

Vilhelm Lauritzen Arkitekter A/S

Sundkaj 153, 1.tv, 2150 Nordhavn, Denmark

CVR no. 42 20 99 37

Annual report 2021

Approved at the Company's annual general meeting on 23 June 2022

Chair of the meeting:

.....
Karin Verland

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vilhelm Lauritzen Arkitekter A/S for the financial year 1 January - 31 December 2021.

The annual report has been 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 of the Company at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Nordhavn, 23 June 2022
Executive Board:

.....
Gyrithe Saltorp
CEO

Board of Directors:

.....
Karin Verland
Chair

.....
Joachim Horst Scholz

.....
Stefan Andreas Walter
Happak

.....
Anne Møller Sørensen

.....
Steen Trudsøe Larsen

.....
Rikke Steinicke

Independent auditor's report

To the shareholders of Vilhelm Lauritzen Arkitekter A/S

Opinion

We have audited the financial statements of Vilhelm Lauritzen Arkitekter 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 accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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. Management is also responsible for such internal control that 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

Independent auditor's report

- ▶ 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.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 23 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Becker
State Authorised
Public Accountant
mne33732

Management's review

Company details

Name	Vilhelm Lauritzen Arkitekter A/S
Address, postal code, city	Sundkaj 153, 1. tv., DK-2150 Nordhavn
CVR no.	25518349
Established	14 July 2000
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Karin Verland, Chair Joachim Horst Scholz Stefan Andreas Walter Happak Anne Møller Sørensen Steen Trudsøe Larsen Rikke Steinicke
Executive Board	Gyrithe Saltorp, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	117,937	127,426	114,126	122,161	98,236
Gross profit/loss	104,168	111,553	99,401	110,319	86,044
Adj. EBITDA	25,058	37,868	25,687	32,104	22,528
Profit/loss before net financials	14,799	36,650	24,358	30,900	21,790
Net financials	418	556	1,738	-856	877
Profit/loss for the year	11,934	29,022	20,231	23,411	17,580
Balance sheet total					
Balance sheet total	51,456	96,994	84,248	78,725	97,739
Investments in property, plant and equipment	1,454	1,127	1,322	1,244	964
Equity	12,497	41,553	32,731	19,199	27,615
Financial ratios					
Gross margin	88.3%	87.5%	87.1%	90.3%	87.6%
Adj. EBITDA margin	21.2%	29.7%	22.5%	26.3%	22.9%
Profit margin	12.5%	28.8%	21.3%	25.3%	22.2%
Rate of return	21.0%	41.0%	30.4%	35.6%	24.2%
Equity ratio	24.3%	42.8%	38.9%	24.4%	28.3%
Return on equity	44.2%	78.1%	77.9%	100.0%	73.3%
Average number of full-time employees					
Average number of full-time employees	123	120	128	137	109

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin: $\text{Gross profit/loss} \times 100 / \text{Revenue}$

Profit margin: $\text{Profit/loss before net financials} \times 100 / \text{Revenue}$

Rate of return: $\text{Profit/loss before net financials} \times 100 / \text{Average of current assets}$

Equity ratio: $\text{Equity, year-end} \times 100 / \text{Total equity and liabilities, year-end}$

Return on equity: $\text{Profit/loss for the year} / \text{Average equity (opening and closing equity)}$

EBITDA is defined as: $\text{Profit/loss before net financials} + \text{depreciation and impairment losses}$

Adj. EBITDA is defined as: $\text{Profit/loss before net financials} + \text{depreciation and impairment losses} + \text{Special posts}$

Adj. EBITDA margin: $\text{Adj. EBITDA} \times 100 / \text{Revenue}$

Management's review

Operating review

Principal activities

As in previous years, the main activity of the company has been architectural services.

Development in activities and financial matters

In 2021, the company has had activities at a satisfactory level of revenue, but with net sales that are ~7% lower than 2020. With a margin of 21.7%, a solvency ratio of 26.9% and a profit before tax of DKK 15.2 million, management considers the result and financial development for the year satisfactory. This should be seen in the context of the organisational changes that the company has been through, the payment of extraordinary bonuses to all employees and the market dynamics that the Corona epidemic has given rise to.

The Core Business

The year has been marked both by several completed projects and by an acceptable influx of new projects in all segments. The projects have partly come in through private and public competitions, through long-standing customer relationships and through new customers and partnerships. The following segments have generated the most activity and revenue in 2021; Housing, Health, Office, Life Science, Infrastructure and Education. In 2021, Vilhelm Lauritzen Architects thus continues to support the ambition of designing all types of buildings and urban spaces with a focus on both architectural values and a trusting and fruitful collaboration with the many clients and professionals the company collaborates with.

However, the company has experienced that projects have been initiated or paused at short notice, and many projects processes more in "sprints" than the company has previously experienced. One of the company's major projects was temporarily put on low, but was started up again in late 2021. The Corona epidemic and its consequences in the form of material scarcity, rising material prices, rising wages, etc. partly gave the year a different dynamic than expected in the budgeting and an intensified focus on managing resources and profitability optimally.

In addition, a major project has resulted in significant expenses that were not offset by corresponding revenues.

Vilhelm Lauritzen Architects' then owners chose in April 2021 to pay a bonus to all employees in order to honor the flexibility the employees had shown during the Corona epidemic and the good professional and financial results.

Organizational Changes

The year has led to more prominent organizational changes in Vilhelm Lauritzen Architects.

In spring, the owners chose to expand the group of shareholders with an external partner in the form of German Findos Investor GmbH. The purpose is to ensure the foundation for the company's continued growth as an independent advisor.

As of May 2021, the ownership group consists of Findos Investor GmbH with 70% ownership, and of Thomas West Jensen, Thomas Scheel, Torsten Stephensen, Anne Møller Sørensen and Simon Svensson and CEO Gyrith Saltorp, who in May 2021 has also joined as co-owner.

These organizational changes have resulted in extraordinary expenses in 2021.

In the autumn, the company established a new partner structure and welcomed seven more partners: Christian Egedius Bendtsen, Daniel Illum-Davis, Jakob Meyling, Jeppe Dueholm, Lasse Herbo Madsen, Malte Rosenquist and Michael Schytt Poulsen. This was carried out to ensure managerial power for the development of the company and stability in relation to the smooth transfer of tasks and networks for the future.

Management's review (continued)

Finally, as part of the growth strategy, an agreement was signed in December 2021 to acquire the company STED, which is a specialist in landscape and urban planning. STED is per 1. February 2022 a subsidiary of Vilhelm Lauritzen Architects.

Completed and Ongoing Projects

Over the past year, Vilhelm Lauritzen Architects has delivered several completed projects. The projects span many societal functions and provide employees with versatile and challenging tasks.

The transformation of KB32 at Kalvebod Brygge from a worn-out freight railway hotel for DSB to the headquarters of Kammeradvokaten was completed in 2021, and in March 2022 received the award as Office Building of the Year. In October, the national learning centre LIFE was inaugurated, and now inspires children and young people to take an interest in science through an experientist approach. The project has won an Architizer+ Award.

Shortly afterwards, Northern Europe's largest diabetes hospital Steno Diabetes Center Copenhagen was completed. A significant project, where the vision has been to challenge the classic hospital and create a hospitable cultural center with nature in the center, where waiting time becomes experienced time and where the physical environment supports world class treatment. The project was nominated for a MIPIM Award in 2022 and has won an Architizer+ Award.

At the turn of the year, the last construction activities on HUB One at Kay Fiskers Plads in Ørestad were underway. The first tenants will move in in 2022.

Residents moved into the wooden homes Skousbo and Vilhelm Lauritzen Architects have thus in recent years contributed to 150 families living in timber buildings. In addition, young students were given new homes in the student housing Valby Maskinfabrik.

At the same time, the children in Blovstrød have had a new children's house, Bøgelunden, built with sustainable solutions such as recycled steel, FSC wood and green roofs. The project is set to DGNB Platinum.

A sampling of ongoing projects is:

- Learning institutions such as Ulricehamn School in Sweden, four regional LIFE Hubs linked to the learning centre LIFE, the Niels Bohr Building for the University of Copenhagen of 52,000 m² and the transformation of a study building at Roskilde University under the framework agreement with the Danish Building and Property Agency.
- Commercial buildings such as the Tip of Nordø of 26,000 m²
- The health building New Hospital Nordsjælland of 118,000 m² and the new health and administration house in Gribskov Municipality
- Chr. Hansen Innovation Campus and headquarters of 15,000 m²
- Housing projects of all kinds, in all price ranges and across a large part of the country. The portfolio covers, among other things, exclusive homes on Kronløbsøen in Nordhavn of approx. 32.000 m² and public housing in Thors Have in Odense for families and seniors
- Infrastructure project with the expansion of Copenhagen Airport of 80,000 m²
- Cultural tasks such as transformation of the former National Aquarium Denmark and the role as Executive Architect at Vandkulturhuset

Management's review (continued)

Sustainability

As a member of the UN Global Compact, Vilhelm Lauritzen Architects has since 2008 worked systematically with the UN's ten principles for social responsibility. The company thus has experience with climate optimization, accessibility, optimal use of daylight, proper working conditions for employees, etc. The work with sustainability is an integral part of the company's DNA, and the company has, among other things, worked with wood construction since 1994 and designed Denmark's first Nordic Swan Ecolabelled homes on Krøyers Plads.

It is the company's responsibility to contribute constructively to ensuring that projects rest on a sustainable foundation from sketch to realization. Therefore, focus is on continuously learning and seeking out the right knowledge, and not least documentation, for the effect of sustainable initiatives.

In the area of certification of construction projects, the company had 7 ready-made DGNB projects and 13 in process.

In 2021, the company continued to work on its two development partnerships, which, among other things, contribute to knowledge about sustainability. One is Byggeriets Blockchain under DI, which has uncovered whether blockchain can solve a number of construction challenges with efficiency and sustainability, as well as the project Bæredygtig beton, which aims at reducing the concrete industry's CO2 emissions by 40-50% by 2030.

The company works internally with Occupational Health and Safety Management in accordance with the principles of ISO 45001:2018 and has a well-functioning working environment organization. In 2021, a statutory workplace assessment was carried out and the action plan was drawn up.

The company is continuously working to reduce the environmental impact of its operations based on an environmental management system that loyally follows the principles of ISO 14001:2015.

Social sustainability is a high priority in projects, but also in the company's own work. All employees receive salaries according to a collective agreement or, in cases they are not covered by the collective agreement, at an appropriate and responsible level in relation to qualifications and experience. The company does not use so-called "internship schemes without pay" or "with reduced pay", and salary levels and employee composition are monitored so that differences do not arise based on unjustified considerations.

Business support

A significant part of the focus in 2021 has, as a natural consequence of the completed sales process, been on a thorough mapping and verification of all financial and administrative data in the company, as well as the development of reporting, analyses and introduction to the management role that lends itself to the changing organizational reality.

An internal audit of the company's quality manager of the quality management system has been carried out with a satisfactory result.

IT

In 2019, the Board of Directors adopted an action plan for the company's IT setup, which has been completed in 2021. The strategic focus on comprehensive flexibility for the employees and security for the company has made a large contribution to ensuring a productive working time for the employees and a high IT security also in 2021.

Digitisation

Development of tools and methods in digital construction is a continuous task in a company where a significant part of the production takes place digitally and in close collaboration with other professional groups. In 2021, there was continued focus on testing and implementing additional digital tools, as well as developing tools and methods that increase quality and minimize risks in construction projects. The company always implements these tasks based on specific issues and projects, so tools are easy to implement and scale, thus contributing to job satisfaction and higher productivity.

Management's review (continued)

Communication and 100th Anniversary in 2022

In the field of communication, the company has increased its visibility in 2021 with increased activity in all channels and areas. On social media, the focus is on a high and recipient-oriented quality of content, and among other things, the company's primary social media, LinkedIn, has more than 25% additional followers.

In October 2021, the Board of Directors approved the development of a new website and an updated Corporate Visual Identity. The initiative aims to seize the synergies from the anniversary activities and support the company's business strategy. Launch took place in May 2022.

In addition, the international book 'Contemporary Copenhagen' was published. The reader gets behind the façade of some of Copenhagen's new well-known and lesser-known buildings and urban spaces, such as Copenhagen Airport, Krøyers Plads, Illum and UCC in Carlsberg Byen. Architecture that is central to the story of modern Copenhagen's urban development and which has contributed to many of the urban spaces we know today.

In 2021, plans for celebrating the 100th anniversary in 2022 have unfolded even more. Among other things, the anniversary will be used as an opportunity to supplement the company's business areas with more design. This is done, among other things, with the launch of a furniture collection by Vilhelm Lauritzen Architects in cooperation with Carl Hansen & Søn.

The three biggest anniversary activities include the publication of a book about modern architecture and Vilhelm Lauritzen Architects, an anniversary exhibition and the above furniture launch.

Corona

As indicated above, the company's business development has been somewhat affected by the Corona epidemic. The company has had a higher rate of sick leave in 2021 than in previous years. About 50% of the employees have worked completely at home for periods of time, and the remaining employees have worked partly at home and partly at project offices and at the company's address on Sundkaj. No employees have been laid off due to Corona-related conditions in 2021, but the development in the number of employees has stagnated as the initiation of a number of projects dragged on.

Outlook

The market situation is highly affected by the aftermath of the Corona epidemic and the war situation in Ukraine, resulting in price increases and material shortages, hence the expectations for 2022 are subject to uncertainty. Management sees a number of projects being postponed due to the current situation in the market. Management expect revenue for 2022 in the range of +/- 10% of 2021, which also impact the result before tax with similar range. The expected level is based on current business structure in Lauritzen Architects.

Events after the end of the Financial Year

Management does not consider that significant events have occurred after the end of the financial year that could materially affect the Company's financial situation in a negative direction.

Management's review (continued)

Operational Risks

The company's principal operating risks are linked to the ability to attract new projects and qualified employees, so that the company is competitive in the market. In addition, it is important that the company is at the forefront of technological development and that digital tools function and are developed optimally.

Financial Risks

As a result of its operations, investments and financing, the Company is exposed to cyclical changes in relation to the level of interest rates and share prices.

It is the company's policy not to conduct active speculation on financial risks. Thus, the company's financial management is aimed solely at the management of financial risks already assumed.

Currency risks

The company's activities all take place in Danish kroner, which is why the company has no currency risk.

Credit risks

The Company does not have significant risks relating to a single customer or business partner. To reduce credit risks clients and other collaborators are continuously assessed.

Environmental Conditions

The company is environmentally conscious and continuously works to reduce the environmental impacts of the companies' operations. This is done based on an environmental management system that loyally follows the principles of ISO 14001:2015

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
2	Revenue	117,932	127,426
	Other operating income	936	892
	Other external expenses	-14,700	-16,765
	Gross profit/loss	104,168	111,553
3	Staff costs	-88,085	-73,685
4	Depreciation and impairment losses	-1,284	- 1,218
	Profit/loss before net financials	14,799	36,650
	Profit/loss after tax in participating interests	0	0
5	Financial income	723	752
6	Financial expenses	-305	- 196
	Profit/loss before tax	15,217	37,206
7	Tax for the year	-3,249	-8,184
	Profit/loss for the year	11,968	29,022

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Non-current assets		
8	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	1,424	1,255
		<u>1,424</u>	<u>1,255</u>
9	Financial assets		
	Participating interests	0	0
		<u>0</u>	<u>0</u>
	Total non-current assets	<u>1,424</u>	<u>1,255</u>
	Current assets		
	Receivables		
	Trade receivables	23,920	30,129
10	Contract assets	8,670	5,781
13	Deferred tax assets	708	635
	Joint taxation receivables	0	350
11	Prepayments	4,794	4,629
		<u>38,092</u>	<u>42,560</u>
	Securities	<u>4,838</u>	<u>19,478</u>
	Cash	<u>7,136</u>	<u>33,702</u>
	Total current assets	<u>50,066</u>	<u>95,740</u>
	TOTAL ASSETS	<u>51,490</u>	<u>96,994</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	550	550
	Retained earnings	11,971	12,003
	Proposed dividend	0	29,000
	Total equity	<u>12,521</u>	<u>41,553</u>
	Non-Current liabilities		
	Other payables	5,975	5,975
	Total non-current liabilities	<u>5,975</u>	<u>5,975</u>
	Current liabilities		
	Credit institutions	5,000	0
	Trade payables	6,032	6,141
10	Contract liabilities	7,766	24,845
	Joint taxation payables	395	-
	Other payables	13,801	18,480
	Total current liabilities	<u>32,994</u>	<u>49,466</u>
	Total liabilities	<u>38,969</u>	<u>55,441</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>51,490</u></u>	<u><u>96,994</u></u>

- 1 Accounting policies
- 14 Contractual obligations, contingencies and pledges, etc.
- 15 Related parties
- 16 Distribution of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2020	550	11,981	6,700	19,231
	Distributed dividend	-	0	-6,700	-6,700
	Transferred; see distribution of profit/loss	-	22	29,000	29,022
	Equity at 1 January 2021	550	12,003	29,000	41,553
	Distributed dividend	-	0	-29,000	-29,000
	Extra ordinary dividend	-	-12,000	0	-12,000
16	Transferred; see distribution of profit/loss	-	11,968	0	11,968
	Equity at 31 December 2021	550	11,971	0	12,521

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Vilhelm Lauritzen Arkitekter A/S for 2021 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the ultimate parent company Laurie Acquisition ApS.

Presentation currency

The financial statements are presented in Danish Kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue from the sale of services

Revenue from the rendering of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered because the services are rendered in the form of an indefinite number of actions over a specified period of time.

Financial statements 1 January - 31 December

Notes

1 Accounting policies

Revenue from construction contracts

Revenue from construction contracts is subject to a high degree of individual adaptation is recognised as revenue by reference to the stage of completion, which means that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income and expenses of a construction contract cannot be estimated reliably, revenue assessed recognised solely at the costs incurred in so far as it is assessed that they are likely to be recovered.

The stage of completion by which completion of the production is measured is determined by reference to the proportion of costs incurred relative to the latest cost estimate.

Other operating income and expenses

Other operating income and expenses comprises items secondary to the Company's activities, including gains and losses on disposal of property, plant and equipment.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. The items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Laurie Acquisition ApS is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities on behalf of the company.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life.

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

Depreciation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Equity investments in participating interests

Income statement

The proportionate share of the results of the underlying entities is recognised in the income statement after elimination of intra-group profit/loss and after tax. Group entities are subject to full elimination of intra-group profit/loss and ownership interests are not considered. Participating interests and associates are subject only to proportionate elimination of profit/loss taking into consideration ownership interests.

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1 Accounting policies (continued)

Balance sheet

Equity investments in participating interests are measured according to the equity method. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in group entities and associates and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Net revaluation of equity investments is recognised under equity in the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds cost.

Impairment of non-current assets

The carrying amount of property, plant and equipment and equity investments in participating interests is tested annually for indication of impairment other than the decrease in value reflected by depreciation.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Contract assets and contract liabilities

Construction contracts are measured at the selling price of the work performed less payments received on account and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds payments received on account and anticipated losses, the excess amount is recognised in contract assets. If payments received on account and anticipated losses exceed the selling price of a construction contract, the deficit is recognised in contract liabilities.

Prepayments received from customers are recognised in contract liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Where payment has been received for later sales of goods but delivery has not yet taken place, deferred revenue is also recognised in contract liabilities.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Securities

Securities are measured at the fair value at the balance sheet date.

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Prepayments

Deferred income comprises payments received concerning income in subsequent years.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

- Level 1: Value based on the fair value of similar assets/liabilities in an active market.
- Level 2: Value based on generally accepted valuation methods on the basis of observable market information.
- Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

Financial statements 1 January - 31 December

Notes			
DKK'000		2021	2020
2	Revenue		
	Invoiced etc.	97,974	132,058
	Prepaid opening	24,845	22,768
	Prepaid closing	-7,766	-24,845
	Adjustment work in progress	2,879	-2,555
		<u>117,932</u>	<u>127,426</u>
3	Staff costs		
	Wages and salaries	-81,986	-68,221
	Pensions	-5,141	4,726
	Other social security costs	-958	-738
		<u>-88,085</u>	<u>-73,685</u>
	Average number of full-time employees	<u>123</u>	<u>120</u>
<p>Fees to Executive Board and Chair of the Board of Directors amount to DKK 2,477 thousand in 2021. The Executive Board has from May 2021 been employed at the parent company VLA Holding Group ApS and invoiced for the services provided.</p> <p>For 2020 references is made to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed. No remuneration has been paid to the Board of Directors.</p> <p>Special posts</p> <p>In 2021 a bonus of total DKK 8,975 thousand due to the employee's effort during the sale of the company.</p>			
4	Depreciation and impairment losses		
	Depreciation	-1.284	- 1.218
	Impairment losses	-	-
		<u>-1.284</u>	<u>- 1.218</u>
5	Financial income		
	Dividends	362	466
	Capital gains on securities	361	286
		<u>723</u>	<u>752</u>
6	Financial expenses		
	Interest expenses	-283	-196
	Other financial expenses	-22	0
		<u>- 305</u>	<u>- 196</u>
7	Tax for the year		
	Current tax for the year	-3.409	- 8,201
	Deferred tax adjustment for the year	73	14
	Prior year adjustment	87	3
		<u>-3.249</u>	<u>-8,184</u>

Financial statements 1 January - 31 December

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8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2021	7,589
Additions	1,454
Cost at 31 December 2021	9,043
Amortisation and impairment losses at 1 January 2021	-6,335
Depreciation and amortisation	-1,284
Amortisation and impairment losses at 31 December 2021	7,619
Carrying amount at 31 December 2021	1,424

9 Financial assets

DKK'000	Participating interests
Cost at 1 January 2021	0
Additions	0
Cost at 31 December 2021	0
Value adjustments at 1 January 2021	0
Profit/loss for the year	0
Value adjustments at 31 December 2021	0
Carrying amount at 31 December 2021	0

Participating interests are considered separate entities.

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Participating interests			
Karlson Arkitekter/VLA I/S cvr. nr. 33 30 71 28, Denmark	50 %	0	0
HDEM VLA Partnership Nyt Hospital Nordsjælland I/S cvr. nr. 36 08 55 09, Denmark	50 %	0	0

DKK'000	2021	2020
10 Contract assets and contract liabilities		
Selling price of work performed	331,697	339,083
Payments received on account	-332,601	-358,137
	904	-19,054
Classified as follows:		
Contract assets (net assets)	8,670	5,791
Contract liabilities (net liabilities)	-7,766	-24,845
	904	19,054

Financial statements 1 January - 31 December

Notes DKK'000	2021	2020
11 Prepayments		
Prepaid rent	1,515	1,515
Cut off royalties	428	443
Other prepaid expenses	2,871	2,669
	<u>4,794</u>	<u>4,627</u>

12 Share capital

The share capital comprises 550,000 shares of a nominal value of DKK 1 each. All shares rank equally.

13 Deferred tax

Deferred tax comprises contract work in progress, inventories, intangible assets and property, plant and equipment.

It is expected that deferred tax of DKK 708 thousand recognised at 31 December 2021 will be realised as current tax in the coming years.

DKK'000	2021	2020
Deferred tax at 1 January	635	621
Deferred tax adjustment for the year	73	14
Deferred tax at 31 December	<u>708</u>	<u>635</u>

14 Contractual obligations, contingencies, pledges etc.

Contingent liabilities

The Company is party in ongoing disputes. In Management's opinion, the outcome of these disputes will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2021.

The Company is jointly taxed with its Danish group entities. The Company has unlimited joint and several liability, together with the Danish group entity, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. Any subsequent adjustments to the joint taxation income and withholding taxes, etc. may entail that the Company's liability will increase.

Operating lease commitments

The Company's entities have entered into operating leases with an average annual lease payment of DKK 2.8 million and a remaining term of minimum 24 months. The remaining nominal lease commitment totals DKK 5.8 million including minimum indexation.

Collateral

The Company is jointly and severally liable for the Group's bank loans with a nominal value of 119 million.

Pledges

Laurie Acquisition ApS has executed a share pledge over its shares in VLA Group Holding ApS and further in Vilhelm Lauritzen Arkitekter A/S as security for loans under the Senior Facility Agreement.

Financial statements 1 January - 31 December

Notes

15 Related parties

Vilhelm Lauritzen Arkitekter A/S' related parties comprise the following:

Control

Laurie Acquisition ApS, which exercises control.
Sundkaj 153, 1. tv.
2150 Nordhavn

The consolidated financial statements of Laurie Acquisition ApS may be obtained by contacting the Company.

Related party transactions

Vilhelm Lauritzen Arkitekter A/S has carried out the following related party transactions:

DKK'000	<u>2021</u>	<u>2020</u>
Management agreement	1,096	-

Remuneration of the Company's Executive Board and the Board of Directors is disclosed in note 2.

No other transactions were carried out with the current shareholders during the year.

16 Distribution of profit/loss

Proposed distribution of profit/loss

Proposed dividend	0	29,000
Transferred to equity reserves	<u>11,968</u>	<u>22</u>
	<u>11,968</u>	<u>29,022</u>

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