AART

AART architects A/S
Mariane Thomsensgade 1C,9.
8000 Aarhus C
CVR. no. 25686705

The Annual General Meeting
adopted the annual report on 31.01.2023

Chairman of the General Meeting
Rune Haack Quist Hove

Annual Report

01.10.2021 - 30.09.2022

Contents

Entity details

Entity

AART Architects A/S

Mariane Thomsens Gade 1 C, 9.

8000 Aarhus C

Business Registration No.: 25686705

Registered office: Aarhus

Financial year: 01.10.2021 - 30.09.2022

Board of Directors

Anders Tyrrestrup
Morten Nødgaard Albæk
Lars Dige Knudsen
Susanne Odgaard
Torben Skovbjerg Larsen
Anders Strange

Executive Board

Rune Haack Quist Hove
Torben Skovbjerg Larsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of AART Architects A/S for the financial year 01.10.2021 - 30.09.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 30.09.2022.

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

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

Aarhus, 31.01.2023

Executive Board

Rune Haack Quist Hove **Torben Skovbjerg Larsen**

Board of Directors

Anders Tyrrestrup **Morten Nødgaard Albæk**

Lars Dige Knudsen **Susanne Odgaard**

Torben Skovbjerg Larsen **Anders Strange**

Independent auditor's report

To the shareholders of AART Architects A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of AART Architects A/S for the financial year 01.10.2021 - 30.09.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 30.09.2022 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 31.01.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne34506

Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

Financial highlights

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
Key figures					
Revenue	239,216	146,970	121,808	148,310	147,179
Gross profit/loss	161,883	103,740	88,453	92,614	88,206
Operating profit/loss	7,373	9,318	4,867	5,196	10,449
Earnings before interests, tax, depreciations and amortisations (EBITDA)	11,993	12,432	7,692	8,565	12,754
Net financials	(1,738)	(42)	(494)	(1,095)	(302)
Earnings before tax (EBT)	5,635	9,275	4,373	4,101	10,147
Profit/loss for the year	3,454	7,243	3,525	2,841	7,296
Profit for the year excl. minority interests	2,827	6,845	3,439	2,841	7,296
Balance sheet total	136,243	72,837	63,144	85,122	84,266
Investments in property, plant and equipment	5,830	3,080	606	1,763	2,262
Equity	31,310	28,016	21,863	20,217	20,074
Equity excl. minority interests	29,112	27,182	21,443	20,217	20,074
Ratios					
Gross margin (%)	67.67	70.59	72.62	62.45	59.93
EBIT margin (%)	3.08	6.34	4.00	3.50	7.10
Net margin (%)	1.44	4.93	2.89	1.92	4.96
Equity ratio (%)	21.37	37.32	33.96	23.75	23.82

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

Gross margin (%):
<u>Gross profit/loss * 100</u>
Revenue

EBIT margin (%):
<u>Operating profit/loss * 100</u>
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

As one of the leading independent and most significant architectural advisors in Scandinavia, the AART group has had a positive financial year, both in terms of revenue and results. Despite the increasingly uncertain market situation, there has been an exceptional level of activity in all markets, resulting in the highest revenue in our group history.

One of the absolute main events of the year is the acquisition of Mangor & Nagel in mid-April 2022, which in the current financial year alone has meant a contribution of well over 50 million in revenue.

The acquisition is proceeding successfully and has been positively received both among employees and customers. The integration activities are progressing as planned and even a little faster than expected.

At the start of the year, AART Designers also became part of the group, and now constitutes an independent subsidiary in the organization.

During the first three quarters of the financial year, we have experienced a high level of activity in both the public and private sectors, however, to a lesser extent in Norway. The fourth quarter has been more challenging in several of our locations due to a slightly more uncertain market situation.

Despite this, the acquisition of new projects and contracts has been relatively high.
The AART group now has around 320 employees on six different locations in Scandinavia, after necessary redundancies in the autumn due to the market situation.

The financial year has been characterized by several large new investments. Relocation of the offices in Oslo, Stockholm, and Copenhagen to larger premises and not least the acquisition of Mangor and Nagel have resulted in extraordinary expenses.

In addition, a wide range of new strategic initiatives have been launched with the aim of strengthening our organisation (e.g., in digitalisation, leadership education, LCA calculations and DGNB certifications and impact-based advice). Initiatives that we are beginning to reap the rewards of.

During the lockdown period the previous year, we launched an updated version of our strategy, titled 'Fast forward / Reinforcing impact', in which we set out even more ambitious strategic goals. The overall vision in the new strategy is to position AART as the leading Scandinavian advisor in impact-based architecture – and, moreover, as one of the leading independent architectural advisors in an industry marked by consolidation, not least in terms of international engineering companies' acquisitions of architecture firms.

Our mission is to redefine architecture by influencing the worlds view upon the effects of architecture. We want to channel our clients' visions of measurable and discernible architectural solutions and to move organisations and communities in a direction that is more enriching and sustainable. We do this by prioritising 'impact' before 'form' in our architectural approach. Thus, in our updated strategy our vision is to position AART as the leading Scandinavian advisor and a thought leader within impact-based architecture.

We believe that we have a solid foundation to further develop our business based on our updated strategy, offices in Aarhus, Copenhagen, Roskilde, Frederikssund, Oslo and Stockholm, more than three million square metres under development, and a full range of architectural services. Furthermore, in addition to building design we have launched new areas of architectural expertise within planning, landscape architecture and strategic space-planning.

Development in activities and finances

Overall, we have maintained a strong financial position with a revenue of just over 239 million, corresponding to an increase of approx. 60% compared to last year, and at the same time we have delivered a satisfying result in the year despite the expenses incurred related to relocation of offices and acquisition of Mangor & Nagel. Positive results have been delivered in all subsidiaries giving a result of 5,6 mDKK before tax for the group.

Intellectual capital resources

As one of the leading independent architectural advisors in Scandinavia, our most important asset is our employees who deliver on impact-based, architectural advisory every day. For this reason, we keep a sharp focus on monitoring, evaluating, and developing employee motivation and satisfaction. The same way as we measure the impact of architecture, we also measure the impact of our working environment through a holistic employee survey each quarter. Over time our ambition is to become the most meaningful architectural workplace in Scandinavia – and thus be able to retain and attract the brightest minds in the industry, thereby strengthening our intellectual capital resources. With respect to this goal, we have signed the Gender Diversity Pledge of the DI (The Confederation of Danish Industry), emphasising our commitment to improve gender diversity in the Danish labour market, giving talented people the best chance to fulfil their personal career ambitions, regardless of gender.

Another important asset is our specialist teams, which cover all branches of architecture including building typologies, building transformation, large-scale planning, space-planning, landscape architecture, sustainability, and architectural impact. In terms of architectural impact, we offer a unique value proposition, deeply rooted in our strategy and across our architectural services – and thus a distinctive capital resource in the industry. To achieve this impact-based value proposition, we have further developed and launched the Effektkompas™ as a strategic tool to navigate through all phases of a project – with the aim of translating our clients' visions into architecture with measurable and discernible impact. With the Effektkompas™, we thus help our clients to define an impact-based objective within their building project, to translate their objective into impactful architecture and, finally, to follow up after the commissioning of the building to document its social, economic and environmental impact in terms of the original vision.

To sum up, we have worked purposefully and persistently to translate our strategy into intellectual capital resources that support our independent and impact-based position in the Scandinavian architecture industry. With our employees, specialist teams and wide range of services deeply rooted in our impact-based strategy – exemplified by the Effektkompas™ – we have grown our intellectual capital resources so that we stand out more than ever before in the industry.

Research and development activities

In the last year, we have strengthened our research and development activities. As the first architecture firm in Scandinavia, we established an impact-team in 2018 leading to new appointments as well as new strategic, research-based partnerships. Today we are collaborating with universities in Aalborg, Aarhus and Copenhagen to increase our knowledge of how architecture can create sustainable impact – in the broadest sense of the term.

Heading up the business PhD project 'Catalyst', we are exploring how architecture can become a catalyst for social and socio-economic value creation. The project is a collaboration with the Design and Media Technology Department of AAU and the UCPH Department of Food and Resource Economics. Heading a second business PhD project, 'Social Commissioning', we are exploring ways of strengthening the social lifecycle of buildings by focusing on the continuous interaction between people and buildings. This project is being carried out in collaboration with AU ENG and BUILD. Finally, we have recently finished a third business PhD project, 'Revalue', exploring the social impact of the energy renovation of buildings. This project is a collaboration with Aarhus

University and includes leading players from the building industry. There are strong synergies between all three PhD projects, which will support AART as a key player in creating and documenting the impact of architecture from social, economic, and environmental perspectives.

Particular risks

During the last three years we have seen the unpredictable nature of major world crises – COVID-19, the war in Ukraine, the energy crisis, inflation, and the continued high construction costs.
The nature of the crises and the market consequences thereof are still considered to be a significant risk for the coming financial year, as we have seen how quickly the market reacts, to both negative and positive news. In addition, we notice a general increased level of conflict between the parties in the construction industry and, as a result, more cases with legal repercussions. The supply of competent labor has improved slightly, which may make it easier to fill positions in the future. We continue to carry out thorough risk assessments to be as prepared as possible.

Profit/loss for the year in relation to expected developments

Going into the fiscal year we expected a result in level with last year. However, the market situation and the acquisition of Mangor & Nagel fundamentally changed the prerequisites of the expectations for the year, and thus we are satisfied with the result of 5,6 mDKK before tax.

Outlook

We look into next year with some excitement, where we expect greater uncertainty in a number of segments and markets in Scandinavia. Our position with an even stronger portfolio, several local offices in all three countries and broad competences within several professional areas and segments, gives us the best starting point to further improve our position during the year. We are ready to meet the demands within private and public construction in the Scandinavian welfare societies.

During the year, we will present a new edition of 'Redefining Architecture™', which will unfold the possibilities of the strengthened and larger company.

We will continuously concentrate on upholding our independent position in the industry as well as positioning ourselves as the leading Scandinavian advisor and thought leader within impact-based architecture. Furthermore, we will concentrate on being perceived as the most desirable architectural workplace in Scandinavia.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Revenue		239,216,068	146,970,444
Other external expenses		(77,333,226)	(43,230,390)
Gross profit/loss		**161,882,842**	**103,740,054**
Staff costs	1	(149,889,902)	(91,307,996)
Depreciation, amortisation and impairment losses	2	(4,619,495)	(3,114,344)
Operating profit/loss		**7,373,445**	**9,317,714**
Other financial income		412,025	194,321
Other financial expenses		(2,150,480)	(236,574)
Profit/loss before tax		**5,634,990**	**9,275,461**
Tax on profit/loss for the year	3	(2,181,332)	(2,032,770)
Profit/loss for the year	4	**3,453,658**	**7,242,691**

Consolidated balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Goodwill		26,926,274	7,145,853
Intangible assets	5	**26,926,274**	**7,145,853**
Other fixtures and fittings, tools and equipment		6,095,144	3,658,810
Leasehold improvements		380,805	359,225
Property, plant and equipment	6	**6,475,949**	**4,018,035**
Other investments		1,245,267	1,288,233
Deposits		2,349,400	1,525,391
Other receivables		279,151	0
Financial assets	7	**3,873,818**	**2,813,624**
Fixed assets		**37,276,041**	**13,977,512**
Trade receivables		64,364,683	47,019,321
Contract work in progress	8	19,363,355	5,120,779
Other receivables		1,547,025	19,761
Prepayments	9	6,696,806	5,266,449
Receivables		**91,971,869**	**57,426,310**
Cash		**6,994,953**	**1,433,673**
Current assets		**98,966,822**	**58,859,983**
Assets		**136,242,863**	**72,837,495**

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		500,000	500,000
Retained earnings		26,361,553	26,681,913
Proposed dividend for the financial year		2,250,000	0
Equity belonging to Parent's shareholders		**29,111,553**	**27,181,913**
Equity belonging to minority interests		**2,198,874**	**834,472**
Equity		**31,310,427**	**28,016,385**
Deferred tax	10	16,327,964	6,525,809
Other provisions	11	500,000	0
Provisions		**16,827,964**	**6,525,809**
Bank loans		18,325,000	0
Other payables		0	3,463,326
Non-current liabilities other than provisions	12	**18,325,000**	**3,463,326**
Current portion of non-current liabilities other than provisions	12	3,675,000	0
Bank loans		5,597,555	2,099,901
Prepayments received from customers		331,956	0
Contract work in progress	8	8,821,559	0
Trade payables		19,660,025	10,373,693
Payables to associates		1,110,402	0
Tax payable		720,247	1,083,307
Other payables		29,862,728	21,275,074
Current liabilities other than provisions		**69,779,472**	**34,831,975**
Liabilities other than provisions		**88,104,472**	**38,295,301**
Equity and liabilities		**136,242,863**	**72,837,495**
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Transactions with related parties	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2021/22

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Equity beginning of year	500,000	26,681,913	0	27,181,913	834,472
Effect of mergers and business combinations	0	0	0	0	1,109,268
Ordinary dividend paid	0	0	0	0	(325,512)
Extraordinary dividend paid	0	(450,000)	0	(450,000)	0
Exchange rate adjustments	0	(447,766)	0	(447,766)	(45,606)
Profit/loss for the year	0	577,406	2,250,000	2,827,406	626,252
Equity end of year	**500,000**	**26,361,553**	**2,250,000**	**29,111,553**	**2,198,874**

	Total DKK
Equity beginning of year	28,016,385
Effect of mergers and business combinations	1,109,268
Ordinary dividend paid	(325,512)
Extraordinary dividend paid	(450,000)
Exchange rate adjustments	(493,372)
Profit/loss for the year	3,453,658
Equity end of year	**31,310,427**

Consolidated cash flow statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Operating profit/loss		7,373,445	9,317,714
Amortisation, depreciation and impairment losses		4,619,495	3,114,344
Working capital changes	13	(446,543)	(11,283,675)
Cash flow from ordinary operating activities		**11,546,397**	**1,148,383**
Financial income received		412,025	194,321
Financial expenses paid		(2,150,480)	(236,574)
Taxes refunded/(paid)		(1,456,823)	(3,646,282)
Cash flows from operating activities		**8,351,119**	**(2,540,152)**
Acquisition etc. of property, plant and equipment		(3,756,368)	(3,080,005)
Sale of property, plant and equipment		789,612	774,286
Acquisition of new companies etc.		(2,545,225)	0
Cash flows from investing activities		**(5,511,981)**	**(2,305,719)**
Free cash flows generated from operations and investments before financing		**2,839,138**	**(4,845,871)**
Repayments of loans etc.		0	425,703
Dividend paid		(450,000)	(1,800,000)
Minorities		(325,512)	16,397
Repayments of short-term bank loans		3,497,654	2,099,901
Cash flows from financing activities		**2,722,142**	**742,001**
Increase/decrease in cash and cash equivalents		**5,561,280**	**(4,103,870)**

Cash and cash equivalents beginning of year	1,433,673	5,674,038
Currency translation adjustments of cash and cash equivalents	0	(136,495)
Cash and cash equivalents end of year	**6,994,953**	**1,433,673**

Cash and cash equivalents at year-end are composed of:		
Cash	6,994,953	1,433,673
Cash and cash equivalents end of year	**6,994,953**	**1,433,673**

Notes to consolidated financial statements

1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	126,048,539	75,364,676
Pension costs	13,501,686	8,965,482
Other social security costs	6,343,044	4,721,722
Other staff costs	3,996,633	2,256,116
	149,889,902	**91,307,996**

Average number of full-time employees	213	130

	Remuneration of manage-ment 2021/22 DKK	Remuneration of manage-ment 2020/21 DKK
Executive Board	2,541,463	2,410,756
Board of Directors	350,000	312,500
	2,891,463	**2,723,256**

2 Depreciation, amortisation and impairment losses

	2021/22 DKK	2020/21 DKK
Amortisation of intangible assets	2,037,367	1,128,293
Depreciation on property, plant and equipment	2,582,128	1,986,051
	4,619,495	**3,114,344**

3 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Current tax	755,275	1,278,671
Change in deferred tax	1,301,463	754,099
Adjustment concerning previous years	124,594	0
	2,181,332	**2,032,770**

4 Proposed distribution of profit/loss

	2021/22 DKK	2020/21 DKK
Ordinary dividend for the financial year	2,250,000	0
Retained earnings	577,406	6,845,285
Minority interests' share of profit/loss	626,252	397,406
	3,453,658	**7,242,691**

5 Intangible assets

	Goodwill DKK
Cost beginning of year	12,014,834
Additions	21,817,789
Cost end of year	**33,832,623**
Amortisation and impairment losses beginning of year	(4,868,982)
Amortisation for the year	(2,037,367)
Amortisation and impairment losses end of year	**(6,906,349)**
Carrying amount end of year	**26,926,274**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	8,465,740	1,117,305
Addition through business combinations etc	1,757,600	315,685
Additions	3,658,949	97,420
Disposals	(714,267)	(75,345)
Cost end of year	**13,168,022**	**1,455,065**
Depreciation and impairment losses beginning of year	(4,806,930)	(758,080)
Depreciation for the year	(2,265,948)	(316,180)
Depreciation and impairment losses end of year	**(7,072,878)**	**(1,074,260)**
Carrying amount end of year	**6,095,144**	**380,805**

7 Financial assets

	Other investments DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	170,000	1,525,391	0
Addition through business combinations etc	0	692,454	0
Additions	0	131,555	279,151
Cost end of year	**170,000**	**2,349,400**	**279,151**
Revaluations beginning of year	1,118,233	0	0
Impairment losses for the year	(42,966)	0	0
Revaluations end of year	**1,075,267**	**0**	**0**
Carrying amount end of year	**1,245,267**	**2,349,400**	**279,151**

8 Contract work in progress

	2021/22 DKK	2020/21 DKK
Contract work in progress	258,693,649	136,315,169
Progress billings	(248,151,853)	(131,194,390)
Transferred to liabilities other than provisions	8,821,559	0
	19,363,355	**5,120,779**

9 Prepayments

Costs incurred relating to the subsequent financial year.

10 Deferred tax

	2021/22 DKK	2020/21 DKK
Property, plant and equipment	(462,274)	(365,000)
Receivables	22,742,389	9,887,809
Tax losses carried forward	(5,952,151)	(2,997,000)
Deferred tax	**16,327,964**	**6,525,809**

Changes during the year	2021/22 DKK	2020/21 DKK
Beginning of year	6,525,809	5,777,354
Recognised in the income statement	1,301,463	748,455
Addition through business combinations etc	8,494,935	0
Exchange rate adjustments	5,757	0
End of year	**16,327,964**	**6,525,809**

11 Other provisions

The company is part in individual cases which have not yet been completed.

12 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK	Due after more than 12 months 2021/22 DKK
Bank loans	3,675,000	18,325,000
	3,675,000	**18,325,000**

Due after 5 years: 0 DKK

13 Changes in working capital

	2021/22 DKK	2020/21 DKK
Increase/decrease in inventories	8,896	0
Increase/decrease in receivables	6,636,780	(14,007,044)
Increase/decrease in trade payables etc.	(7,092,219)	2,723,369
	(446,543)	**(11,283,675)**

14 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Total liabilities under rental or lease agreements until maturity	29,476,775	27,693,846

15 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 15,000k nominal (2021: DKK 10,000k)

The carrying amount of mortgaged properties is DKK 26.458 k (2021: 32.398 k).

16 Non-arm's length related party transactions

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between AART Architects A/S and related parties are on arm's length terms.

17 Subsidiaries

	Registered in	Corporate form	Ownership %
AART Architects DK A/S	Aarhus	A/S	100.00
AART Architects AB	Sweden	AB	76.00
AART Architects NO AS	Norway	AS	100.00
AART Designers ApS	Aarhus	ApS	75.00
Mangor & Nagel A/S	Frederikssund	A/S	90.00

Parent income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Other external expenses		(1,121,776)	(122,425)
Gross profit/loss		**(1,121,776)**	**(122,425)**
Staff costs	1	(350,000)	(312,500)
Operating profit/loss		**(1,471,776)**	**(434,925)**
Income from investments in group enterprises		5,187,274	7,619,084
Other financial expenses	2	(1,046,498)	(556,874)
Profit/loss before tax		**2,669,000**	**6,627,285**
Tax on profit/loss for the year	3	158,406	218,000
Profit/loss for the year	4	**2,827,406**	**6,845,285**

Parent balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Investments in group enterprises		62,928,037	40,487,917
Financial assets	5	**62,928,037**	**40,487,917**
Fixed assets		**62,928,037**	**40,487,917**
Deferred tax	6	888,000	605,000
Other receivables		18,531	0
Tax receivable		431,000	222,484
Prepayments	7	6,991	0
Receivables		**1,344,522**	**827,484**
Cash		**0**	**11,026**
Current assets		**1,344,522**	**838,510**
Assets		**64,272,559**	**41,326,427**

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to equity method		10,025,528	16,185,808
Retained earnings		16,336,025	10,496,105
Proposed dividend for the financial year		2,250,000	0
Equity		**29,111,553**	**27,181,913**
Bank loans		18,325,000	0
Non-current liabilities other than provisions	8	**18,325,000**	**0**
Current portion of non-current liabilities other than provisions	8	3,675,000	0
Bank loans		5,502,110	0
Trade payables		30,969	12,000
Payables to group enterprises		6,005,128	14,098,389
Payables to owners and management		1,110,402	0
Other payables		512,397	34,125
Current liabilities other than provisions		**16,836,006**	**14,144,514**
Liabilities other than provisions		**35,161,006**	**14,144,514**
Equity and liabilities		**64,272,559**	**41,326,427**
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2021/22

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	500,000	16,185,808	10,496,105	0	27,181,913
Extraordinary dividend paid	0	0	(450,000)	0	(450,000)
Exchange rate adjustments	0	(447,766)	0	0	(447,766)
Profit/loss for the year	0	(5,712,514)	6,289,920	2,250,000	2,827,406
Equity end of year	**500,000**	**10,025,528**	**16,336,025**	**2,250,000**	**29,111,553**

Notes to parent financial statements

1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	350,000	312,500
	350,000	**312,500**

Average number of full-time employees	0	0

2 Other financial expenses

	2021/22 DKK	2020/21 DKK
Financial expenses from group enterprises	388,927	556,663
Other interest expenses	651,264	211
Exchange rate adjustments	6,307	0
	1,046,498	**556,874**

3 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Change in deferred tax	(283,000)	(218,000)
Adjustment concerning previous years	124,594	0
	(158,406)	**(218,000)**

4 Proposed distribution of profit and loss

	2021/22 DKK	2020/21 DKK
Ordinary dividend for the financial year	2,250,000	0
Retained earnings	577,406	6,845,285
	2,827,406	**6,845,285**

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	24,302,109
Addition through business combinations etc	28,600,400
Cost end of year	**52,902,509**
Revaluations beginning of year	16,185,808
Exchange rate adjustments	(447,766)
Amortisation of goodwill	(2,037,367)
Share of profit/loss for the year	7,224,641
Dividend	(10,899,788)
Revaluations end of year	**10,025,528**
Carrying amount end of year	**62,928,037**

The carrying amount of the group goodwill is DKK 26,926 k (2021: DKK 7,146 k).

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Deferred tax

Changes during the year	2021/22 DKK	2020/21 DKK
Beginning of year	605,000	387,000
Recognised in the income statement	283,000	218,000
End of year	**888,000**	**605,000**

Deferred tax assets
Deferred tax relates to liabilities other than provisions and tax losses carried forward.

7 Prepayments
Costs incurred relating to the subsequent financial year.

8 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK	Due after more than 12 months 2021/22 DKK
Bank loans	3,675,000	18,325,000
	3,675,000	**18,325,000**

Due after 5 years: 0 DKK

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement with AART Architects A/S serving as the administration company and therefore jointly and severally liable with its jointly taxed companies for the total income tax from the finansial year 2012 and from 1 July 2012 also for obligations, if any, to with-hold tax in interest, royalities and dividends for the jointly taxed companies. The total net liability to SKAT appears from the finansiel statements of AART Architects A/S.

10 Assets charged and collateral

Investments in the one group enterprise is provided as security for the Parent's bank debt.

The carrying amount of investments in group enterprise is DKK 10.026 k (2021: DKK 16,185k)

Guarantees are provided for the debt in AART Architects AB and AART Architects NO AS.

11 Non-arm's length related party transactions

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between AART Architects A/S and related parties are on arm's length terms.

Accounting policies

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

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

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

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

Other financial income
Other financial income comprises interest income on receivables from group enterprises, exchange gains on securities, payables and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses on payables to group enterprises, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish subsidiaries. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

	Useful life Years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.
Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

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

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

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

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

Costs of sales work and of securing contracts as well as financecosts are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions
Other provisions comprise anticipated costs of loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

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

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

Cash flows from investing activities comprise purchase, development and sale etc of property, plant and equipment.

Cash flows from financing activities comprise changes in the related costs as well as the instalments on interest-bearing debt, deposits on sales of minorities, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.

Forside
Nicolinehus, Aarhus Ø

Foto
Kontraframe

Byer og bygninger er kraftfulde katalysatorer. Det er her nøglen til at forandre og forbedre de mest fundamentale omgivelser for vores liv ligger – hvordan vi bor, lærer, arbejder og, ja, lever og ånder. Derfor tænker vi effekt før form i alle projekter. Det er det, vi mener, når vi siger **'redefining architecture'**.

AART

Redefining
architecture™