



ZÜBLIN A/S

Hæstvej 46D

8380 Trige

CVR no. 26 42 84 24

Annual report 2021

Adopted at the annual general meeting on 22/6 2022

Steen Hager Nielsen
Chairman of the general meeting

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Statement by Management on the annual report

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

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

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

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

Management recommends that the annual report should be approved at the annual general meeting.

Trige, 22 June 2022

Executive Board

Steen Hager Nielsen

Board of Directors

Jens-Henrik Stilhoff Nicolaisen
Chairman

Steen Hager Nielsen

Holger Schmid

Independent auditor's report

To the shareholder of ZÜBLIN A/S

Opinion

We have audited the financial statements of ZÜBLIN A/S for the financial year 1 January - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Emphasis of matter regarding the annual report

Management has in note 2 described uncertainty in the recognition and measurement of contract work in progress to which we refer.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 22 June 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jacob Nørmark
state authorised public accountant
MNE-no.: mne30176

Jacob Tækker Nørgaard
state authorised public accountant
MNE-no.: mne40049

Company details

Name	ZÜBLIN A/S
Address	Hæstvej 46D, 8380 Trige
Website	www.zueblin.dk
CVR-no.	26 42 84 24
Financial year	1 January - 31 December
Incorporated	1 January 2002
Registered in	Aarhus Kommune
Board of Directors	Jens-Henrik Stilhoff Nicolaisen, Chairman Steen Hager Nielsen Holger Schmid
Executive Board	Steen Hager Nielsen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2, 18. 8000 Aarhus C

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Output volume	650.086	514.126	699.515	642.364	1.018.804
Revenue	650.560	485.443	638.773	536.533	764.203
Gross profit	-537.348	-44.873	127.720	914	218.517
Operating profit/loss	-676.148	-229.157	-68.816	-186.012	12.290
Net financials	-494	-614	-544	-16.709	-718
Profit/loss for the year	-674.429	-227.510	-85.889	-191.448	8.999
Balance sheet total	596.744	650.052	466.895	373.608	480.617
Investment in property, plant and equipment	1.363	2.102	1.854	1.944	757
Share capital	1.000	1.000	1.000	1.000	1.000
Equity	-187.072	14.408	81.926	43.028	84.476
Financial ratios					
Gross margin	-82,6%	-9,2%	20,0%	0,2%	28,6%
Operating margin	-103,9%	-47,2%	-10,8%	-34,7%	1,6%
Current ratio	135,6%	119,7%	137,6%	132,6%	85,0%
Solvency ratio	-31,3%	2,2%	17,5%	11,5%	17,6%
Return on equity	N/A	-472,3%	-137,5%	-300,3%	11,3%
Average number of employees	179	249	265	276	315

For definitions, see the summary of significant accounting policies.

Management's review

ZÜBLIN A/S (the Company) is a wholly owned subsidiary of the Austrian group, STRABAG SE (the Group), which is a European-based technology partner, listed in Austria.

The consolidated financial statements may be obtained on the Group's website, www.strabag.com.

Together with the Group, the Company has a huge capacity and is a professional contractor and a competent partner on appropriate projects. The Company covers all areas of ground engineering, civil engineering, infrastructure and building construction with focus on complex ground engineering projects and standalone buildings as well as major construction projects carried out in cooperation with the Group or other partners.

The Company's revenue in 2021 was 34% higher than compared to 2020. Volume of orders at the end of 2021 amounted to approx. DKK 1.2 billion (compared to DKK 1.7 billion at the end of 2020).

The Company has in 2021 been operating in two segments:

- Ground engineering
- Building construction and civil engineering

Revenue for 2021 for the segments:

Ground engineering DKK 227,703 thousand (2020: DKK 166,298 thousand)

Building construction and civil engineering DKK 422,857 thousand (2020: DKK 319,145 thousand)

In May 2022 a major turnkey contract was cancelled by the client and the termination will have an effect on the backlog. ZÜBLIN A/S is of the opinion that the events that have led to the termination are caused by the client. The financial effect is still not clarified.

Financial review

In 2021, the Company's revenue was DKK 650,560 thousand against DKK 485,443 thousand in 2020. The income statement for 2021 shows a loss of DKK 674,429 thousand against a loss of DKK 227,510 thousand in 2020, and the balance sheet at 31 December 2021 shows an equity of DKK -187,072 thousand.

Profit was significantly below expectations for 2021. The reason for this was mainly due to losses on two projects.

In December 2021 a capital contribution of DKK 473 million was given to the Company by the Group.

After years end an additional Group capital contribution of DKK 287 million was given to cover the negative equity and ensure a continuously strong liquidity for the ongoing business in Denmark.

Ground engineering segment

The revenue and result in 2021 for the ground engineering segment were as expected. The development in the order backlog for Ground engineering segment was as expected as well.

Going forward, the focus for ground engineering is to continue the development of the core business and on strengthening the corporation and synergies with the Group further.

Building construction and civil engineering segment

The revenue and result for 2021 for the building construction segment were much lower than expected. The result especially on two projects was very negative, and not satisfactory. During 2021 a couple of medium-sized Construction projects have been signed in line with the larger focus on small and medium-sized projects.

The tender pipeline is satisfactory. Besides activities in large, complicated projects, the focus will, going forward, also be on medium-sized projects for both public and private clients.

For further information regarding the Group's segmentation, please visit www.strabag.com.

Recognition and measurement uncertainties

In connection with presentation of the annual report for 2021, the recognition and measurement of items in the financial statement are not subject to any significant uncertainties beyond what is considered usual for the sector, refer to note 2.

Knowledge resources

The Company's most important knowledge resources are its employees and the Group's know-how.

The Company works independently but in close cooperation with the Group regarding project planning and design, development and adjustment of materials and execution of the Company's projects. The Company also has close contact to affiliated companies in Sweden.

Management's review

Financial risks

The Company's projects involve a number of commercial and financial risks that may affect its development, operations and financial position. Commercial and financial risks are not deemed to vary significantly from other risks related to the business. The Group is managing the financial risks centrally with coordination of the groups cash management. Reference is made to the Group's report and information regarding risk management at www.strabag.com (Strategy / Strategic Approach / Economic Responsibility).

Price risks

Through its business foundation and policies laid down, Management at all levels actively addresses the risks deemed to be material to the business, including price fluctuations on significant materials.

Foreign currency risks

Due to the Company's activities, profit/loss, cash flows and equity are affected by the exchange rate and interest rate development of a number of currencies. It is company policy to hedge commercial foreign currency risks. The Company does not engage in any speculative currency transactions.

Interest rate risks

As net interest bearing debt is immaterial, moderate changes in the interest rate level will not directly affect earnings. Interest positions to hedge interest rate risks are therefore not entered.

Statutory CSR report

The Company's business strategy actively involves the environment and society and sets up targets for these areas. The Company has not prepared its own policies for CSR, including climate and human rights, but work based on overall group guidelines and policies for the area. Reference is made to the Group's annual report with information regarding CSR at www.strabag.com (Investor relations / Reports / Annual reports / 2021).

Data ethics

ZÜBLIN A/S has not established a policy for data ethics. Reason is that ZÜBLIN A/S is part of the listed STRABAG SE Group, that has an Ethics Business Compliance System also valid for handling of data. The Group policy is valid for all companies within the Group and can be found on www.strabag.com.

Account of the gender composition of Management

The Company's goal is to have at least 25% of both genders represented as board members appointed by the general meeting. In 2021, the goal has not been reached with 3 men and no woman on the board of directors. It is the objective for the under-represented gender to reach a 25% share at board level no later than 31 December 2024.

The Company is working to achieve and maintain gender balance in the organisation and to increase the percentage of the under-represented gender at other management levels. It is company policy to fill these positions with the best candidates and at the same time to upgrade women's leadership talent.

The percentage of women with management responsibility is 20% by the end of 2021. It is the objective for the under-represented gender to reach a 25% share at other management levels no later than 31 December 2024.

The initiatives taken for this include focus on having both genders from the Company present at job fairs and presentations of the Company in university forums and focus on the under-represented gender when recruitments are implemented. Within the Group the "Potential Management" program also gives an opportunity to focus on the under-represented gender when choosing candidates.

Outlook

The turnover in 2022 will be affected by the cancellation of one contract and is expected to be lower than the turnover in 2021. The result in 2022 is expected to be around zero or slightly negative.

ZÜBLIN A/S is like the rest of the construction industry affected by the change in both prices and delivery times due to the Ukraine crisis. Therefore, it is not possible to carry out a specification in monetary terms of the economic consequences of this for ZÜBLIN A/S at present. As a consequence Management is not able to more precisely foresee the level of activity or result in 2022.

Income statement 1 January - 31 December

Note	2021 TDKK	2020 TDKK
3 Revenue	650.560	485.443
Other operating income	20.149	34.906
Construction materials, consumables and services used	-1.145.835	-569.330
Income from investments in joint ventures	-2	37.814
Other external expenses	-62.220	-33.706
Gross profit	-537.348	-44.873
4 Staff costs	-137.303	-182.744
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment.	-1.469	-1.514
Other operating expenses	-28	-26
Profit/loss before financial income and expenses	-676.148	-229.157
5 Financial income	308	644
6 Financial costs	-802	-1.258
Profit/loss before tax	-676.642	-229.771
7 Tax on profit/loss for the year	2.213	2.261
Net profit/loss for the year	-674.429	-227.510
8 Distribution of profit/loss		

Balance sheet 31 December

Note	2021 TDKK	2020 TDKK
ASSETS		
Software	0	0
9 Intangible assets	0	0
Plant and machinery	167	36
Other fixtures and fittings, tools and equipment	4.906	5.373
Leasehold improvements	220	287
10 Tangible assets	5.293	5.696
11 Investments in joint ventures	90.415	92.054
Fixed assets investments	90.415	92.054
Non-current assets total	95.708	97.750
Raw materials and consumables	831	64.640
Prepayments for stocks	26.487	6.240
Stocks	27.318	70.880
Trade receivables	43.029	35.997
12 Contract work in progress	18.922	46.509
13 Receivables from group companies	187.247	128.675
Receivables from associates	269	2.634
Other receivables	14.648	4.192
14 Prepayments	13.273	1.788
Receivables	277.388	219.795
Cash	196.330	261.627
Current assets total	501.036	552.302
ASSETS TOTAL	596.744	650.052

Balance sheet 31 December

Note	2021 TDKK	2020 TDKK
EQUITY AND LIABILITIES		
Share capital	1.000	1.000
Retained earnings	-278.487	-78.646
Reserve for net revaluation according to equity method	90.415	92.054
15 Equity	-187.072	14.408
16 Provisions	414.222	174.080
Provisions total	414.222	174.080
Trade payables	170.731	89.321
12 Contract work in progress	94.084	241.145
Payables to group companies	1.533	5.330
Payables to associates	88.507	84.872
Other payables	14.739	40.896
Current liabilities	369.594	461.564
EQUITY AND LIABILITIES TOTAL	596.744	650.052

- 1 Accounting policies
- 2 Uncertainty in the recognition and measurement
- 17 Rental agreements and lease commitments
- 18 Contingent assets, liabilities and other financial obligations
- 19 Significant events occurring after end of reporting period
- 20 Related parties and ownership
- 21 Fee to auditors appointed at the general meeting

Statement of changes in equity

	Share Capital	Reserve for net revaluation according to equity method	Retained earnings	Total
Equity beginning of year	1.000	92.054	-78.646	14.408
Net profit/loss for the year	-	-1.639	-672.790	-674.429
Contribution from group	-	-	472.949	472.949
Equity end of year	1.000	90.415	-278.487	-187.072

Notes

1 Accounting policies

The annual report of ZÜBLIN A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied by the Company are consistent with those of last year.

The annual report for 2021 is presented in DKK thousands.

Omission to present a cash flow statement

ZÜBLIN A/S is recognised in the consolidated financial statements of STRABAG SE. Referring to section 86(4) of the Danish Financial Statements Act, ZÜBLIN A/S has decided not to prepare any cash flow statement for the Company, as the Group's total cash flows have been consolidated into the group STRABAG SE.

Foreign currency translation

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

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

Income statement

Revenue

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried out, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Income from the sale of services is recognised in revenue on a straight-line basis as the services are provided.

Revenue is recognised net of VAT, duties and sales discount and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises items of a secondary nature in relation to the Company's main activity, including profits on the sale of intangible assets and tangible fixed assets.

Construction materials, consumables and services used

Expenses for construction materials, consumables and services used include both direct and indirect costs incurred to generate revenue for the year as well as expected losses on ongoing construction work.

Net income from investment in joint ventures

The proportionate share of the profit or loss of the individual joint venture is recognised as operating result in the income statement under the item "Net income from investments in joint ventures".

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc., including profits on the sale of intangible assets and tangible fixed assets.

Notes

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprises items of a secondary nature in relation to the Company's main activity, including losses on the sale and retirements of intangible assets and tangible fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amount relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets including software are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over 3 years.

The depreciable amount is cost during the useful life.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Tangible assets

Items of plant and machinery, other fixtures and fittings, tools and equipment, and leasehold improvements 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 assets until the item 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:

Plant and machinery	3 - 5 years
Other fixtures and fittings, tools and equipment	3 - 10 years
Leasehold improvements	2 - 3 years

Estimated useful lives and residual values are reassessed annually.

Gains and losses from the sale of the tangible assets are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Notes

Joint arrangements

Joint arrangements are entities over which the company exercises joint control together with one or more companies. Joint control exists when the determination of the financial and operating policies requires the unanimous consent of all parties to the joint control.

Joint arrangements are classified as either joint ventures or joint operations. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in joint ventures are recognised and measured using the equity method.

The proportionate share of the profit or loss of the individual joint venture is recognised as operating result in the income statement.

In the balance sheet investments in joint ventures are measured at the proportionate share of the net asset value of joint ventures, calculated on the basis of the Company's accounting policies, less or plus unrealised intra-group gains or losses.

Investments in joint ventures with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised.

Net revaluations of investments in joint ventures are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost.

Joint operations are recognized and measured according to the interest in the arrangement. In accordance with the contractual share of assets, liabilities, revenue and expenses joint operations are accounted for as an integrated part of the financial statement (line by line).

Referring to section 5 of the Danish Financial Statements Act the joint arrangements, including the joint ventures in note 11 and the joint operation Lindø Port of Odense I/S, did not submit an annual report.

Stocks

Stocks are measured using the FIFO-method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Impairment of fixed assets

Intangible assets, property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired, which is measured on an individual basis.

Contract work in progress

Contract work in progress is measured at the market value of the work performed. The market value is measured based on the percentage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The percentage of completion is determined as the share of the costs incurred relative to the expected total costs for the individual work in progress.

Notes

Where the market value of work in progress cannot be reliably determined, the market value is measured at the lower of costs incurred and net realisable value.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds payments on account. Net liabilities comprise the sum of work in progress where payments on account exceeds the selling price.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash

Cash comprises bank deposits.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, rebuildings, claims etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to repair any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Financial liabilities

Financial liabilities are measured at net realisable value.

Segment information

Reference is made to the Management's review, page 6 and 7, where segment information is disclosed.

Notes

Financial Highlights

Definitions of financial ratios.

Gross margin	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets total} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$
Output volume	Revenue including the proportional revenue of joint ventures.

Notes

2 Uncertainty in the recognition and measurement

The measurement of the net asset value of certain assets and liabilities requires an estimate of the effect of future events on these assets and liabilities on the balance sheet date.

The applied estimates are based on conditions considered reasonable by Management; however, these estimates will inherently be uncertain and unpredictable. The conditions might be incomplete or inaccurate, or unexpected events or circumstances might occur. Furthermore, the Company is subject to risks and uncertainties that could lead to the actual results deviating from these estimates.

Estimates, which are important to the presentation of the annual report, relate mainly to measurement of the market value of contract work in progress, which among other things are assessed on the basis of anticipated remaining costs and income. Changes to the assumptions regarding time schedule, prices and deliveries could have a material impact. Furthermore, it depends on the outcome of disputes concerning claims for additional payment, etc., which is determined among other things by the stage of negotiations with the counterpart as well as by an assessment of the probability of the outcome.

	2021 TDKK	2020 TDKK
3 Revenue		
Geographic markets		
Denmark	650.560	485.443
	650.560	485.443
Activities		
Ground engineering	227.703	166.298
Building construction and civil engineering	422.857	319.145
	650.560	485.443
4 Staff costs		
Wages and salaries	123.261	165.396
Pensions	9.295	12.320
Other social security costs	1.957	2.249
Other staff costs	2.790	2.779
	137.303	182.744

Notes

	2021	2020
	TDKK	TDKK
Remuneration to members of management:		
Executive Board	0	0
Board of Directors	0	0
	0	0
Average number of employees	179	249

Referring to section 98b (3) of the Danish Financial Statements Act, remuneration to the Executive Board are not disclosed since the management category has only one member.

5 Financial income

Financial income, group	220	624
Other financial income	7	17
Exchange rate differences	81	3
	308	644

6 Financial costs

Other financial costs	600	832
Exchange rate differences	202	426
	802	1.258

7 Tax on profit/loss for the year

Current tax for the year	-2.214	-2.239
Deferred tax for the year	0	0
Adjustment of tax concerning previous years	1	-22
	-2.213	-2.261
Paid company tax	0	0

8 Distribution of profit

Reserve for net revaluation according to equity method	-1.639	37.138
Retained earnings	-672.790	-264.648
	-674.429	-227.510

Notes

9 Intangible assets

	Software
Cost at 1 January	698
Additions for the year	0
Disposals for the year	0
Cost at 31 December	698
Depreciation at 1 January	698
Amortisation for the year	0
Disposals for the year	0
Depreciation at 31 December	698
Carrying amount at 31 December	0

10 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	724	13.604	1.114
Additions for the year	150	1.213	0
Disposals for the year	-24	-3.297	0
Cost at 31 December	850	11.520	1.114
Depreciation at 1 January	688	8.231	828
Depreciation for the year	19	1.384	66
Disposals for the year	-24	-3.001	0
Depreciation at 31 December	683	6.614	894
Carrying amount at 31 December	167	4.906	220

Notes

	2021	2020
	TDKK	TDKK
11 Investments in joint ventures		
Cost at 1 January	0	0
Additions for the year	0	0
Cost at 31 December	0	0
Revaluations at 1 January	92.054	54.916
Revaluations disposals	-1.639	-675
Net profit/loss for the year	0	37.813
Received dividend	0	0
Revaluations at 31 December	90.415	92.054
Carrying amount at 31 December	90.415	92.054

Investments in joint ventures are specified as follows:

Name	Place of registered office	Ownership/Votes
MetNord JV I/S	Copenhagen	60%/50%

12 Contract work in progress

Work in progress, selling price	1.249.986	968.720
Work in progress, payments received on account	-1.325.148	-1.163.356
	-75.162	-194.636

Recognised in the balance sheet as follows:

Contract work in progress under assets	18.922	46.509
Contract work in progress under liabilities	-94.084	-241.145
	-75.162	-194.636

13 Receivables from group companies

Receivables from group companies consists of balances on intercompany accounts and an intercompany call loan granted in 2021.

Notes

	2021	2020
	TDKK	TDKK
14 Prepayments		
Prepayments consists primarily of prepaid services, insurances and lease costs.		
15 Equity		
The share capital comprise 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.		
16 Provisions		
Provisions comprise provision for warranty commitment, totalling DKK 53,662 thousand (2020: DKK 51,022 thousand), provisions for losses on construction contracts in progress totalling DKK 349.000 thousand (2020: DKK 119,349 thousand). Other provisions totalling DKK 11,560 thousand (2020: DKK 3,709 thousand). Provisions are expected to mature with DKK 375,046 thousand within 1 year, DKK 32,376 thousand within 1-5 years and DKK 6.800 after 5 years.		
17 Rental agreements and lease commitments		
Rental and lease commitments		
Within 1 year	1.782	1.946
Between 1 and 5 years	0	0
	<u>1.782</u>	<u>1.946</u>

In addition, the Company also have rental and lease commitments of machinery and equipment related to contract work in progress.

18 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with the other Danish enterprises in the STRABAG Group. As administrative company, the Company has joint and several unlimited liability together with the other enterprises for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed enterprises' total known net liability for corporation taxes and withholding taxes on dividends, interest and royalties amounted to DKK 0 at 31 December 2021. Any subsequent corrections to the joint taxation income or withholding taxes, etc. may entail the Company's liability will increase.

The Company is part of various legal and arbitration cases, which are not expected to adversely affect the Company's financial position.

For contract works the Company has provided collateral by bank guarantees totalling DKK 553 million (2020: DKK 561 million). The Company participates in joint ventures with joint and several liability, where collateral is also provided by bank guarantees totalling DKK 41 million (2020: DKK 77 million).

Notes

19 Significant events occurring after end of reporting period

In May 2022 a major turnkey contract was cancelled by the client and the termination will have an effect on the backlog. ZÜBLIN A/S is of the opinion that the events that have led to the termination are caused by the client. The financial effect is still not clarified.

20 Related parties and ownership

Züblins A/S' related parties comprise the following:

Controlling interest

Züblin Spezialtiefbau GmbH, Albstadtweg 1, D-70567 Stuttgart, Germany

Transactions

Transactions with related parties comprise transactions with companies within the STRABAG SE group including joint ventures in Denmark.

Work and services performed DKK 164,264 thousand (2020: DKK 118,994 thousand)

Work and services received DKK 64,309 thousand (2020: DKK 68,822 thousand)

Receivables as at 31 December 2021 DKK 187,516 thousand (2020: DKK 131,309 thousand)

Liabilities as at 31 December 2021 DKK 90,040 thousand (2020: 90,202 thousand)

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 4.

Consolidated financial statements

The Company is included in the group annual report of STRABAG SE, Austria.

The group annual report of STRABAG SE, Austria, may be obtained at the following address: www.strabag.com.

21 Fee to auditors appointed at the general meeting

ZÜBLIN A/S is recognised in the consolidated financial statements of STRABAG SE in which information about fee to auditors is provided for the group.