayment		1.521	0	1.521	0
Intangible assets	10	20.675	22.018	20.675	22.018
Plant and machinery		2.034	2.199	2.034	2.199
Other fixtures and fittings, tools and equipment		7.639	5.700	7.606	5.635
Leasehold improvements		1.619	1.893	1.620	1.883
Property, plant and equipment	11	11.292	9.792	11.260	9.717
Investments in subsidiaries	12	0	0	8.079	10.972
Fixed asset investments		0	0	8.079	10.972
Fixed assets		31.967	31.810	40.014	42.707
Inventories	13	0	7	0	7
Trade receivables		114.679	98.810	111.648	95.324
Contract work in progress	14	35.015	16.417	34.254	15.867
Receivables from group enterprises		8.882	27.255	9.462	27.501
Other receivables		6.240	6.730	6.224	6.578
Prepayments	15	6.360	4.461	6.133	4.446
Receivables		171.176	153.673	167.721	149.716
Cash at bank and in hand		24.046	40.664	22.185	39.033
Currents assets		195.222	194.344	189.906	188.756
Assets		227.189	226.154	229.920	231.463

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Morderselskab	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital	16	22.500	22.500	22.500	22.500
Reserve for net revaluation under the equity method		0	0	5.801	9.322
Reserve for development costs		0	449	0	449
Retained earnings		36.951	10.680	31.150	1.358
Equity		59.451	33.629	59.451	33.629
Provision for deferred tax	18	21.918	19.663	20.972	16.911
Other provisions	19	11.400	7.982	11.400	7.982
Provisions		33.318	27.645	32.372	24.893
Trade payables		13.123	17.521	12.845	17.117
Contract work in progress, liabilities	14	50.281	47.776	49.310	47.545
Payables to group enterprises		18.035	8.330	25.403	18.233
Corporation tax		1.087	0	338	0
Payables to group enterprises relating to corporation tax		0	0	467	0
Other payables		51.190	90.766	49.030	89.559
Deferred income	20	704	487	704	487
Short-term debt		134.420	164.880	138.097	172.941
Debt		134.420	164.880	138.097	172.941
Liabilities and equity		227.189	226.154	229.920	231.463
Distribution of profit	17				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Subsequent events	24				
Accounting Policies	25				

Statement of Changes in Equity

Koncern

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	22.500	0	449	10.680	33.629
Contribution from group	0	0	0	15.500	15.500
Development costs for the year	0	0	-449	0	-449
Net profit/loss for the year	0	0	0	10.771	10.771
Equity at 31 December	22.500	0	0	36.951	59.451

Moderselskab

Equity at 1 January	22.500	9.322	449	1.358	33.629
Contribution from group	0	0	0	15.500	15.500
Development costs for the year	0	0	-449	0	-449
Net profit/loss for the year	0	-3.521	0	14.292	10.771
Equity at 31 December	22.500	5.801	0	31.150	59.451

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	488.414	486.005	490.250	468.658
Revenue, exports	30.657	15.112	30.368	14.993
	519.071	501.117	520.618	483.651
Business segments				
Advisory services	498.770	479.382	500.317	461.916
Software and services	20.301	21.735	20.301	21.735
	519.071	501.117	520.618	483.651
	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	289.653	288.855	288.822	280.659
Pensions	1.809	2.151	1.809	2.151
Other social security expenses	4.474	4.143	4.474	3.998
Other staff expenses	7.254	5.814	7.234	5.631
	303.190	300.963	302.339	292.439
Including remuneration to the Executive Board		5.590		5.590
Average number of employees	438	443	433	427

For 2021, remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. In 2020, the Executive Board consisted of more than one person and the total remuneration amounted TDKK 5,590.

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	6.094	6.666	6.094	6.666
Depreciation of property, plant and equipment	3.842	3.139	3.838	3.072
Gain and loss on disposal	-18	-260	-18	-260
	9.918	9.545	9.914	9.478

4 Special items

No special items in 2021. In 2020 special items amounted to DKK 14 million related to the integration of the company into the WSP Group, primarily related to IT costs and advisory services of DKK 11 million recognised in other external expenses and cost related to release of employees of DKK 3 million recognised in staff expenses.

	Moderselskab	
	2021	2020
	TDKK	TDKK
5 Income from investments in subsidiaries		
Share of profits of subsidiaries	0	1.254
Share of losses of subsidiaries	-3.521	0
	-3.521	1.254

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
6 Financial income				
Interest received from group enterprises	435	103	435	103
Other financial income	0	1	0	1
Exchange gains	77	0	77	0
	512	104	512	104

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
7 Financial expenses				
Interest paid to group enterprises	0	0	119	41
Other financial expenses	724	419	688	362
Exchange loss	0	293	0	218
	724	712	807	621
8 Tax on profit/loss for the year				
Current tax for the year	518	0	805	0
Deferred tax for the year	4.598	1.849	4.598	1.575
Adjustment of tax concerning previous years	0	-48	0	-48
Adjustment of deferred tax concerning previous years	-537	-952	-537	-456
	4.579	849	4.866	1.071

Notes to the Financial Statements

	Koncern		Morderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
9 Discontinuing activities				
Revenue	10.230	0	0	0
Other operating income	478	0	0	0
Other external expenses	-4.849	0	0	0
Gross profit/loss	5.859	0	0	0
Staff expenses	-6.748	0	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-29	0	0	0
Other operating expenses	-14	0	0	0
Profit/loss before financial income and expenses	-932	0	0	0
Financial income	29	0	0	0
Financial expenses	-8	0	0	0
Profit/loss before tax	-911	0	0	0
Tax on profit/loss for the year	1.057	0	0	0
	146	0	0	0

Discontinued activities consist of the result of the subsidiary WSP Arctic A/S as it has been decided to discontinue the activities in the Arctic area. As of 31 December 2021 no material assets or liabilities exists.

Notes to the Financial Statements

10 Intangible assets

Koncern

	Completed development projects	Acquired pa- tents	Goodwill	Prepayment
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	8.828	7.698	99.847	0
Additions for the year	0	3.230	0	1.521
Disposals for the year	0	0	-2.962	0
Cost at 31 December	<u>8.828</u>	<u>10.928</u>	<u>96.885</u>	<u>1.521</u>
Impairment losses and amortisation at 1 January	8.253	7.185	78.917	0
Amortisation for the year	575	289	5.230	0
Reversal of amortisation of disposals for the year	0	0	-2.962	0
Impairment losses and amortisation at 31 December	<u>8.828</u>	<u>7.474</u>	<u>81.185</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>3.454</u>	<u>15.700</u>	<u>1.521</u>

Moderselskab

	Completed development projects	Acquired pa- tents	Goodwill	Prepayment
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	5.454	7.638	77.049	0
Additions for the year	0	3.230	0	1.521
Disposals for the year	0	0	-2.962	0
Cost at 31 December	<u>5.454</u>	<u>10.868</u>	<u>74.087</u>	<u>1.521</u>
Impairment losses and amortisation at 1 January	4.879	7.125	56.119	0
Amortisation for the year	575	289	5.230	0
Reversal of amortisation of disposals for the year	0	0	-2.962	0
Impairment losses and amortisation at 31 December	<u>5.454</u>	<u>7.414</u>	<u>58.387</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>3.454</u>	<u>15.700</u>	<u>1.521</u>

Notes to the Financial Statements

11 Property, plant and equipment

Koncern

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	3.633	11.841	3.850
Net effect from merger and acquisition	0	267	0
Additions for the year	946	4.431	51
Disposals for the year	0	-778	-209
Cost at 31 December	<u>4.579</u>	<u>15.761</u>	<u>3.692</u>
Impairment losses and depreciation at 1 January	1.434	6.141	1.957
Net effect from merger and acquisition	0	260	0
Depreciation for the year	1.111	2.435	325
Reversal of impairment and depreciation of sold assets	0	-714	-209
Impairment losses and depreciation at 31 December	<u>2.545</u>	<u>8.122</u>	<u>2.073</u>
Carrying amount at 31 December	<u>2.034</u>	<u>7.639</u>	<u>1.619</u>

Moderselskab

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	3.633	11.468	3.640
Additions for the year	946	4.431	51
Disposals for the year	0	-447	0
Kostpris at 31 December	<u>4.579</u>	<u>15.452</u>	<u>3.691</u>
Impairment losses and depreciation at 1 January	1.434	5.833	1.757
Depreciation for the year	1.111	2.413	314
Reversal of impairment and depreciation of sold assets	0	-400	0
Impairment losses and depreciation at 31 December	<u>2.545</u>	<u>7.846</u>	<u>2.071</u>
Carrying amount at 31 December	<u>2.034</u>	<u>7.606</u>	<u>1.620</u>

Notes to the Financial Statements

	Moderselskab	
	2021	2020
	TDKK	TDKK
12 Investments in subsidiaries		
Cost at 1 January	1.650	1.650
Additions for the year	628	0
Cost at 31 December	<u>2.278</u>	<u>1.650</u>
Value adjustments at 1 January	9.322	8.068
Net profit/loss for the year	<u>-3.521</u>	<u>1.254</u>
Value adjustments at 31 December	<u>5.801</u>	<u>9.322</u>
Carrying amount at 31 December	<u>8.079</u>	<u>10.972</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
WSP Arctic A/S	Nuuk, Greenland	100%
Golder Associates A/S	Høje Taastrup, Denmark	100%

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
13 Inventories				
Finished goods and goods for resale	0	7	0	7
	<u>0</u>	<u>7</u>	<u>0</u>	<u>7</u>

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
14 Contract work in progress				
Selling price of work in progress	638.339	677.796	612.652	650.700
Payments received on account	-653.605	-709.155	-627.708	-682.378
	-15.266	-31.359	-15.056	-31.678
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	35.015	16.417	34.254	15.867
Prepayments received recognised in debt	-50.281	-47.776	-49.310	-47.545
	-15.266	-31.359	-15.056	-31.678

15 Prepayments

Prepayments consist of prepaid expenses concerning rent and insurance premiums.

16 Equity

The share capital consists of 22,500 shares of a nominal value of TDKK 1. No shares carry any special rights.

	Moderselskab	
	2021	2020
	TDKK	TDKK
17 Distribution of profit		
Reserve for net revaluation under the equity method	-3.521	1.254
Transfer for the year to other reserves	-449	-450
Retained earnings	14.292	23
	10.322	827

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
18 Provision for deferred tax				
Provision for deferred tax at 1 January	19.663	18.766	16.911	15.792
Amounts recognised in the income statement for the year	2.255	897	4.061	1.119
Provision for deferred tax at 31 December	21.918	19.663	20.972	16.911
Intangible assets	-110	518	-110	518
Property, plant and equipment	-3.753	-4.323	-3.718	-4.307
Other receivables	-639	-815	-639	-815
Contract work in progress	49.831	50.590	48.850	47.651
Tax loss carry-forward	-23.411	-26.307	-23.411	-26.136
	21.918	19.663	20.972	16.911

19 Other provisions

Other provisions consist of provisions for expected future costs on closed projects, including any guarantee costs.

Other provisions	11.400	7.982	11.400	7.982
	11.400	7.982	11.400	7.982

20 Deferred income

Deferred income comprises various pre-invoiced income.

Notes to the Financial Statements

21 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group as well as the parent company have assumed lease and leasing obligations with a term of between 3 months and 6.5 years. The total rental and leasing obligation as of 31 December 2021 amount to TDKK 75,832 (2020: TDKK 91,208) for the group and TDKK 75,832 (2020: TDKK 90,537) for the parent company.

No guarantees have been provided in connection with ongoing and completed projects in 2021. In addition, the company is obliged in accordance with the general Conditions for Counseling (ABR18).

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 by the Group amounts to TDKK 338. 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability. WSP Danmark A/S act as administration company for the joint taxation group.

Notes to the Financial Statements

22 Related parties

	Basis
Controlling interest	
WSP Sverige AB, Stockholm, Sverige	Controlling shareholder
WSP Global Inc., Montreal, Quebec, Canada	Ultimate owner
Board of Directors and Executive Board	Has warrants and thus has a material influence on WSP Danmark A/S.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
WSP Global Inc.	Montreal, Quebec, Canada

	Koncern		Moderselskab	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
23 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	268	295	242	275
Other assurance engagements	63	17	48	17
Tax advisory services	40	47	35	47
Non-audit services	224	706	204	691
	595	1.065	529	1.030

24 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

25 Accounting Policies

The Annual Report of WSP Danmark A/S for 2021 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.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of WSP Global Inc., the Company and the Group have not prepared a cash flow statement.

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, WSP Danmark 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 losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

25 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Notes to the Financial Statements

25 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Revenue

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

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

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes 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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is 3-8 years.

Notes to the Financial Statements

25 Accounting Policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5-20 years, determined on the basis of Management's experience with the individual business areas.

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.

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:

Plant and machinery	3-6 years
Other fixtures and fittings, tools and equipment	6-8 years
Leasehold improvements	6-15 years

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

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

The item "Investments in subsidiaries" 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 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 is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend

Notes to the Financial Statements

25 Accounting Policies (continued)

distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries 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 recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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.

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 has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provi-

Notes to the Financial Statements

25 Accounting Policies (continued)

sions are measured and recognised based on experience with guarantee work.

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Profit margin

$$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

Notes to the Financial Statements

25 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Quick ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$