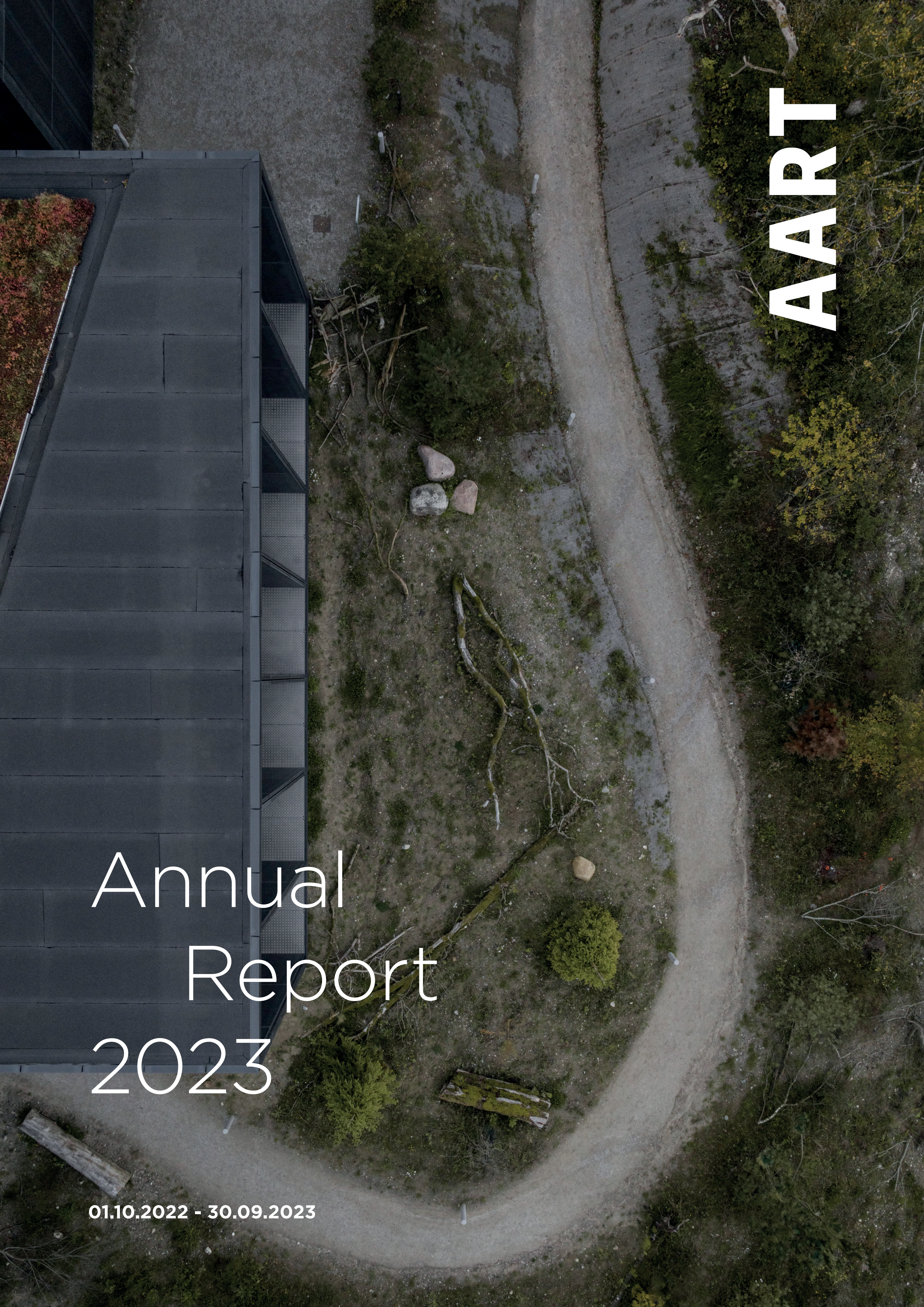

AART

Annual Report 2023

01.10.2022 - 30.09.2023

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: 01.10.2022 - 30.09.2023

Board of Directors

Anders Tyrrestrup
Lars Dige Knudsen
Torben Skovbjerg Larsen
Anders Strange

Executive Board

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 01.10.2022 - 30.09.2023.

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 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023.

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, 19.01.2024

Executive Board

Torben Skovbjerg Larsen

Board of Directors

Anders Tyrrestrup	**Lars Dige Knudsen**
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 01.10.2022 - 30.09.2023, 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 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023 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, 19.01.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

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

Management commentary

Financial highlights

	2022/23 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000
Key figures					
Revenue	292,690	239,216	146,970	121,808	148,310
Gross profit/loss	188,883	159,339	103,740	88,453	92,614
Operating profit/loss	5,103	7,373	9,318	4,867	5,196
Earnings before interests, tax, depreciations and amortisations (EBITDA)	11,618	11,993	12,432	7,692	8,565
Net financials	(1,179)	(1,738)	(42)	(494)	(1,095)
Earnings before tax (EBT)	3,923	5,635	9,275	4,373	4,101
Profit/loss for the year	2,396	3,454	7,243	3,525	2,841
Profit for the year excl. minority interests	1,260	2,827	6,845	3,439	2,841
Balance sheet total	132,896	136,243	72,837	63,144	85,122
Investments in property, plant and equipment	3,284	5,830	3,080	606	1,763
Equity	36,267	31,310	28,016	21,863	20,217
Equity excl. minority interests	28,029	29,112	27,182	21,443	20,217
Ratios					
Gross margin (%)	64.53	66.61	70.59	72.62	62.45
Net margin (%)	0.82	1.44	4.93	2.89	1.92
Equity ratio (%)	21.09	21.37	37.32	33.96	23.75

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

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

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

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

Primary activities

The company's purpose is to conduct business with architecture as well as other related business at the discretion of the Directors Board both inside and outside of Denmark.

Development in activities and finances

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

The acquisition of Mangor & Nagel, now AART architects DK East, in April 2022, has meant a contribution of well over 144 million in revenue. The integration and change in name have been positively received both among employees and customers, and the activities towards full integration have been executed as planned and even a little faster than expected.

During the financial year, we have experienced varied activity in both the public and private sectors, with most projects in Denmark, but to a much lesser extent in Norway and Sweden. The fourth quarter has been slightly less challenging but still affected by the uncertain market situation with high interest rates and building costs. The AART group now has around 300 employees on six different locations in Scandinavia.

Despite the challenging market situation, we have launched several strategic initiatives. Relocation of the office in Copenhagen to larger premises has been carried out, and our teams within sustainability, transformation, space planning, landscape and impact-based advice have been strengthened. In addition, we have managed to employ new strong leaders and specialists to a range of our teams and locations.

The updated version of our strategy, titled ‘Fast forward / Reinforcing impact’, in which we set out a range of ambitious strategic goals, has now been completed. In the beginning of 2024, we will launch a new, ambitious strategy, titled ‘More’. In this, we aim for an even stronger position for 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.

Our mission is to redefine architecture by influencing the world’s view upon the effects of architecture. We want to challenge 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 new arriving 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.

Profit/loss for the year in relation to expected developments

Overall, we have maintained a strong financial position with a revenue of just over 292 million DKK, corresponding to an increase of well over 20% compared to last year, and confirming our position as one of the largest partner owned architectural companies in Scandinavia. We have delivered a satisfying result taken the uncertain market situation during the year in consideration, with an EBITDA ending above 11,6 mill DKK and EBT at 3,9 mill DKK. The acquisition of Mangor & Nagel has been carried out and financed under own auspices which is reflected in the result. However, the result is lower than expected.

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 Scandinavian 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 EffektkompasTM 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 EffektkompasTM, 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 EffektkompasTM – 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 continued 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.

Delivering the business PhD project 'Catalyst' in the autumn, we have explored 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 earlier 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 and Gasa, the energy crisis, inflation, and the continued high interest rates and construction costs.

The nature of these 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.

Outlook

We look into next year with some excitement, where we expect an ongoing 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.

In the beginning of the year 2024, we will launch our new, ambitious strategy, titled 'More', which will unfold the possibilities of the strengthened and larger company, and aim for even more.

Furthermore, 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. Still, we will concentrate on being perceived as the most desirable architectural workplace in Scandinavia.

Based on the risks and outlook we expect a financial year similar to 22/23 with an expected EBITDA at +/- 5 mill DKK compared to the 22/23 level.

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 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Revenue		292,689,737	239,216,068
Other operating income		2,039,588	1,453,123
Other external expenses		(105,846,564)	(81,329,859)
Gross profit/loss		**188,882,761**	**159,339,332**
Staff costs	1	(177,264,681)	(147,346,392)
Depreciation, amortisation and impairment losses	2	(6,515,336)	(4,619,495)
Operating profit/loss		**5,102,744**	**7,373,445**
Other financial income		318,923	412,025
Other financial expenses		(1,498,408)	(2,150,480)
Profit/loss before tax		**3,923,259**	**5,634,990**
Tax on profit/loss for the year	3	(1,527,396)	(2,181,332)
Profit/loss for the year	4	**2,395,863**	**3,453,658**

Consolidated balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Acquired rights		0	0
Goodwill		23,616,203	26,926,274
Intangible assets	5	**23,616,203**	**26,926,274**
Other fixtures and fittings, tools and equipment		6,052,123	6,095,144
Leasehold improvements		400,805	380,805
Property, plant and equipment	6	**6,452,928**	**6,475,949**
Other investments		1,195,142	1,245,267
Deposits		3,023,153	2,349,400
Other receivables		1,790,794	279,151
Financial assets	7	**6,009,089**	**3,873,818**
Fixed assets		**36,078,220**	**37,276,041**
Trade receivables		66,493,728	64,364,683
Contract work in progress	8	19,566,400	19,363,355
Other receivables		750,323	1,547,025
Tax receivable		678,761	0
Prepayments	9	8,154,436	6,696,806
Receivables		**95,643,648**	**91,971,869**
Cash		**1,173,647**	**6,994,953**
Current assets		**96,817,295**	**98,966,822**
Assets		**132,895,515**	**136,242,863**

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		500,000	500,000
Retained earnings		26,529,497	26,361,553
Proposed dividend for the financial year		1,000,000	2,250,000
Equity belonging to Parent's shareholders		**28,029,497**	**29,111,553**
Equity belonging to minority interests		**8,237,193**	**2,198,874**
Equity		**36,266,690**	**31,310,427**
Deferred tax	10	18,192,912	16,327,964
Other provisions	11	500,000	500,000
Provisions		**18,692,912**	**16,827,964**
Bank loans		8,650,000	18,325,000
Non-current liabilities other than provisions	12	**8,650,000**	**18,325,000**
Current portion of non-current liabilities other than provisions	12	3,675,000	3,675,000
Bank loans		8,477,197	5,597,555
Prepayments received from customers		151,049	331,956
Contract work in progress	8	7,616,857	8,821,559
Trade payables		21,828,604	19,660,025
Payables to associates		0	1,110,402
Tax payable		0	720,247
Other payables		27,537,206	29,862,728
Current liabilities other than provisions		**69,285,913**	**69,779,472**
Liabilities other than provisions		**77,935,913**	**88,104,472**
Equity and liabilities		**132,895,515**	**136,242,863**
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 2022/23

	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	26,361,553	2,250,000	29,111,553	2,198,874
Effect of divestments of entities etc.	0	265,831	0	265,831	5,734,159
Ordinary dividend paid	0	0	(2,250,000)	(2,250,000)	(809,464)
Exchange rate adjustments	0	(357,811)	0	(357,811)	(22,315)
Profit/loss for the year	0	259,924	1,000,000	1,259,924	1,135,939
Equity end of year	**500,000**	**26,529,497**	**1,000,000**	**28,029,497**	**8,237,193**

	Total DKK
Equity beginning of year	31,310,427
Effect of divestments of entities etc.	5,999,990
Ordinary dividend paid	(3,059,464)
Exchange rate adjustments	(380,126)
Profit/loss for the year	2,395,863
Equity end of year	**36,266,690**

Consolidated cash flow statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Operating profit/loss		5,102,744	7,373,445
Amortisation, depreciation and impairment losses		6,515,336	4,619,495
Working capital changes	13	(7,831,368)	(446,543)
Exchange rate adjustments		(301,107)	0
Cash flow from ordinary operating activities		**3,485,605**	**11,546,397**
Financial income received		318,923	412,025
Financial expenses paid		(1,448,283)	(2,150,480)
Taxes refunded/(paid)		(1,061,456)	(1,456,823)
Cash flows from operating activities		**1,294,789**	**8,351,119**
Acquisition etc. of property, plant and equipment		(3,284,263)	(3,756,368)
Sale of property, plant and equipment		23,000	789,612
Acquisition of enterprises		0	(2,545,225)
Disposal of enterprises		5,999,990	0
Cash flows from investing activities		**2,738,727**	**(5,511,981)**
Free cash flows generated from operations and investments before financing		**4,033,516**	**2,839,138**
Loans raised		2,879,642	3,497,654
Repayments of loans etc.		(9,675,000)	0
Dividend paid		(3,059,464)	(775,512)
Cash flows from financing activities		**(9,854,822)**	**2,722,142**
Increase/decrease in cash and cash equivalents		**(5,821,306)**	**5,561,280**
Cash and cash equivalents beginning of year		6,994,953	1,433,673
Cash and cash equivalents end of year		**1,173,647**	**6,994,953**
Cash and cash equivalents at year-end are composed of:			
Cash		1,173,647	6,994,953
Cash and cash equivalents end of year		**1,173,647**	**6,994,953**

Notes to consolidated financial statements

1 Staff costs

	2022/23 DKK	2021/22 DKK
Wages and salaries	154,953,155	126,048,539
Pension costs	15,737,919	13,501,686
Other social security costs	6,573,607	7,796,167
	177,264,681	**147,346,392**

Average number of full-time employees	257	213

	Remuneration of management 2022/23 DKK	Remuneration of management 2021/22 DKK
Executive Board	2,876,426	2,541,463
Board of Directors	250,000	350,000
	3,126,426	**2,891,463**

2 Depreciation, amortisation and impairment losses

	2022/23 DKK	2021/22 DKK
Amortisation of intangible assets	3,310,071	2,037,367
Depreciation on property, plant and equipment	3,228,265	2,582,128
Profit/loss from sale of intangible assets and property, plant and equipment	(23,000)	0
	6,515,336	**4,619,495**

3 Tax on profit/loss for the year

	2022/23 DKK	2021/22 DKK
Current tax	0	755,275
Change in deferred tax	1,864,948	1,301,463
Adjustment concerning previous years	(337,552)	124,594
	1,527,396	**2,181,332**

4 Proposed distribution of profit/loss

	2022/23 DKK	2021/22 DKK
Ordinary dividend for the financial year	1,000,000	2,250,000
Retained earnings	259,924	577,406
Minority interests' share of profit/loss	1,135,939	626,252
	2,395,863	**3,453,658**

5 Intangible assets

	Acquired rights DKK	Goodwill DKK
Cost beginning of year	1,093,000	33,832,623
Cost end of year	**1,093,000**	**33,832,623**
Amortisation and impairment losses beginning of year	(1,093,000)	(6,906,349)
Amortisation for the year	0	(3,310,071)
Amortisation and impairment losses end of year	**(1,093,000)**	**(10,216,420)**
Carrying amount end of year	**0**	**23,616,203**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	13,168,022	1,455,065
Exchange rate adjustments	(101,675)	0
Additions	3,088,573	195,690
Disposals	(1,656,156)	(57,524)
Cost end of year	**14,498,764**	**1,593,231**
Depreciation and impairment losses beginning of year	(7,072,878)	(1,074,260)
Exchange rate adjustments	22,656	0
Depreciation for the year	(3,052,575)	(175,690)
Reversal regarding disposals	1,656,156	57,524
Depreciation and impairment losses end of year	**(8,446,641)**	**(1,192,426)**
Carrying amount end of year	**6,052,123**	**400,805**

7 Financial assets

	Other investments DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	170,000	2,349,400	279,151
Transfers	0	0	(14,607)
Additions	0	1,023,214	1,526,250
Disposals	0	(349,461)	0
Cost end of year	**170,000**	**3,023,153**	**1,790,794**
Revaluations beginning of year	1,075,267	0	0
Impairment losses for the year	(50,125)	0	0
Revaluations end of year	**1,025,142**	**0**	**0**
Carrying amount end of year	**1,195,142**	**3,023,153**	**1,790,794**

8 Contract work in progress

	2022/23 DKK	2021/22 DKK
Contract work in progress	403,891,726	258,693,649
Progress billings	(391,942,183)	(248,151,853)
Transferred to liabilities other than provisions	7,616,857	8,821,559
	19,566,400	**19,363,355**

9 Prepayments

Costs incurred relating to the subsequent financial year.

10 Deferred tax

	2022/23 DKK	2021/22 DKK
Property, plant and equipment	(493,000)	(462,274)
Receivables	26,189,561	22,742,389
Tax losses carried forward	(7,503,649)	(5,952,151)
Deferred tax	**18,192,912**	**16,327,964**

Changes during the year	2022/23 DKK	2021/22 DKK
Beginning of year	16,327,964	6,525,809
Recognised in the income statement	1,864,948	1,301,463
Addition through business combinations etc	0	8,494,935
Exchange rate adjustments	0	5,757
End of year	**18,192,912**	**16,327,964**

11 Other provisions

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

12 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK
Bank loans	3,675,000	3,675,000	8,650,000
	3,675,000	**3,675,000**	**8,650,000**

Due after 5 years: 0 DKK

13 Changes in working capital

	2022/23 DKK	2021/22 DKK
Increase/decrease in inventories	0	8,896
Increase/decrease in receivables	(5,178,414)	6,636,780
Increase/decrease in trade payables etc.	(2,652,954)	(7,092,219)
	(7,831,368)	**(446,543)**

14 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Total liabilities under rental or lease agreements until maturity	64,533,032	29,476,775

15 Assets charged and collateral

Bank loans are secured by a floating charge capped at TDKK 15,000 in operating equipment, fixures and fittings, inventories and unsecured claims.

The book value of the assets amounts to TDKK 27,887 (2021/22: TDKK 26,458).

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 West A/S	Aarhus	A/S	100.00
AART Architects DK EAST A/S	Frederikssund	A/S	70.00
AART Architects NO AS	Norway	AS	100.00
AART Architects AB	Sweden	AB	76.00
AART Designers ApS	Aarhus	ApS	75.00

Parent income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Other external expenses		(296,081)	(1,121,776)
Gross profit/loss		**(296,081)**	**(1,121,776)**
Staff costs	1	(250,000)	(350,000)
Operating profit/loss		**(546,081)**	**(1,471,776)**
Income from investments in group enterprises		2,299,380	5,187,274
Other financial income		26,250	0
Other financial expenses	2	(1,335,965)	(1,046,498)
Profit/loss before tax		**443,584**	**2,669,000**
Tax on profit/loss for the year	3	816,340	158,406
Profit/loss for the year	4	**1,259,924**	**2,827,406**

Parent balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Investments in group enterprises		49,892,401	62,928,037
Other receivables		1,526,250	0
Financial assets	5	**51,418,651**	**62,928,037**
Fixed assets		**51,418,651**	**62,928,037**
Deferred tax	6	1,496,163	888,000
Other receivables		0	18,531
Tax receivable		561,000	431,000
Joint taxation contribution receivable		1,827,191	0
Prepayments	7	5,679	6,991
Receivables		**3,890,033**	**1,344,522**
Current assets		**3,890,033**	**1,344,522**
Assets		**55,308,684**	**64,272,559**

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to equity method		2,989,892	10,025,528
Retained earnings		23,539,605	16,336,025
Proposed dividend for the financial year		1,000,000	2,250,000
Equity		**28,029,497**	**29,111,553**
Bank loans		8,650,000	18,325,000
Non-current liabilities other than provisions	8	**8,650,000**	**18,325,000**
Current portion of non-current liabilities other than provisions	8	3,675,000	3,675,000
Bank loans		5,585,838	5,502,110
Trade payables		13,000	30,969
Payables to group enterprises		7,575,026	6,005,128
Payables to owners and management		0	1,110,402
Joint taxation contribution payable		1,619,502	0
Other payables		160,821	512,397
Current liabilities other than provisions		**18,629,187**	**16,836,006**
Liabilities other than provisions		**27,279,187**	**35,161,006**
Equity and liabilities		**55,308,684**	**64,272,559**
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2022/23

	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	10,025,528	16,336,025	2,250,000	29,111,553
Effect of divestments of entities etc.	0	265,831	0	0	265,831
Ordinary dividend paid	0	0	0	(2,250,000)	(2,250,000)
Exchange rate adjustments	0	(357,811)	0	0	(357,811)
Dividends from group enterprises	0	(9,243,036)	9,243,036	0	0
Profit/loss for the year	0	2,299,380	(2,039,456)	1,000,000	1,259,924
Equity end of year	**500,000**	**2,989,892**	**23,539,605**	**1,000,000**	**28,029,497**

Notes to parent financial statements

1 Staff costs

	2022/23 DKK	2021/22 DKK
Wages and salaries	250,000	350,000
	250,000	**350,000**
Average number of full-time employees	0	0

2 Other financial expenses

	2022/23 DKK	2021/22 DKK
Financial expenses from group enterprises	255,233	388,927
Other interest expenses	1,080,732	651,264
Exchange rate adjustments	0	6,307
	1,335,965	**1,046,498**

3 Tax on profit/loss for the year

	2022/23 DKK	2021/22 DKK
Change in deferred tax	(608,163)	(283,000)
Adjustment concerning previous years	(488)	124,594
Refund in joint taxation arrangement	(207,689)	0
	(816,340)	**(158,406)**

4 Proposed distribution of profit and loss

	2022/23 DKK	2021/22 DKK
Ordinary dividend for the financial year	1,000,000	2,250,000
Retained earnings	259,924	577,406
	1,259,924	**2,827,406**

5 Financial assets

	Investments in group enterprises DKK	Other receivables DKK
Cost beginning of year	52,902,509	0
Disposals on divestments etc.	(6,000,000)	0
Additions	0	1,526,250
Cost end of year	**46,902,509**	**1,526,250**
Revaluations beginning of year	10,025,528	0
Exchange rate adjustments	(357,811)	0
Amortisation of goodwill	(3,027,248)	0
Share of profit/loss for the year	5,326,628	0
Dividend	(9,243,036)	0
Reversal of revaluations	265,831	0
Revaluations end of year	**2,989,892**	**0**
Carrying amount end of year	**49,892,401**	**1,526,250**

The carrying amount of the group goodwill is TDKK 19.455 (2021/22: TDKK 26,926).

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

6 Deferred tax

	2022/23 DKK	2021/22 DKK
Tax losses carried forward	1,496,163	888,000
Deferred tax	**1,496,163**	**888,000**

Changes during the year	2022/23 DKK	2021/22 DKK
Beginning of year	888,000	605,000
Recognised in the income statement	608,163	283,000
End of year	**1,496,163**	**888,000**

Deferred tax assets
The company's tax losses carried forward is recognized as a deferred tax asset, since this is expected to be used within the foreseeable future.

7 Prepayments

Costs incurred relating to the subsequent financial year.

8 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK
Bank loans	3,675,000	3,675,000	8,650,000
	3,675,000	**3,675,000**	**8,650,000**

Due after 5 years: 0 DKK

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10 Assets charged and collateral

The company has provided security in shares of one of the group entreprises as at security for the bankdebt.

The carrying amount of investments in group enterprise is TDKK 22.107 (2021/22: TDKK 29,450)

The company has provided a unrestricted gurantee of payment on behalf of other group entreprises bankdebt. The balance of the group entreprises consitutes a net deposit.

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 operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 group enterprises. The 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.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

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

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

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
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.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are 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.

The Annual General Meeting adopted the annual report on 30.09.2023

Chairman of the General Meeting:
Torben Skovbjerg

Cover REGAN Vest – The Danish Cold War Museum, awarded Building of the Year in Denmark 2023. **Photographer** Rasmus Hjortshøj

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