
WSP Danmark A/S

Linnés Alle 2, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2022

CVR No 21 26 55 43

The Annual Report was
presented and adopted at the
Annual General
Meeting of the Company on
27/06 2023

Jeppe Hoppe Christensen
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 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position on 31 December 2022 of the Company and of the results of the operations for 2022.

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, 27 June 2023

Executive Board

Per Christensen
CEO

Board of Directors

Anna-Lena Kristina Öberg Högsta
Chairman

Jeppe Hoppe Christensen

Marie Angelika Dorf
Jaklinder

Per Christensen

Per Møller-Jensen

Kristina Møberg Jensen
Staff Representative

Lars Brammer Nejrup
Staff Representative

Anette Andersen
Staff Representative

Independent Auditor's Report

To the Shareholder of WSP Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of WSP Danmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 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 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 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 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 judgment and maintain professional skepticism 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- 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.

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, 27 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Thomas Lauritsen
State Authorised Public Accountant
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
Per Christensen
Per Møller-Jensen
Jeppe Hoppe Christensen
Marie Angelika Dorf Jaklinder
Anette Andersen
Kristina Møberg Jensen
Lars Brammer Nejrup

Executive Board

Per Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Handelsbanken

Management's Review

Financial Highlights

The Company's developments over the past five years can be described as follows:

Key figures	2022	2021	2020	2019	2018
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Profit/loss					
Revenue	534.486	520.618	483.651	404.069	409.831
Gross profit/loss	342.055	331.907	303.703	285.842	319.766
In-house production	426.221	399.754	367.979	341.277	355.245
Profit/loss before financial income and expenses	921	19.004	1.161	-14.435	1.625
Net financials	-1.453	-3.816	737	1.422	-898
Profit/loss before tax	-532	15.188	1.898	-13.013	727
Net profit/loss for the year	-659	10.322	827	-11.395	576
Balance sheet					
Balance sheet total	268.888	229.920	231.463	178.213	182.119
Equity	58.792	59.451	33.629	32.802	44.197
Investment in property, plant and equipment	-3.713	-5.428	-6.932	-2.008	-1.673
Number of employees	475	433	427	423	456
Ratios					
Gross margin	64,0%	63,8%	62,8%	70,7%	78,0%
Profit margin	0,2%	3,7%	0,2%	-3,6%	0,4%
Return on assets	0,3%	8,3%	0,5%	-8,1%	0,9%
Solvency ratio	21,9%	25,9%	14,5%	18,4%	24,3%
Return on equity	-1,1%	22,2%	2,5%	-29,6%	1,3%
Quick ratio	184,2%	137,5%	109,1%	120,1%	110,0%
EBITDA margin	2,4%	5,6%	2,3%	-5,9%	2,8%

See note 22 Accounting policies for definition of key figures and ratios.

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 67,000 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 A/S delivers a net revenue of 534.5 mDKK and an EBITDA of 12.8 mDKK corresponding to an EBITDA margin of 2.4%. Compared to the 2021 annual accounts WSP Danmark A/S shows growth in top line corresponding to 6.6% on in house production, but a 55.9% decline in EBITDA result, which is considered not satisfactory and below last year's expectations and budget.

The primary factors contributing to the variation in EBITDA are the significantly elevated costs linked to the implementation of a new ERP system, which necessitated the temporary hiring of external consultants. Another contributory factor has been a higher-than-expected rate of employee sick leave and the scheduling of a full integration day involving all employees.

Activities during the Year

2022 has been a year marked by high inflation, increasing interest rates and high commodity prices. Despite this, our three business units have experienced high levels of activity and delivered good results. Throughout the year, we have steadily increased our order backlog and won several strategically important projects.

Earth and Environment Division

In 2022, the Earth and Environment division has achieved commendable results. The division has successfully attracted new talented colleagues to an already strong team, resulting in favorable financial outcomes both in terms of revenue and profit.

The significant emphasis on the green transition within society, coupled with our prominent position as one of Denmark's leading environmental assessment consultants, has led to substantial growth in the number of projects, agreements, and new customers in the field of environmental consultancy for renewable energy and nature conservation.

Furthermore, a restructuring of the Earth & Environment division has ensured comprehensive coverage of all environmental aspects, including climate adaptation and urban development.

The influx of orders has been consistently increasing and is expected to continue this upward trend in 2023. Additionally, we anticipate further development of cooperation with WSP in other countries.

Management's Review

Transport and Infrastructure Division

The results within the Transport and Infrastructure division for 2022 demonstrate a significant increase in productivity across all service areas when it comes to project deliveries.

We have successfully secured several important projects, including a framework agreement with Banedanmark, which will contribute to enhancing the reliability of future environmentally friendly transportation. Additionally, we have been awarded contracts for the development of a new charging infrastructure, aimed at facilitating the transition from fossil fuels to electric cars.

In 2022, we embarked on the establishment of a new bridge department, which has shown promising progress. The department is actively engaged in local and international projects, particularly in the UK and Australia.

Throughout the year, our order intake has experienced consistent growth, encompassing projects for the pharma industry as well. As a result, our business unit is commencing the new year with a substantial volume of orders and a strong sense of optimism, and we anticipate further growth in 2023.

Property and Buildings Division

The Property and Buildings Division has continued its positive trajectory.

We have maintained a strong collaboration in the design and engineering field with WSP's "Complimentary Resource Center" in Romania. The addition of a competent team of engineering colleagues from this center has played a crucial role in bolstering our business.

Two new specialized departments, "Management in Construction" and "Fire, Security, and Sustainability," have been established and are experiencing robust growth. They perfectly complement our market-leading position in operations consulting, building automation, CTS, and Commissioning.

Throughout the year, we secured several significant projects, including the Grundtvigs Hus, which is the first DGNB Platinum renovation project in Denmark. Additionally, we have fostered excellent collaboration with WSP Global on projects such as the Viking Ship Museum in Roskilde, Ny Ellebjerg Station, and the New Music Theatre in Bergen. Notably, we are also involved in the construction of DSV, Denmark's largest building and home to the world's largest building-mounted solar cell panel.

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. Future Ready® is WSP's approach to preparing clients for the changes that will come. Through our Future Ready® program, our experts evaluate emerging trends related to climate, society, technology, and resources. We drive innovation and plan for the future by integrating these future trends into our designs and advice.

Management's Review

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.

Our material risks in environmental, social, personnel and justice areas, including human rights, as well as risks related to anti-corruption and bribery are the following:

Environmental risks:

- To a limited extent during fieldwork, exposure to hazardous chemicals harmful to the environment.
- Emission of greenhouse gases.

Social and personnel risks:

- Risk of accidents at work or work-related health problems.
- Lack of occupational safety and protection for employees.

Risks to human rights:

- Discrimination based on gender or ethnicity in the hiring process.
- Potential violations of the right to privacy or freedom of expression.

Risks of anti-corruption and bribery:

- Potential involvement in bribery activities or corrupt practices.

During 2022, all employees have been trained in Ethics & Compliance, including Code of Conduct, Anti-Corruption Policy, and Policy regarding Gifts, Entertainment and Hospitality. The mandatory training in the Code of Conduct is followed up by annual refresher courses.

Human Rights and Labour Rights

Our Global Human Rights Statement sets out WSP's commitment to respecting, supporting, and safeguarding human rights. We promote fair and equal treatment for all our people, regardless of race, ethnic origin, religion, age, sex, sexual orientation, gender identity, physical or mental disability or political belief.

The focal point for us in particular when we talk about human rights and labor rights, is 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, 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 was implemented for areas

Management's Review

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 impact of unplanned and unexpected events should they eventuate and
3. Recover to a safe state key business operations and deliverables.

All business partners must comply with applicable modern slavery and human trafficking laws and regulations and are expected to adopt practices that safeguard human rights in all their dealings as described in our Business Partner Code of Conduct.

In 2022, no breaches of human rights were identified.

We plan to continue the work and focus on human rights in 2023 among others through annual training of employees.

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 Danmark	2019	2020	2021	2022
Board of directors	50%	57%	75%	57%
Top management levels 1 and 2 (chief executives)	13%	14%	14%	0%
Level 3 (senior managers)	26%	32%	28%	35%
Employees in total	37%	33%	34%	36%

The proportion of women on the board has steadily increased in recent years, continuing in 2022 to be well represented by 57% (four women and 3 men). As there is an equal gender distribution on the board the KPI has been set for min 50% representation in 2023.

At levels 1 and 2, the proportion of women has decreased in 2022. We are seeing a small overall increase

Management’s Review

across the company in the proportion of women, while women representation at managerial level 3 has also increased since 2021.

Our ambitions for 2023 will be to implement a much more structured approach to continue our focus on increasing the proportion of women both in general and also in management roles. We have now implemented structured recruitment and search processes, and we will in 2023 intensify focus on reducing unconscious bias in these processes. In order to mitigate for a less diverse top management (level 1+2) we will in 2023 look into other ways of achieving diversity in our way of leading the business.

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.

In our strategy 2022-2024, one of our goals is to achieve a 5% increase per year of women in our management positions.

Employee Engagement

Employee engagement is an important strategic priority in WSP, and in 2022 we measured our engagement twice through our global tool for measuring employee engagement (Peakon Engagement Survey). 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 results from September 2022 showed an overall commitment score for WSP Denmark of 7.6, which exceeds the Nordic WSP benchmarks.

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.

Average costs of in-service training per employee	2018	2019	2020	2021
Industry average*	4.487	4.700	3.200	4.800
WSP Denmark	6.498	6.269	3.711	5.387

*Source: FRI’s Industry Survey (FRI’s Industry Survey 2022 will be published later this year, which is why we are comparing with industry figures for 2021)

Management's Review

Our costs related to in-service training have increased compared to the previous year, and we still exceed the industry average. For the coming years, our ambition is to remain on the industry average.

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 engagement and performance appraisal dialogues between employee and manager at least once a year.

Health and Safety

WSP puts the safety of all employees first. We treat occupational health and safety as a priority by actively monitoring, preventing, reducing or removing safety risks.

In 2022, we continued our work on WSP's Integrated Safety Management System (ISMS) for the registration of incidents, near miss incidents and safety observations. We use the ISMS in our Health and Safety Management to:

- Protect anyone who accesses a work site or takes part in a business activity.
- Implement standard work instructions and provide appropriate personal protective equipment.
- Provide training, procedures and similar guidance in a language that employees understand.

In 2023, we will continue our efforts to reduce and eliminate the risks associated with our activities, and to focus on field work and promote a positive Health and Safety Culture by focusing on Safety focused Leadership Engagement.

As a company, we have few work-related injuries. In 2022, three incidents were registered which required treatment in addition to first aid – one of them was of a serious nature, with more than 1 day away from work, and was due to a fall on a boat ramp.

Parameter	2020	2021	2022
Incidents LTI (lost time incidents)	3	7	3
Near miss reports	2	7	14

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 2021, WSP Danmark had an average sickness absenteeism of 7.4 days which is a little below the industry average of 8.4 days (FRI's Industry Survey 2021). If we exclude the long-term sick, we are slightly above the industry level of 5.1 sick days with our 6.4 days. In 2022 we have had close focus on sick leave with the aim of reducing it. Our attention is focused on long-term illness, stress related illness and

Management's Review

recurrent short-term illness. Our efforts for long-term illness, including stress, include conversations and individually tailored plans to ensure a lasting return to work. Efforts to reduce sick leave will continue in 2023.

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 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 clients, employees, 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 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.

Management's Review

Responsibility for the Environment and Climate

In our sustainability strategy we have set a goal to become climate neutral in our own footprint in 2025 and halve the CO2 footprint in our projects by the year 2030.

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

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

We have worked to set a baseline for the CO2 emissions from our projects in 2022. The 2022 baseline will give us a basis for following developments and seeing if we are approaching our goal of cutting 50% of CO2 emissions from our projects by 2030.

In 2022, we released our Global Biodiversity Statement, which is a set of guiding principles aimed at enabling WSP to engage with our clients to protect, restore, and enhance ecosystems. Protecting biodiversity is a natural extension of our commitment to mitigate climate change, two interrelated issues that need to be tackled simultaneously. We will do this by embedding and applying the mitigation hierarchy in the advice and designs we bring our clients, by using the following sequential method: Avoid, Minimize, Restore, Offset.

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, Energy Fyn and landlords.

Consumption	2020	2021	2022
Purchased electricity (kWh)	1.777.099	437.445	1.318.642
District heating (kWh)	N/A	841.391	551.807
District cooling (kWh)	N/A	46.700	56.700
Total non-hazardous waste (metric tons)	73,82	97,21	84,25
Vehicle travel distance (km)	1.322.686	1.367.688	1.231.094

Management's Review

In 2023 we will launch a transport policy with guidelines for company travel by car, train and plane. The policy has been delayed as we have been awaiting a global commuter survey. We will also work towards switching to green electricity by 2025.

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 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 2022 is at 100%. There have been no cases of corruption or bribery in 2022 in WSP Danmark.

The focus in 2023 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 the annual reminder to employees regarding business courtesy exchanges

Ownership

Since 31 August 2019, WSP Danmark 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.

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 2023 of progress on both the top and bottom lines. We expect a top line growth around 3-5% and a result before tax of 0-5 mDKK.

Management's Review

Events after the Balance Sheet Date

As of 15 May 2023, the business unit 'Center for Bygningsbevaring' (The Centre for the Conservation of Heritage Buildings) is no longer part of WSP Danmark. The unit was divested to five employees. The divestment of the business unit was decided in recognition of the fact that WSP will not be able to fully integrate the company without destroying the core and identity of the Center.

Besides this 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	2022 TDKK	2021 TDKK
Revenue	1	534.486	520.618
Other operating income		478	3.075
Other external expenses		<u>-192.909</u>	<u>-191.786</u>
Gross profit/loss		342.055	331.907
Staff expenses	2	-328.514	-302.339
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-11.843	-9.914
Other operating expenses		<u>-777</u>	<u>-650</u>
Profit/loss before financial income and expenses		921	19.004
Income from investments in subsidiaries	4	-11	-3.521
Financial income	5	98	512
Financial expenses	6	<u>-1.540</u>	<u>-807</u>
Profit/loss before tax		-532	15.188
Tax on profit/loss for the year	7	<u>-127</u>	<u>-4.866</u>
Net profit/loss for the year		<u>-659</u>	<u>10.322</u>

Balance Sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
IT software		9.707	3.454
Goodwill		11.141	15.700
Prepayment		<u>1.449</u>	<u>1.521</u>
Intangible assets	8	<u>22.297</u>	<u>20.675</u>
Plant and machinery		1.057	2.034
Other fixtures and fittings, tools and equipment		6.778	7.606
Leasehold improvements		<u>1.345</u>	<u>1.620</u>
Property, plant and equipment	9	<u>9.180</u>	<u>11.260</u>
Investments in subsidiaries	10	<u>8.217</u>	<u>8.079</u>
Fixed asset investments		<u>8.217</u>	<u>8.079</u>
Fixed assets		<u>39.694</u>	<u>40.014</u>
Trade receivables		119.249	111.648
Contract work in progress	11	57.367	34.254
Receivables from group enterprises		4.447	9.462
Other receivables		6,220	6.224
Prepayments	12	<u>5.917</u>	<u>6.133</u>
Receivables		<u>193.200</u>	<u>167.721</u>
Cash at bank and in hand		<u>35.994</u>	<u>22.185</u>
Currents assets		<u>229.194</u>	<u>189.906</u>
Assets		<u>268.888</u>	<u>229.920</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital	13	22.500	22.500
Reserve for net revaluation under the equity method		5.790	5.801
Retained earnings		<u>30.502</u>	<u>31.150</u>
Equity		<u>58.792</u>	<u>59.451</u>
Provision for deferred tax	15	21.567	20.972
Other provisions	16	<u>10.000</u>	<u>11.400</u>
Provisions		<u>31.567</u>	<u>32.372</u>
Payables to group enterprises - long term		<u>54.082</u>	<u>0</u>
Long-term debt		<u>54.082</u>	<u>0</u>
Trade payables		22.493	12.845
Contract work in progress, liabilities	11	48.891	49.310
Payables to group enterprises		14.830	25.403
Corporation tax		0	338
Payables to group enterprises relating to corporation tax		0	467
Other payables		37.389	49.030
Deferred income	17	<u>844</u>	<u>704</u>
Short-term debt		<u>124.447</u>	<u>138.097</u>
Total debt		<u>178.529</u>	<u>138.097</u>
Liabilities and equity		<u>268.888</u>	<u>229.920</u>

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Statement of Changes in Equity

	Share capital TDKK	Reserve for net revaluation under the equity method TDKK	Reserve for development costs TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2021	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	<u>0</u>	<u>-3.521</u>	<u>0</u>	<u>14.292</u>	<u>10.771</u>
Equity at 31 December 2021	<u>22.500</u>	<u>5.801</u>	<u>0</u>	<u>31.150</u>	<u>59.451</u>
Equity at 1 January 2022	22.500	5.801	0	31.150	59.451
Contribution from group	0	0	0	0	0
Development costs for the year	0	0	0	0	0
Net profit/loss for the year	<u>0</u>	<u>-11</u>	<u>0</u>	<u>-648</u>	<u>-659</u>
Equity at 31 December 2022	<u>22.500</u>	<u>5.790</u>	<u>0</u>	<u>30.502</u>	<u>58.792</u>

Notes to the Financial Statements

1 Revenue

	2022	2021
Geographical segments	TDKK	TDKK
Revenue, Denmark	522.596	490.250
Revenue, exports	<u>11.890</u>	<u>30.368</u>
	<u><u>534.486</u></u>	<u><u>520.618</u></u>
Business segments		
Advisory services	515.080	500.317
Software and services	<u>19.406</u>	<u>20.301</u>
	<u><u>534.486</u></u>	<u><u>520.618</u></u>

2 Staff expenses

	2022	2021
	TDKK	TDKK
Wages and salaries	313.152	288.822
Pensions	1.959	1.809
Other social security expenses	3.779	4.474
Other staff expenses	<u>9.624</u>	<u>7.234</u>
	<u><u>328.514</u></u>	<u><u>302.339</u></u>
Average number of employees	<u><u>475</u></u>	<u><u>433</u></u>

For 2022, remuneration to the Executive Board has not been disclosed in accordance with section 98B (3) of the Danish Financial Statements Act. In 2021, the Executive Board consisted of more than one person and the total remuneration amounted TDKK 5.590.

Notes to the Financial Statements

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2022	2021
	TDKK	TDKK
Amortisation of intangible assets	7.136	6.094
Depreciation of property, plant and equipment	4.942	3.838
Gain and loss on disposal	<u>-235</u>	<u>-18</u>
	<u><u>11.843</u></u>	<u><u>9.914</u></u>

4 Income from investments in subsidiaries

	2022	2021
	TDKK	TDKK
Share of profits of subsidiaries	193	0
Share of losses of subsidiaries	<u>-204</u>	<u>-3.521</u>
	<u><u>-11</u></u>	<u><u>-3.521</u></u>

5 Financial income

	2022	2021
	TDKK	TDKK
Interest received from group enterprises	1	435
Other financial income	19	0
Exchange gains	<u>78</u>	<u>77</u>
	<u><u>98</u></u>	<u><u>512</u></u>

Notes to the Financial Statements

6 Financial expenses

	2022	2021
	TDKK	TDKK
Interest paid to group enterprises	418	119
Other financial expenses	516	688
Exchange loss	<u>606</u>	<u>0</u>
	<u><u>1.540</u></u>	<u><u>807</u></u>

7 Tax on profit/loss for the year

	2022	2021
	TDKK	TDKK
Current tax for the year	0	805
Deferred tax for the year	327	4.598
Adjustment of tax concerning previous years	-468	0
Adjustment of deferred tax concerning previous years	<u>268</u>	<u>-537</u>
	<u><u>127</u></u>	<u><u>4.866</u></u>

Notes to the Financial Statements

8 Intangible assets

	Completed development projects	IT software	Goodwill	Pre- payment
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 January	5.454	10.868	74.087	1.521
Transfer	0	1.521	0	-1.521
Additions for the year	0	6.807	500	1.449
Disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost at 31 December	<u>5.454</u>	<u>19.196</u>	<u>74.587</u>	<u>1.449</u>
Amortisation and impairment losses				
Impairment losses and amortisation at 1 January	5.454	7.414	58.387	0
Amortisation for the year	0	2.075	5.059	0
Impairment and amortisation of sold assets for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>5.454</u>	<u>9.489</u>	<u>63.446</u>	<u>0</u>
Carrying amount at 31 December	<u><u>0</u></u>	<u><u>9.707</u></u>	<u><u>11.141</u></u>	<u><u>1.449</u></u>

Notes to the Financial Statements

9 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 January	4.579	15.452	3.691
Additions for the year	65	3.478	170
Disposals for the year	<u>0</u>	<u>-1.760</u>	<u>0</u>
Cost at 31 December	<u>4.644</u>	<u>17.170</u>	<u>3.861</u>
Amortisation and impairment losses			
Impairment losses and depreciation at 1 January	2.545	7.846	2.071
Depreciation for the year	1.042	3.455	445
Reversal of impairment and of sold assets	<u>0</u>	<u>-909</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>3.587</u>	<u>10.392</u>	<u>2.516</u>
Carrying amount at 31 December	<u>1.057</u>	<u>6.778</u>	<u>1.345</u>

Notes to the Financial Statements

10 Investments in subsidiaries

	2022	2021
	TDKK	TDKK
Cost at 1 January	2.278	1.650
Additions for the year	<u>0</u>	<u>628</u>
Cost at 31 December	<u><u>2.278</u></u>	<u><u>2.278</u></u>
Value adjustments at 1 January	5.801	9.322
Remission of debt	149	0
Net profit/loss for the year	<u>-11</u>	<u>-3.521</u>
Value adjustments at 31 December	<u><u>5.939</u></u>	<u><u>5.801</u></u>
Carrying amount at 31 December	<u><u>8.217</u></u>	<u><u>8.079</u></u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
WSP Arctic A/S (under frivillig likvidation)	Nuuk, Greenland	100%
Golder Associates A/S (under frivillig likvidation)	Høje Taastrup, Denmark	100%

Notes to the Financial Statements

11 Contract work in progress

	2022	2021
	TDKK	TDKK
Selling price of work in progress	911.123	612.652
Payments received on account	<u>-902.647</u>	<u>-627.708</u>
	<u>8.476</u>	<u>-15.056</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	57.367	34.254
Prepayments received recognised in debt	<u>-48.891</u>	<u>-49.310</u>
	<u>8.476</u>	<u>-15.056</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent and insurance premiums.

13 Equity

The share capital consists of 22.500 shares of a nominal value of TDKK 1. No shares carry any special rights.

14 Distribution of profit

	2022	2021
	TDKK	TDKK
Reserve for net revaluation under the equity method	-11	-3.521
Transfer for the year to other reserves	0	-449
Retained earnings	<u>-648</u>	<u>14.292</u>
	<u>-659</u>	<u>10.322</u>

Notes to the Financial Statements

15 Provision for deferred tax

	2022	2021
	TDKK	TDKK
Provision for deferred tax at 1 January	20.972	16.911
Amounts recognised in the income statement for the year	<u>595</u>	<u>4.061</u>
Provision for deferred tax at 31 December	<u>21.567</u>	<u>20.972</u>
Intangible assets	1.901	-110
Property, plant and equipment	-4.409	-3.718
Other receivables	-803	-639
Contract work in progress	55.289	48.850
Tax loss carry-forward	<u>-30.411</u>	<u>-23.411</u>
	<u>21.567</u>	<u>20.972</u>

16 Other provisions

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

Other provisions	<u>10.000</u>	<u>11.400</u>
	<u>10.000</u>	<u>11.400</u>

17 Deferred income

Deferred income comprises various pre-invoiced income.

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has assumed lease and leasing obligations with a term of between 2 months and 4.5 years. The total rental and leasing obligation as of 31 December 2022 amount to TDKK 67.811 (2021: TDKK 75.832).

No guarantees have been provided in connection with ongoing and completed projects in 2022. In addition, the company is obliged in accordance with the general Conditions for Counseling (ABR18).

WSP Danmark A/S and its subsidiaries are jointly taxed. The Danish companies are jointly and individually liable for the joint taxation. 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.

19 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:

<u>Name</u>	<u>Place of registered office</u>
WSP Global Inc.	Montreal, Quebec, Canada

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

	2022	2021
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	290	242
Other assurance engagements	40	48
Tax advisory services	50	35
Non-audit services	<u>146</u>	<u>204</u>
	<u><u>526</u></u>	<u><u>529</u></u>

21 Subsequent events

As of 15 May 2023, the business unit 'Center for Bygningsbevaring' (The Centre for the Conservation of Heritage Buildings) is no longer part of WSP Danmark. The unit was divested to five employees. The divestment of the business unit was decided in recognition of the fact that WSP will not be able to fully integrate the company without destroying the core and identity of the Center.

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

Notes to the Financial Statements

22 Accounting Policies

The financial statements are presented in accordance with the Danish Financial Statements Act (class C).

The company has decided not to prepare consolidated financial statements with the 100% owned subsidiaries WSP Arctic A/S and Golder Associates A/S with reference to section 112 of the Danish Financial Statement Act, as the company is part of the consolidated financial statements of the company's ultimate parent, WSP Global Inc., Canada.

Apart from this the accounting policies set out below have been applied consistently in the financial statements for all the years presented.

Considering all the policies applied, management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts.

The financial statements are presented in Danish kroner (DKK).

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 has not prepared a cash flow statement.

Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciations, amortisations, 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.

Notes to the Financial Statements

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 to the extent that the value can be measured reliably.

The time of acquisition is the time when the Company 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.

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.

Leases

Leases in terms of which the Company substantially assumes all 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 other fixed assets.

The 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.

Notes to the Financial Statements

Translation of foreign currency

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

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

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

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 Company.

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

Notes to the Financial Statements

Staff expenses

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

Amortisations, depreciations and impairment losses

Amortisations, depreciations 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 Company, 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.

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.

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

Notes to the Financial Statements

Balance Sheet

Intangible assets

Development projects and Software and licenses

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 Company 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.

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.

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

Software and licences are amortised over the period of the agreement, which is 3-8 years.

Goodwill

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

Notes to the Financial Statements

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.

Upon indication of impairment, 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 based on 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.

Notes to the Financial Statements

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 based on 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 recognized 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 Company 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. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

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 based on 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.

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.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

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