

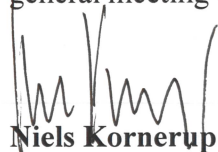
COWI Holding A/S

Parallevej 2
2800 Kongens Lyngby

Annual Report 2022

Company registration number: 32 89 29 73

The annual report was presented and approved at the company's annual general meeting on 15 March 2023.



Niels Kornerup
Chairman of the general meeting



Annual report 2022



COWI

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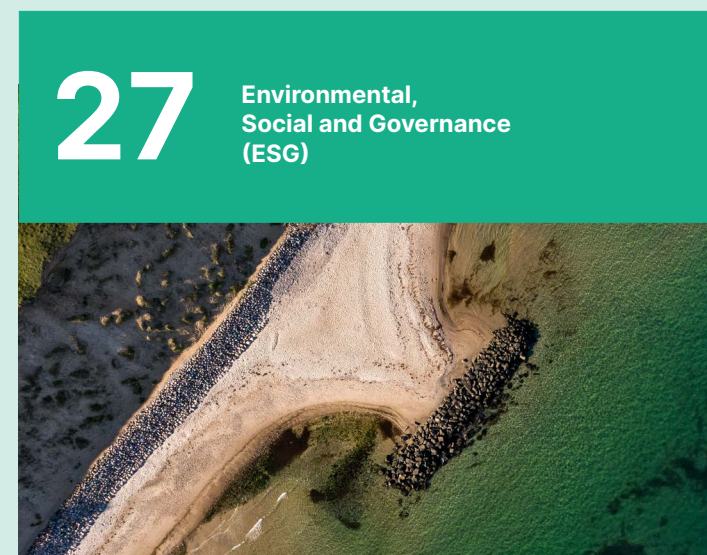
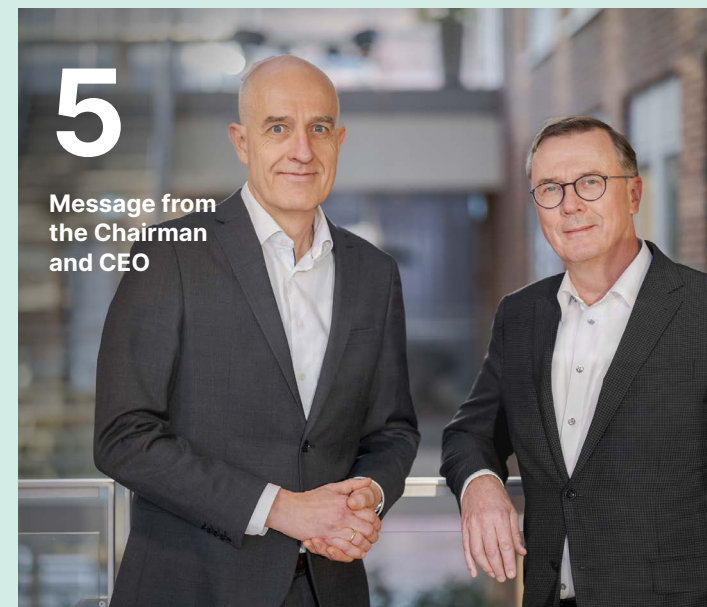
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Parallelvej 2
2800 Kongens Lyngby
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Tel 56 40 00 00
Fax 56 40 99 99
www.cowi.com

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Management review

Performance highlights

Financial

Organic growth

10.9%

(0.6% in 2021)

EBIT margin

4.2%

(3.3% in 2021)

Net turnover

7,326
DKKm

(DKKm 6,569 in 2021)

Cash flow from operating activities

382
DKKm

(DKKm 229 in 2021)

Non-financial

Number of employees

7,501

(6,810 in 2021)

Net Promoter Score (NPS)

51

(Customer satisfaction measured on a scale from -100 to 100. 47 in 2021)

Employee engagement score

82%

(out of a maximum of 100%. 82% in 2021)

Carbon footprint

7.5

tCO₂e/DKK 1,000 net turnover
(6.5 tCO₂e/DKK 1,000 net turnover in 2021. Commitment to set science-based targets.)

Message from the Chairman and CEO



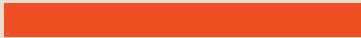
In 2022, we once again saw war in Europe when Russia wrongfully invaded Ukraine, causing a terrible human catastrophe. To free us from fossil energy and our energy dependency on Russia, investments in renewable energy were accelerated throughout Europe and the Western world. With our new strategy, FUTURE-NOW, COWI is centrally placed in the green transition. The strategy focuses on helping our customers move towards a more sustainable world, and this was mirrored in the 2022 result. We delivered double-digit organic growth, and profitability remained solid despite higher cost pressure and the significant growth.

New strategy with a clear direction


When we launched FUTURE-NOW at the beginning of 2022, we also launched a clear strategic framework for the company we aspire COWI to become. This is best illustrated by our new vision: *Together, we shape a sustainable and liveable world.*

This meant saying no to new fossil energy projects. COWI was the first company in our industry to take this stand and be crystal clear about our drive towards sustainability. Furthermore, we stated that in three to five years, 100 per cent of our net turnover must come from projects making the world more sustainable.

As part of the strategy, we presented a winning aspiration specifying our mid-term ambitions, both financial and non-financial. This included focusing on five defined core home markets (Denmark, Sweden, Norway, the UK and North America). In these markets, we want to play a leading role in four prioritised sectors: sustainable energy, large



This meant saying no to new fossil energy projects. COWI was the first company in our industry to take this stand and be crystal clear about our drive towards sustainability.





infrastructure, large buildings, and climate adaptation and water. Thanks to this focus and our expertise in offshore wind and hydrogen-based carbon-neutral products, COWI was awarded a multi-year service agreement with Equinor in late 2022, supporting it in its energy transition. We were also awarded similar contracts with Copenhagen Infrastructure Partners, Ørsted and Maersk.

In addition, we experienced high market activity in other key business areas, especially in industrial facilities where manufacturers build future production facilities, which have to live up to both stricter sustainability regulations and meet higher efficiency demands. With our expertise in both fields, COWI supported several large companies in this, including LEGO, Volvo, Vestas and Novo Nordisk, by acting as technological partner on several new green production facilities worldwide.

We welcomed 1,766 colleagues in 2022

The key enabler of the significant growth was our ability to attract and hold on to colleagues. In a job market where the talent pool was too small to supply a market craving skilled engineers and other science professionals, we managed to increase our workforce by 691 employees. 1,766 new colleagues joined us and 1,075 left us, which shows how volatile the job market in our industries has become.

Furthermore, our competency centres in India, Lithuania and Poland grew by close to 20 per cent and now constitute approximately ten per cent of the employees across the COWI Group.

It was vital that we, in Universum's annual employer ranking, remained the most attractive engineering

employer among professionals in our industry in Denmark and improved our rankings significantly in Norway and Sweden. This improvement was an outcome of years of work building a strong employer brand in our core Scandinavian market. In 2022, we also launched our first employer branding campaign in the UK to support the recruitment need in the local market.

As part of FUTURE-NOW, we aim to attract the best talent by offering exciting professional and personal development opportunities in an inclusive working environment. To be able to do so, we made significant investments in developing our leaders, improving internal mobility and building our technical skills through formalised training and on-the-job training. These activities will become the cornerstones of holding on to our talented employees in a job market that is still expected to be short of engineering and science candidates in the coming years.



In a job market where the talent pool was too small to supply a market craving skilled engineers and other science professionals, we managed to grow our workforce by 691 people.

Also, regardless of the volatile job market, employee engagement remained high. The 2022 survey showed an employee engagement of 82 per cent out of a maximum of 100 per cent, on par with the 2021 result.

We want COWI to be a healthy and accident-free workplace, for which reason we continued to invest in improving our occupational health and safety (OHS). In 2022, COWI offices in Denmark, Sweden, Norway and the UK were certified in accordance with the OHS management system ISO 45001, which aims at reducing occupational injuries, and promoting and protecting physical and psychosocial health. In 2023, our offices in North America and India will be certified.

The incident rate increased in 2022, mainly due to more focus on reporting after an awareness campaign.

Customer satisfaction at record level

Another key element in our strategy is our aspiration to have the most satisfied customers in our peer group, as data shows that there is a direct link between customer satisfaction (Net Promoter Score, NPS) and customer loyalty and, thereby, our profitability. In 2022, the Net Promoter Score

increased to 51 from 47 in 2021. This development was primarily driven by two factors: consistent high quality in our project execution and continuous and close customer interaction. We strived to be close to our customers and understand their concerns and needs. That way, we gained a better grasp of how best to support them in their projects. This paid off in terms of additional work and new contracts.

As mentioned, the improved customer satisfaction was related to the quality of our project execution. In recent years, COWI has invested heavily in enhancing operational efficiency by embedding standard project management tools and processes. In 2022, this resulted in close to zero claims and a significant reduction in project losses. Solid project execution further enhanced use of our resources in accordance with customer expectations.

Taking digital leadership to the next level

A cornerstone of FUTURE-NOW is innovation and digitalisation as a means to support our growth. We continued to invest heavily in bringing forward new digital tools and innovative ideas in 2022. For instance, in Denmark, life-cycle assessment tools were high on the agenda as new building regulations taking effect in 2023 require owners of new buildings to calculate their climate footprint. With COWI and Arkitema as initiators, the product LCAcollect was developed together with other industry players and the Danish authorities as observers. LCAcollect is a digital platform freeware that collects life-cycle assessment data from various building materials and makes it easy for building owners to comply with the new regulations and report the climate footprint of new buildings.

**With FUTURE-NOW,
we have made
a fundamental choice.
We are not just
involved in running
a business. We want
to proactively help
change the world for
the better.**

In general, we try to combine new innovative digital solutions with our domain expertise. An example of this was our virtual drone inspection of structures, which was launched in 2022 in an upgraded version. The service life of large structures, such as bridges, tunnels and wind turbines, depends on how good we are at maintaining them. If we can postpone decommissioning, we can save massive amounts of time and natural and financial resources. Today, we use drones to inspect these structures. From their images, we create a photorealistic 3D model, which our structural experts use to qualify the defects that require repair or further follow-up. All information is gathered in a web-based platform, where data can be shared or revisited at any time. We expect the use of virtual inspections to surge in the next few years.

Commitment to sustainability strengthened

With FUTURE-NOW, we have made a fundamental choice. We are not just involved in running a business. We want to proactively help change the world for the better. This means that our non-financial performance weights as much as our financial performance.

To underline our genuine commitment to sustainability, COWI signed up for the Science Based Targets initiative in 2022, enabling COWI to receive external validation of our targets for carbon-emission reductions. In 2019, COWI set a 70-per-cent reduction target for 2030 and a carbon-neutrality target for 2050. Committing to science-based targets allows COWI to formalise and strengthen our work to reduce our climate impact.

Overall, COWI was on track, living up to our footprint targets (own emission) even though CO₂ emissions increased by 29 per cent to 55,113 tCO₂e. The increase was a result of lifted COVID-19 restrictions,

an increase of employees and methodology improvements. Going forward, we will find ways to balance this with our drive for sustainability. As part of FUTURE-NOW, we also starting looking into our handprint (how we contribute to a sustainable world through our customers' projects). In 2022, we initiated a pilot to test new handprint measurements to validate if a project supports sustainability. An early estimate showed that the majority of our turnover comes from projects supporting a more sustainable world. In three to five years, that share must be 100 per cent. To achieve this, we need a solid way to report and measure this; just like we have for our financial performance.

Besides working on reducing our footprint and handprint, we continued our commitment to the principles and ambitions of the UN Global Compact. Our focus was particularly on diversity and inclusion, which are also included in our strategy. It states that we aspire to be a truly diverse company. For years, we have made an effort to motivate and promote more female leaders. Today, approximately 21 per cent of our senior career positions are held by women. But that is not enough if we want to be a truly diverse company that reflects our customers and the surrounding society. Therefore, in late 2022, we revised our diversity and inclusion policy and increased the target so, in 2030, 40 per cent of our leaders at each of the four most senior career levels must represent the underrepresented gender, which is mainly female.

Strong financial result

Considering the increased cost pressure and geopolitical instability, COWI delivered a strong 2022 result. Organic growth was 10.9 per cent, driven by growth in all business lines except Business Line Sweden. This resulted in a record-high net turnover of DKK 7,326 million, and the order book remained stable above DKK 5 billion. The EBIT margin was 4.2 per cent, an increase of



27 per cent compared to last year. This was driven by a stronger underlying performance in all business lines thanks to higher quality in our project execution and fewer costs related to the Oman arbitration case. This was partly offset by an increased cost base, mainly driven by inflation and growth. The operating cash flow also improved by DKK 153 million to DKK 382 million, resulting in a cash conversion rate of 76 per cent.

Moving forward

Despite an accelerating recession leading to somewhat blurred market conditions, COWI came out of 2022 strengthened. Many of our customers are at the heart of the green transition, and this makes our expertise sought after.

With that in mind, we are entering 2023 cautiously optimistic, keeping in mind that a cost and price pressure will put pressure on parts of our business. This is, however, counterbalanced by continued green investments, which is why we expect a continued growth trajectory.

Going forward, we will continue to invest in quality management and process development, innovation, new ventures, our employees and our partnerships to ensure long-term value creation and growth.

In conclusion, we thank our employees for their dedicated efforts to make a real difference for our customers, COWI and the world at large. This is something we can all be proud of. Together with our employees, customers and partners, we look forward to taking the next steps on our strategic journey in 2023.

Jukka Pekka Pertola
Chairman of the Board
of Directors

**Jens Højgaard
Christoffersen**
Group CEO

Five-year financial performance

COWI Group

	2018	2019	2020	2021	2022	2022
	DKKm	DKKm	DKKm	DKKm	DKKm	EURm
Key figures						
DKK/EUR rate at 31 December 2022						743.65
Net turnover	6,203	6,623	6,430	6,569	7,326	985
Operating profit before interest, tax, depreciation, amortisation (EBITDA)	475	380	524	419	502	68
Operating profit before amortisation (EBITA)	404	303	449	347	435	58
Operating profit on ordinary activities	287	173	323	223	307	41
Operating profit (EBIT)	283	169	318	219	306	41
Net financial items including profit/loss after tax in associates	(4)	2	(14)	(4)	(60)	(8)
Profit before tax for the year	279	171	305	214	247	33
Profit for the year	190	100	212	146	160	22
COWI's share of profit for the year	190	100	212	146	160	22
Goodwill	568	820	743	671	649	87
Other non-current assets	335	369	338	351	476	64
Current assets	2,666	2,645	2,908	2,805	2,580	347
Total assets	3,569	3,834	3,990	3,827	3,706	498
Share capital	282	287	287	287	287	39
Equity	1,338	1,330	1,434	1,469	1,513	203
Provisions	409	424	518	518	499	67
Non-current liabilities	2	80	201	10	10	1
Current liabilities	1,820	2,000	1,837	1,830	1,684	226
Cash flow from operating activities	343	341	869	229	382	51
Investments in property, plant and equipment	(73)	(81)	(56)	(56)	(116)	(16)
Other cash flow from investing activities	(42)	(396)	(24)	(353)	(195)	(26)
Cash flow from investing activities	(115)	(477)	(79)	(409)	(311)	(42)
Free cash flow	228	(136)	790	(180)	71	10
Cash flow from financing activities	(242)	90	(267)	(266)	(127)	(17)
Cash flow for the year	(14)	(46)	523	(446)	(56)	(8)
Financial ratios						
EBITDA margin	7.7%	5.7%	8.1%	6.4%	6.9%	
Operating margin (EBIT margin)	4.6%	2.6%	5.0%	3.3%	4.2%	
Return on invested capital	24.4%	11.1%	22.7%	21.4%	26.9%	
Equity ratio	37.5%	34.7%	35.9%	38.4%	40.8%	
Return on equity	14.9%	7.5%	15.3%	10.1%	10.7%	
Book value per share in DKK	478.9	496.2	536.9	560.0	582.3	
Average number of employees	6,691	7,171	6,927	6,746	7,156	

The financial ratios have been calculated as follows:

EBITDA margin

Operating profit/loss excluding depreciation and amortisation x 100

Net turnover

Operating margin (EBIT margin)

Operating profit/loss x 100

Net turnover

Return on invested capital (ROIC)

Operating profit/loss x 100

Average invested capital including goodwill

Equity ratio

Equity, end of year x 100

Total assets, end of year

Return on equity

COWI's share of profit/loss for the year x 100

Average equity

Book value per share

Equity

Nominal shareholding (excluding treasury shares)

The Board of Directors and the executive team

Board of Directors

at 27 February 2023



**Jukka Pekka
Pertola**
Chairman

- Born 1960.
- MSc (Electrical Engineering).
- Professional board member.
- On the Board of COWI Holding A/S since 2015.
- Independent of COWI.

Competencies in line with the adopted competency profile: corporate governance; financial and risk management experience from global companies; customer relations management, including sales, marketing and branding; people management in knowledge-based companies; operational excellence in service companies; and M&A or alliance experience.



**Carsten
Bjerg**
Vice Chairman

- Born 1959.
- BSc in Engineering.
- Professional non-executive board member.
- On the board of COWI Holding since 2021.
- Independent of COWI.

Competencies in line with the adopted competency profile: strategy development and implementation; leadership experience from large, international organisations; development and execution of business objectives and budgets; globalisation; technology management and product development; and board experience from large, international companies.



**Pierre Stefan
Olofsson**

- Born 1966.
- MSc in Civil Engineering.
- Founder and Partner at Spira företag-sutveckling AB.
- Professional non-executive board member.
- On the board of COWI Holding since 2022.
- Independent of COWI.

Competencies in line with the adopted competency profile: senior management experience from Nordic companies; financial and risk management experience from global companies; business development; strategy development and implementation; and diversity.



**Henrik
Andersen**

- Born 1964.
- MSc (Civil and Structural Engineering).
- HD in International Business and Senior Project and Market Director (Transportation International) at COWI A/S.
- On the board of COWI Holding since 2018.
- Not independent of COWI.

Competencies in line with the adopted competency profile: senior management of Nordic consultancy companies; customer relations management including sales, marketing and branding; people management in knowledge-based companies; operational excellence in service companies; financial management; and business development.



**Anne Marit
Harris**

- Born 1960.
- MSc in Economics and Management.
- Chief Financial Officer at Statkraft.
- On the board of COWI Holding since 2021.
- Independent of COWI.

Competencies in line with the adopted competency profile: financial literacy; corporate governance; senior management experience from other Nordic consultancy companies; financial and risk management experience from global companies; and M&A or alliance experience.



**Niels
Fog**

- Employee-elected.
- Born 1960.
- MSc (Engineering) and Group Lead Auditor (Green Fuels and Energy) at COWI A/S.
- With COWI since 1996.
- On the board of COWI Holding since 2020.
- Not independent of COWI.

Competencies in line with the adopted competency profile: project management; cross-cultural understanding from global project work; people management in knowledge-based companies; operational excellence in service companies; and experience with innovation. Especially for employee-elected members: experience and broad knowledge of company operations and culture; ability to balance employee and business perspective and advise on appropriate communication.



**Jasper
Kyndi**

- Employee-elected.
- Born 1971.
- MSc (International Planning) and MBA.
- Senior Market Director at COWI A/S.
- With COWI since 2003.
- On the board of COWI Holding since 2020.
- Not independent of COWI.

Competencies in line with the adopted competency profile: business development; CRM including sales, marketing and branding; advanced proposal processes; strategy development and implementation. Especially for employee-elected members: experience and broad knowledge of company operations and culture; ability to balance employee and business perspective and advise on appropriate communication; and diversity in business and geographical experience and gender.



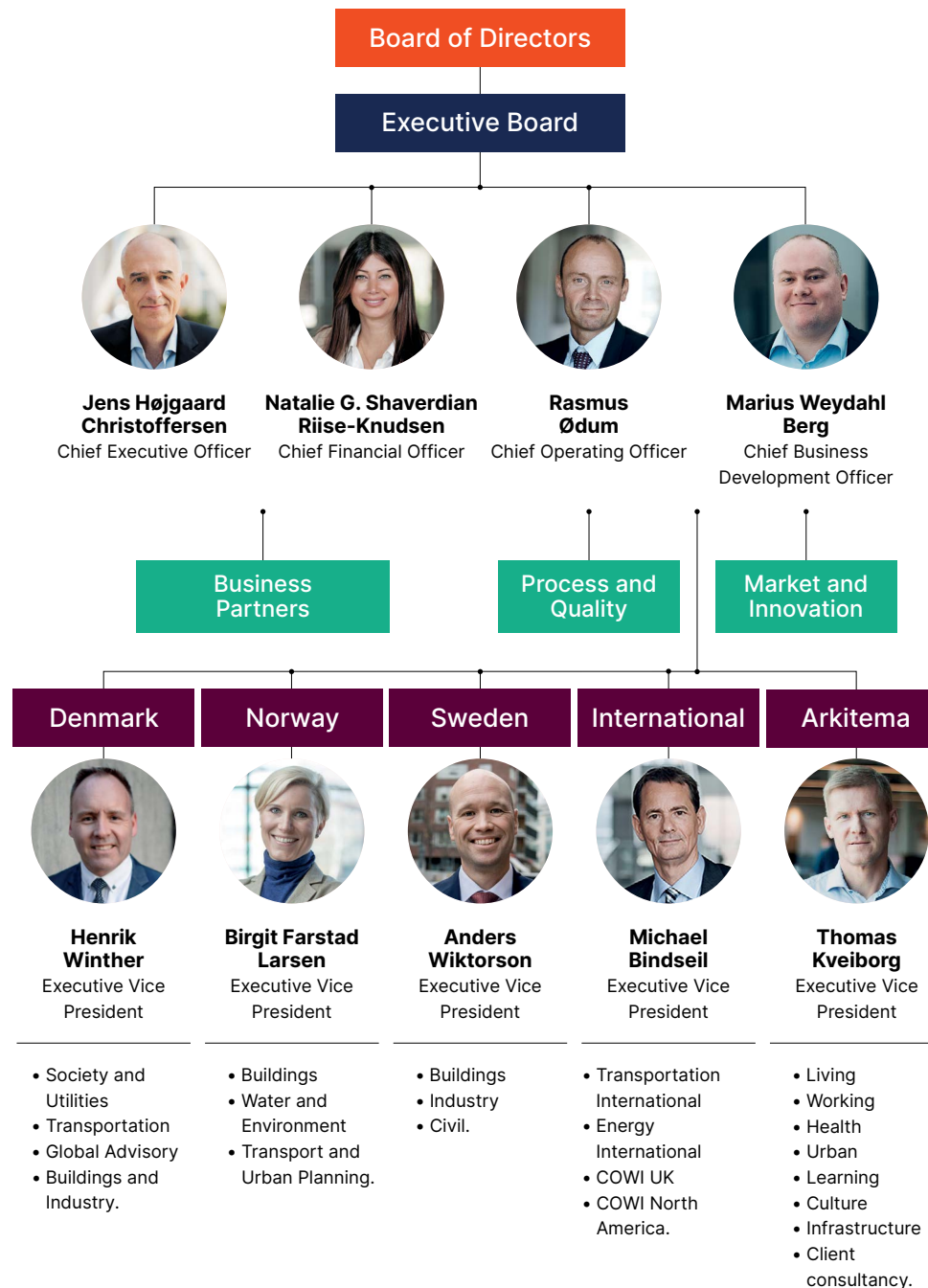
**Eva Sara Kristin
Sandberg**

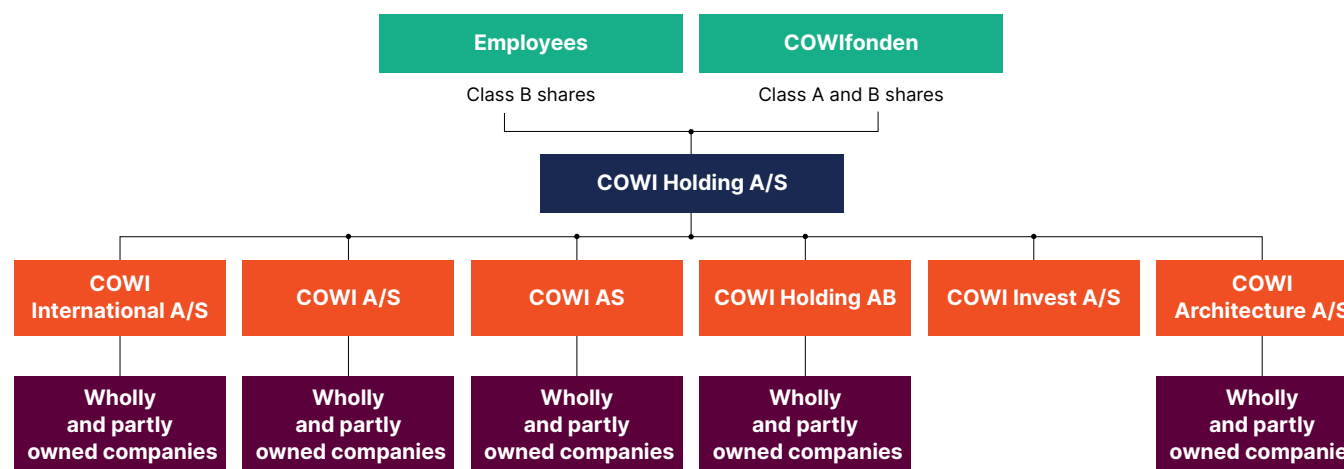
- Employee-elected.
- Born 1976.
- MSc (Civil Engineering) and Vice President (Civil West) at COWI AB.
- With COWI since 2001.
- On the board of COWI Holding since 2020.
- Not independent of COWI.

Competencies in line with the adopted competency profile: people management in knowledge-based companies; operational excellence in service companies; business and strategy; financial and risk management. Especially for employee-elected members: experience and broad knowledge of company operations and culture; ability to balance employee and business perspective and advise on appropriate communication; and diversity in business and geographical experience and gender.

COWI's organisation

at 27 February 2023





COWI offices around the world at 27 February 2023

Belgium

COWI Belgium SPRL
• Brussels

Canada

COWI North America Ltd.
• Edmonton, Alberta
• Halifax, Nova Scotia
• North Vancouver, British Columbia
• Toronto, Ontario

Czech Republic

COWI Czech Republic s.r.o.
• Prague

Denmark

COWI A/S
• Esbjerg
• Holstebro
• Lyngby (head office)
• Odense
• Ringsted
• Vejle
• Aalborg
• Aarhus

Arkitema K/S

• Aarhus
• Copenhagen

Flux AD A/S
• Rødovre

Germany

COWI A/S Hamburg Branch Office
• Hamburg
• Mannheim

Greenland

COWI A/S Greenland Branch Office
• Nuuk

India

COWI India Private Ltd.
• Chennai
• Delhi (Gurgaon)

Lithuania

UAB COWI Lietuva
• Vilnius
• Kaunas

Norway

COWI AS
• Bergen
• Bodø
• Drammen
• Flekkefjord
• Fredrikstad
• Førde
• Hamar
• Haugesund
• Hønefoss
• Kristiansand
• Kristiansund
• Larvik
• Levanger
• Lillehammer
• Mosjøen
• Norheimsund
• Oslo
• Stavanger
• Tromsø
• Trondheim
• Voss

Aquateam COWI AS
• Oslo

Arkitema AS

• Oslo

Oman

COWI & Partners LLC
• Muscat

Philippines

COWI A/S Philippine Branch
• Makati City, Manila

Poland

COWI Polska Sp. z o.o.
• Bielsko – Biala
• Gdansk
• Krakow
• Wroclaw

Singapore

COWI Pte. Ltd.
Singapore

South Korea

COWI Korea Co., Ltd.
• Seoul (Bundang)

Sweden

COWI AB
• Gothenburg
• Helsingborg
• Herrljunga
• Karlstad
• Malmö
• Skövde
• Stenungsund
• Stockholm
• Vänersborg
• Växjö

AEC AB

• Gothenburg
• Malmö
• Stockholm

COWI Projektbyrå AB
• Uppsala

Arkitema AB

• Stockholm
• Gothenburg
• Malmö

Taiwan

COWI A/S Taiwan Branch
• Taipei

UAE

COWI Gulf A/S Dubai Branch Office
• Dubai

United Kingdom

COWI UK Limited
• Derby
• Glasgow
• London
• Uttoxeter
• York
• Bristol

USA

COWI North America, Inc.
• Plymouth, Massachusetts
• Bridgeport, Connecticut
• Houston, Texas
• New York, New York
• Oakland, California
• Portland, Oregon
• Seattle, Washington
• Tallahassee, Florida

COWI's services

COWI is a leading consulting group providing services in engineering, environmental science, economics and architecture. Together with our customers and partners, we shape a sustainable and liveable world.

Energy

- Wind energy and energy islands
- Solar photovoltaic energy
- Biomass and waste-to-energy
- Green fuels, Power-to-X
- Carbon capture, storage and utilisation
- District heating and cooling
- Energy storage, including pump storage and transmission
- Climate change resilience
- Hydro power.

Industry

- Process industry
- Data centres
- Industrial buildings
- Forest industry
- Food industry
- Manufacturing industry.

Buildings

- Hospitals
- Residential buildings
- Cultural and educational buildings
- Commercial buildings
- Transportation hubs
- Industrial buildings
- Data centres

- Project management consultancy
- Airports
- Defence and security.

Architecture

- Hospitals
- Housing
- Educational projects
- Urban design
- Cultural projects
- Laboratories
- Industrial and energy buildings
- Historic and protected buildings
- Office buildings.

Environment

- Strategic environmental consultancy
- Nature
- Waste and resources
- Contaminated sites
- Environmental impact assessments
- Environment, health and safety
- Sustainability
- Climate change
- Urbanisation
- Digitalisation and technology.

Water

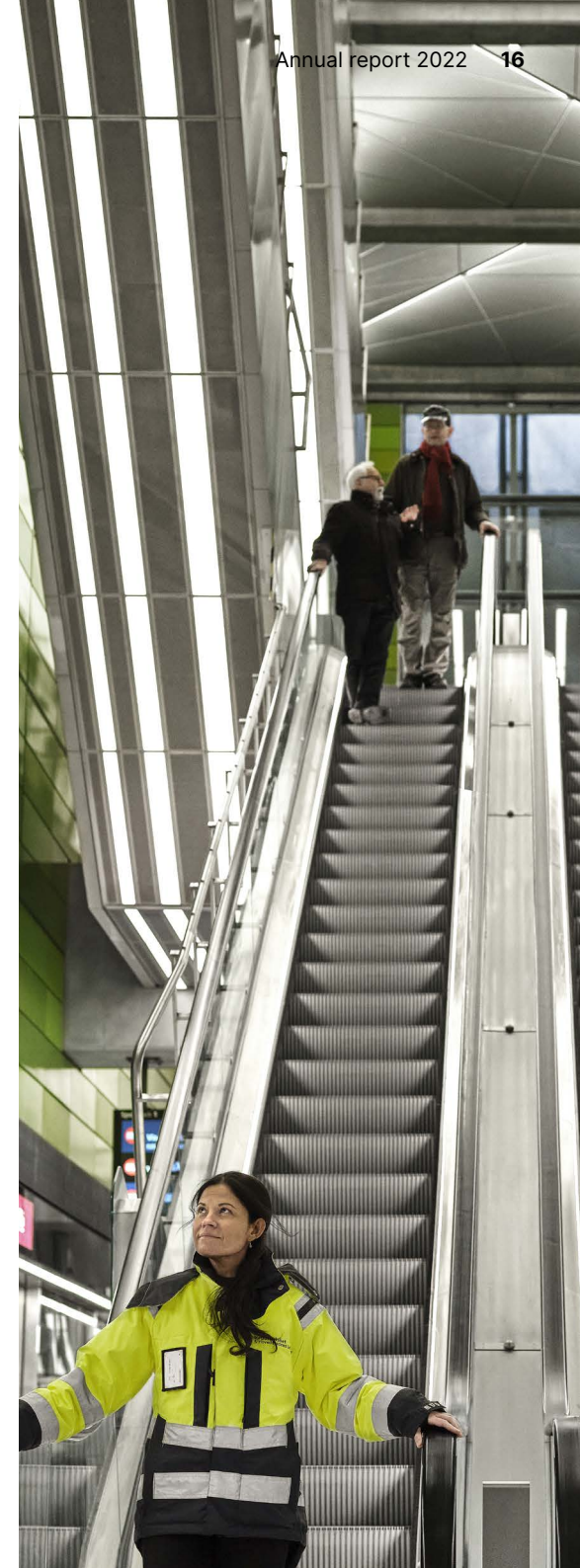
- Water supply
- Wastewater treatment
- Water and natural resources management
- Dewatering and geophysics
- Flooding
- Drainage
- Stormwater tunnelling
- Climate change
- Climate adaptation
- Sustainability
- Urbanisation
- Digitalisation and technology.

Infrastructure

- Bridges
- Tunnels
- Ports and marine structures
- Railways
- Metros
- Light rails and trams
- Roads and highways
- Airports
- Digitalisation and technology
- Buses and bus rapid transit (BRT)
- Intelligent transportation systems (ITS) and digital solutions.

Planning

- Reality capture and surveying
- Urban planning and development
- Area development and property rights
- Project management consultancy
- Traffic and transportation planning
- GIS and IT
- Economics and management
- Data and digital planning services – LCA.



Performance in business lines

Business Line Denmark

DKK **2,199** million
Net turnover

2,630
Employees

9.2 per cent
EBITDA margin

52
NPS

Henrik Winther
Executive Vice President

In Business Line Denmark, COWI maintained its robust performance, delivering significantly above the 2021 result. The performance was powered by high activity in all four business units and quality project execution, as well as a growing number of employees, which was fuelled by COWI once again being ranked as the most attractive employer in Denmark among engineers in our industry. Especially the Buildings and Industry unit improved profitability, mainly driven by exceptional growth in industrial buildings. The Global Advisory unit won significant new contracts. The Transportation unit went through a major turnaround, which led to considerably improved profitability and new contracts with better margins. The Society and Utilities unit also won several major contracts while developing into a critical internal resource, as up to 50 per cent of the unit's employees were allocated to projects across the Group.

Business Line International

DKK **2,201** million
Net turnover

1,934
Employees

10.5 per cent
EBITDA margin

63
NPS

Michael Bindseil

Executive Vice President

Business Line International kept up the momentum from 2021 and delivered a strong result in 2022, driven by high growth (27 per cent) across the business line, solid project execution with very few project losses and a significant increase in employees. Especially the sustainable energy business benefitted from accelerated investments in renewable energy, aiming to reduce dependency on fossil energy. The UK business continued its positive development, including new significant wins founding a high organic growth. In North America, business progressed well, and by acquiring the engineering consultancy Finley Engineering Group in Florida, we strengthened our footprint in the USA. Finally, our international transportation business also had a busy year. Highlights included the inauguration of the world's longest suspension bridge, the Çanakkale Bridge in Turkey, and Senior Technical Director Tina Vejrum being elected President of the International Association for Bridge and Structural Engineering.

Business Line Norway

DKK **1,604** million
Net turnover

1,446
Employees

7.8 per cent
EBITDA margin

47
NPS

Birgit Farstad Larsen

Executive Vice President (as of 1.1.2023)

In Business Line Norway, COWI delivered a strong performance and strengthened its position in the market, which continued to be buoyant. The result was driven by high quality in the project execution, more internal collaboration with colleagues in India, Poland and Lithuania, higher customer satisfaction and a net growth of 100 people in the workforce. At the end of the year, COWI won a multi-year service agreement with Equinor to support the energy major's development of green energy projects. In general, all business units delivered strong results, showing both growth and higher profitability compared to 2021. Buildings increased profit by 43 per cent compared to 2021, and Transportation and Urban Planning also made significant progress. The progress in Water and Environment was more moderate.

Business Line Sweden

DKK **796** million
Net turnover

877
Employees

2.2 per cent
EBITDA margin

44
NPS

Anders Wiktorson

Executive Vice President

In Business Line Sweden, despite financial results still not being on target, we made progress on many critical lead indicators, and the overall result improved compared to 2021. Customer satisfaction improved substantially, employee engagement rose, the own resignation rate declined, and we welcomed 220 new colleagues. Even more importantly, the Swedish business improved the win rate among the biggest tenders, and in the autumn, COWI won a SEK 200+ million rail project – the first win of this magnitude in more than three years. In 2022, the Industry unit delivered a strong result and came far with its turnaround. Both Buildings and Infrastructure were still performing below expectations.

Business Line Arkitema

DKK **660** million
Net turnover

614
Employees

2.7 per cent
EBITDA margin

51
NPS

Thomas Kveiborg
Executive Vice President

In 2022, Business Line Arkitema managed to increase turnover significantly as synergies of teaming up with COWI led to several project wins, especially in the industrial and public markets. Profitability was, however, negatively impacted by the turmoil in the private residential buildings market, especially in Sweden, where several projects were put on hold or postponed. Profitability was also impacted negatively by costs related to lay-offs due to lower activity in Denmark and Sweden. All in all, the financial performance improved compared to 2021, but was below expectations. Still, Arkitema broadened its project portfolio, making the business less reliant on the private residential buildings market. Furthermore, Arkitema has proven to be a valued partner for COWI when bidding for projects across other business lines, where architectural capabilities strengthen the total offering. This bodes well for strengthening both the collaboration with the entire COWI Group and the profitability going forward, even though the market conditions in private residential buildings continue to be challenging in 2023.

Strategy

A man in a dark jacket and cap is holding a young child in a brown coat. They are standing on a rocky shore next to a large body of water. In the background, there is an industrial city skyline with several tall chimneys emitting white smoke. A large, colorful kite with yellow, red, and purple sections is flying in the sky, held by the man. The scene is set during the day with clear blue skies.

In 2022, we formulated a vision and new values to inspire and guide us in the coming years. And to develop our company, seize the numerous market opportunities and create value with customers, we developed COWI's new strategy.

It is called FUTURE-NOW. If we, as a society and as a company, want to survive and thrive in the future, we must prepare for it today. Therefore, in our work with the strategy, our starting point was the future. What will it look like? What demands does this create among customers? What does it mean to us now? And how can we contribute to the solutions needed?

Our winning aspiration

Our vision is our overall guiding star that sets a long-term direction for all our business. To propel us forward towards the vision and guide us in the mid term, we have formulated a winning aspiration for a three- to five-year horizon in seven key areas. There is no fixed deadline for reaching them, but we believe that this is what an excellent performance for COWI looks like:

We are a top-quartile performer in our peer group. We deliver a total shareholder return of >15 per cent annually; >ten per cent EBITA; >five per cent annual organic growth; and >80 per cent cash conversion.

We are a customer-centric company with the most satisfied customers in our peer group. We are highly attractive to partners and understand how to create value together with customers.

We are a truly diverse company which attracts the best talent and has strongly engaged employees who constantly develop their personal and technical skills.



Together with our customers and partners, we drive innovation in an open and collaborative environment. We are leaders in digitalisation, and we explore new sustainable technologies and materials.

We are recognised by society as thought leaders who combine know-how, a holistic approach and a true commitment to sustainability.

We always contribute to moving our customers towards sustainability. One hundred per cent of our turnover comes from projects which drive sustainability.

In our core segments, we are market leaders in sustainable energy solutions, climate adaptation and water, large buildings and large infrastructure projects.

Our playing field

To meet customer demands and move towards our aspiration, we have chosen where to focus our efforts. The choices are made based on our current and potential strengths and market positions:

- **We will work** with and for key customers with multiple projects, a long-term perspective and compatible ethics.
- **We deliver studies** and concept design, design development, planning/permitting, final and detailed design, construction management, project management consultancy (PMC) services and asset management.
- **We operate** in sustainable energy, large buildings, large infrastructure, and climate adaptation and water.
- **We focus on** Scandinavia (Norway, Denmark and Sweden), the UK and North America. For key customers, we will support projects outside these countries.
- **We will continue** to use a key-account approach and co-creation with partners when we complement each other's capabilities.

Our strategy execution

To win in our chosen market segments, we will utilise and develop our core strengths together with our customers.

Customer centricity:

The key factor for our competitiveness is to focus on our customers in all we do and communicate. It is also more engaging for employees to co-create with customers.

Best people, best behaviour:

As we focus on projects that require special skill sets, we will continue to hire and develop the best people in the industry. We will cultivate a behaviour that sets us apart from the competition and creates a culture of continuous improvement and high-quality execution of projects.

One COWI approach:

We win more projects, deliver better quality and improve our earnings when we collaborate. This means working across borders and bringing competencies into play, regardless of where the person is located. It means including our centres and colleagues in India, Lithuania and Poland. And it means further developing our successful COWI and Arkitema partnership.

Sustainability:

Sustainability will remain at the core of our value offering and operations. This is crucial for the type of major, mature customers we want to build relationships with.

Value steering:

To ensure that FUTURE-NOW becomes operational and that we make the right decisions to deliver on our strategy, we have created a value steering model that sets up metrics for our seven aspirations to understand if we are on track.

This value steering model is embedded into our performance management and annual wheel to ensure that we make the right decisions and execute towards FUTURE-NOW.

Four prioritised sectors

In prioritised sectors, we want to have a market-leading position, meaning that we get more invitations to participate in tenders, we can build and utilise economies of scale, we have the ability to create value with customers, and we are visible and attractive to talent.

We define market leadership as:

1. being preferred by customers (measured on NPS and 'share of wallet')
2. being number one or two in the market measured on turnover
3. being a top brand in the market.

We have selected four prioritised sectors that are attractive, that are fit for our vision and competencies, and where we have the potential to be leaders with our sustainable solutions.

Sustainable energy:

We will particularly focus on: offshore renewable energy; production of hydrogen and green fuels; energy efficiency; and carbon capture, utilisation and storage.

Large infrastructure:

We will particularly focus on: roads, mass transit, urban transportation, fixed links, electrification, automation and digital solutions.

Large buildings:

We will particularly focus on: large-scale urban development, transportation hubs, industry and data centres, and health.

Climate adaptation and water:

We will particularly focus on: coastal protection and integrated urban solutions, utility and stormwater tunnels, wastewater as a resource, digitalisation of utilities and smart water (data-based operational optimisation of utilities).



Environmental, Social and Governance (ESG)



Our impact

Environmental, social and governance

In 2022, once again, the world experienced heavy rainfall, extreme droughts and destructive storms. All over the planet, climate change is becoming an unprecedented challenge to cities, infrastructure, biodiversity and landscapes. This is something the world must adapt to now as the situation is loaded with an urgency for change.

Businesses play a crucial role in shaping a greener future, and we see engineers and architects as key levers for the transition towards sustainability. COWI and Arkitema's extended expertise in sustainability gives us a special responsibility to support customers and societies at large in the transition to a greener and more sustainable future.

In 2022, we participated in COP27 with a top-level delegation, which participated in round-table discussions and panel debates about the urgent measures needed to combat the climate crisis. Our ambition was to inspire others and jointly continue to use and implement more sustainable solutions worldwide. Our strategy, FUTURE-NOW, strongly exemplifies how we walk the talk. We have decided to allocate all resources to projects that support our customers in reaching their sustainability ambitions. This means deselecting all fossil energy projects going forward, and in three to five years, we aspire to have 100 per cent of our revenue come from projects that contribute to driving sustainability.

**Our strategy,
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To underpin our continued sustainability efforts, we have invested heavily in building competencies, tools and insights to provide the needed support to our customers and the green transition.



Our approach to corporate responsibility is reflected in how we run our own daily operations and in our aspiration to support our customers' journey towards sustainability. We call these impacts our footprint and our handprint, respectively.

For example, sustainability is integrated into our own operations, our policies and in the way we interact and co-create with our customers, partners and suppliers. In the first half-year of 2023, we will have a group-wide environmental policy in place to reflect our commitment to reducing our environmental footprint, and we already have policies in place for COWI in Sweden, the UK and Lithuania.

While carbon reduction is already a vital part of many projects, we prioritise putting the latest knowledge and thought leadership into play to ensure that new infrastructure, energy plants or cities are planned with carbon, climate adaptation, biodiversity enhancement, air quality, reduced water consumption and responsible sourcing in mind.

To steer our business for value, in 2022, we initiated the development of a framework for our handprint. Through the lens of the EU Taxonomy and the UN sustainable development goals (SDGs), the framework will help us to systematically report on our progress towards our handprint aspiration of having 100 per cent of our customers' projects contribute to driving sustainability. Until the new framework is fully developed, we will continue classifying projects according to the SDGs to which they contribute. In 2022, approximately 50 per cent of all active projects were classified, and most of these were classified as contributing to Sustainable Cities and Communities (SDG 11), Industry, Innovation and Infrastructure (SDG 9), Clean Water and Sanitation (SDG 6) and Affordable and Clean Energy (SDG 7).

To underpin our continued sustainability efforts, we have invested heavily in building competencies, tools and insights to provide the needed support to our customers and the green transition. This includes appointing sustainability directors in all business lines to make sure that the sustainability principles of FUTURE-NOW are embedded in all projects. We are also introducing a 'Green basics' e-learning module

for all employees in 2023. The aim is to create a common approach to and understanding of sustainability across the entire COWI Group and to empower all employees to engage in sustainability conversations with our customers and partners. Furthermore, we have more sustainability training modules in the pipeline targeting project managers and our specific disciplines to ensure a structured and professional approach to how we incorporate sustainability into all our customers' projects.

To continuously ensure robustness in our reporting and prepare for the upcoming requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS), which will apply to COWI from financial year 2025 onwards, we have accelerated our efforts to report our environmental, social and governance (ESG) performance in time for the future requirements.

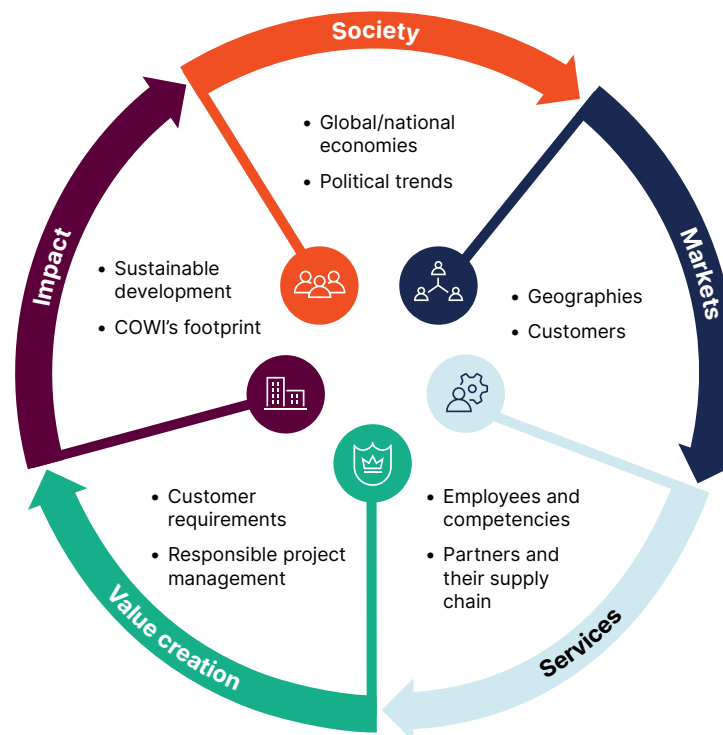
The following chapters present our progress on ESG-related aspects. The reporting criteria at the end of the chapter summarise how data in the E, S and G tables has been extracted.

Business model and CSR risk assessment

The business model

Sustainability and considerations for the environment, society and governance are integrated into our business model and risk assessment, which are based on a three-pronged approach:

- **Business conduct:** The way we carry out our own activities.
- **Employee behaviour:** The way we behave at the workplace and our obligation to act.
- **Business deliverables:** The way we ensure that the solutions we design for customers take environmental and societal impacts into consideration.



Society

Global and national economies and political environments constitute the framework conditions for all aspects of COWI's market presence. The corporate social responsibility (CSR) risks arising from these are mitigated by living COWI's vision and practising our values. This is key to navigating a constantly changing political environment and ensuring a flexible and digitalised organisation which can adapt quickly to new project conditions.

How we follow up

- Management and employee knowledge of vision and values is scored in COWI's engagement survey.

Services

To supply our customers with sustainable solutions, we need to be able to recruit and hold on to highly competent employees and attract strong and responsible partners. We mitigate the risk of losing such employees through leadership and by creating a great place to work. We mitigate the risk of attracting inappropriate external collaboration partners through our screening process and by making sure that our corporate practice in business integrity is upheld.

How we follow up

- Ongoing efforts are made to promote diversity and cultivate a work culture with clear and high ethical standards.
- All training activities in COWI Academy are monitored regarding content and participants.
- We have defined a leadership training model.
- A third-party due diligence screening is mandatory for new customers and partners.

**Markets**

As an international player in diverse geographies and with diverse customers, COWI's employees face some CSR risks, ranging from their personal security to the customers' business environment and CSR approaches. These risks are mitigated by the Executive Board's approval of the geographical location of projects and by COWI's safety organisation. COWI is a signatory to the UN Global Compact, which means that a responsible business environment, including anti-corruption, is a key focal point vis-à-vis customers.

How we follow up

- COWI's Executive Board applies the Transparency International Corruption Perception Index (CPI), Freedom House country assessments, and assessments of current sanctions in its decision-making regarding geographic presence.
- A third-party due diligence screening is mandatory for new customers and partners.

**Value creation**

COWI's success in the market depends on understanding and meeting our customers' needs and providing sustainable solutions through responsible project management.

The risks associated with this are mitigated by ensuring that COWI has a vibrant and strong professional environment, which always provides high-quality, innovative and sustainable solutions. Responsible project management entails that quality management is integrated in every phase of project execution and is, therefore, a strong mitigating factor. In addition, in 2022, maturity in project execution measured by the CMMI® method improved across all business lines.

How we follow up

- The Project Checklist and the COWI Risk Management Tool support project managers in mitigating risks regarding projects, occupational health and safety (OHS) as well as health, safety, environment and security (HSES) throughout the entire life cycle of the project.

**Impact**

We are, through our strategy, committed to contributing to a more sustainable world on our customers' projects – our handprint. We do this by deselecting all new fossil energy projects from 2021 onwards while we aspire to have 100 per cent of our revenue come from projects that drive sustainability one way or the other in the coming years.

We conduct our work from multiple office locations around the world, impacting the environment and climate through our day-to-day operations. For example, our choices in the procurement of goods and services, how we travel, how we handle waste, and the energy we use to carry out our work in and across offices all have an impact through resource use and emissions to our environment. To ensure a systematic approach to mitigating these impacts, we are implementing an environmental management system in several of the countries that we operate in. We also remain committed to reducing our carbon footprint from our operations.

How we follow up

- We are developing our value steering model, setting up a group-wide approach in order to holistically steer our business and assess our progress on the seven winning aspirations of our strategy.
- We continue deselecting fossil energy projects, phasing out these projects in our portfolio while we are developing a model for screening the handprint of our customers' projects through the lens of the EU Taxonomy and SDGs. That will enable a systematic approach to monitoring and to moving towards our ambition to contribute to driving sustainability through our customers' projects.
- We are developing sustainability training for all employees.
- Sustainability targets and tools are systematically integrated into projects, and the SDG framework is widely used as a framework for our customer dialogue, e.g., through our Sustainability Dialogue Tool.
- We continue rolling out an environmental management system at our locations. We calculate and report our carbon footprint and have committed to setting science-based targets. We implement reduction initiatives in our operations while including carbon footprint considerations in KPIs for management.

Our commitment

Our commitment is reflected in our endorsement of the UN Global Compact and our support of the Code of Ethics of the International Federation of Consulting Engineers (FIDIC) and is continuously expressed in updated policies and new internal values and strategies. Together, these guide the way we conduct business and collaborate in our daily work, and they are crucial for our ability to develop a liveable and sustainable future together with our customers.

We are signatories to the Danish Confederation of Industry's (DI) Gender Diversity Pledge, committing to working towards gender equality in management roles of 40/60 by 2030 for the private sector.

The UN Global Compact calls on businesses to help build social and environmental frameworks that ensure open and free markets and help people everywhere secure a chance to share the benefits of the global economy.

Charities and fundraising

Since 2005, in partnership with Bridges to Prosperity, colleagues from COWI offices around the world have volunteered to construct 13 footbridges serving 46,429 people in some of the most remote, rural and isolated locations on the planet.

Bridges to Prosperity is a non-profit organisation that aims to connect remote communities by building

bridges and thus providing them with reliable and safe access to healthcare, education and economic opportunities. In 2022, a ten-member team volunteered for the construction of a bridge in Nyaga Kizi in the north of Rwanda. The team travelled to Rwanda on 14 August to spend about two weeks constructing a 77-metre-long suspension bridge. It will serve a community of over 1,200 people.

COWI India has a long-standing relationship with BAAS Educational Trust, which runs the Gairatpur BAAS panchayat school in the vicinity of our Gurgaon office. Through its CSR financial support (INR 3,968,956), the organisation helps over 500 children receive best-in-class English-medium education. The organisation has actively supported the school's operations and development and has undertaken initiatives such as setting up the physical infrastructure, promoting digital literacy by donating laptops and tables for their computer labs, and volunteering initiatives that promote physical wellbeing.

COWI employees donated DKK 770,000 to Red Cross's emergency response for Ukraine – an amount which was matched by a donation from COWI. COWIfonden donated DKK 2.5 million to Médecins Sans Frontières to support its work in Ukraine.

Code of conduct for suppliers – indirect procurement

Since our suppliers are an important part of our deliverables, COWI requires all partners and suppliers to adhere to the same principles as COWI. To ensure COWI gets the best price, terms of delivery and quality, a new group procurement policy has been launched.

Furthermore, a code of conduct that builds on the UN Global Compact principles regarding human rights, labour rights, anti-corruption and environmental concerns has also been put into practice, which amplifies our values and impact further up and down the value chains and is implemented for suppliers of goods and services, excluding services of external collaboration partners in projects.

The inclusion of codes of conduct made by Group Procurement has been mandatory since September 2022. We are currently tracking the progress, ensuring that sustainability becomes a mandatory evaluation criterion for all new external engagements and contracting. We will enforce the code of conduct for all suppliers' products and services, excluding services of external collaboration partners in projects.

Environmental

We recognise that our main impact on the world is through our customers' projects, and with our FUTURE-NOW strategy, we took an important step in our commitment to shaping a greener world as we decided to deselect fossil energy projects going forward. Instead, our focus is on helping customers develop low-carbon and renewable energy solutions. Over the coming years, our ambition is to contribute to driving sustainability through all our customers' projects, and we are developing a group-wide framework to assess our progress.

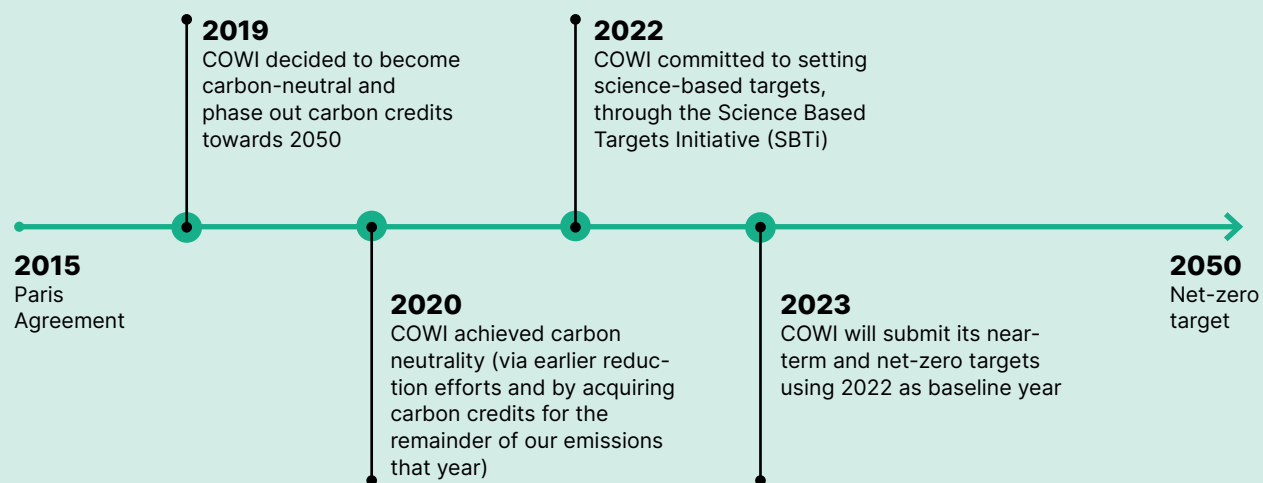
We also impact society through our day-to-day operations, and our carbon footprint report elaborates on these impacts. Our commitment to reducing the impact of our operations on the environment is reflected in our ongoing work to implement environmental management systems across several of our locations globally and our commitment to reducing our carbon footprint in line with the goals of the Paris Agreement. We are in the process of expanding our environmental management system (EMS), which is certified in accordance with ISO 14001. COWI in the UK, Sweden and Lithuania are already certified, and in 2023, we aim at having all offices in North America, Denmark and Norway certified as well. COWI in Norway already has the environmental certificate Eco-Lighthouse.

The EMS offers top management a systematic approach that enables continual improvement. Minimising negative impacts or risks and increasing positive impacts or opportunities play a major part in the system.

Certified COWI entities have environmental policies in place, stating our commitment to considering our environmental footprint and enabling target setting. As part of the scope expansion, we will implement a group-wide environmental policy.



Figure 1 – Timeline of COWI's climate journey



Carbon footprint report

Since joining the UN Global Compact in 2006, we have reported on the carbon footprint from our day-to-day operations. Our carbon footprint mostly stems from purchasing goods and services and business travels. Next comes energy consumption at our premises. Our carbon accounting follows the methodology of the Greenhouse Gas (GHG) Protocol.

In 2019, COWI set a 70-per-cent-reduction target for 2030, compared to 2008 levels. Additionally, the goal was to phase out carbon credits towards 2050 while continuing our reduction journey towards zero emissions. To demonstrate our commitment to sustainability, COWI committed to setting science-based targets through the Science Based Targets initiative (SBTi) in 2022, which will enable COWI to receive external validation of our targets for carbon emissions reductions. By committing to this recognised framework, we ensure that our targets are aligned with the goals of the Paris Agreement and that our ambitions are reviewed by a well-established external party, formalising our climate ambitions.

In 2023, we will set and submit to SBTi a near-term target and a net-zero target to be reached by 2050, using 2022 as our new baseline year, replacing 2008.

In preparation for setting science-based targets, we worked on improving the data foundation for our carbon accounting in 2022 to ensure more complete coverage. This has led to an expansion of the coverage of our indirect emissions (Scope 3) inventory by including external consultants on projects and financial services, among other categories¹. The difference in coverage of Scope 3 activity is shown as the 'expanded' and 'narrow' scenarios in this chapter.

¹ The added categories are external services and include building maintenance and service agreements; consulting, events, restaurants and entertainment; insurance, pension and healthcare; software and telecommunication; and training and recruitment.

The emissions from these new categories are entirely based on expenditure data, meaning that their emission factors are less precise than would be the case if activity-based data were used. While this is currently the best available method, it will be matured on an ongoing basis. We acknowledge the general challenges in reporting on Scope 3. However, we expect that collaboration across supply chains on emissions data will accelerate in coming years.

Other improvements in methodology impact emissions in 2022, slightly affecting comparability between years. These include an update of emission factors, changes in how extrapolation is carried out, changes in data collection and the addition of upstream fuel and energy-related activities in Scope 3.

Figure 2 – Overview of emission scopes and categories for COWI

Scope 1 Direct emissions

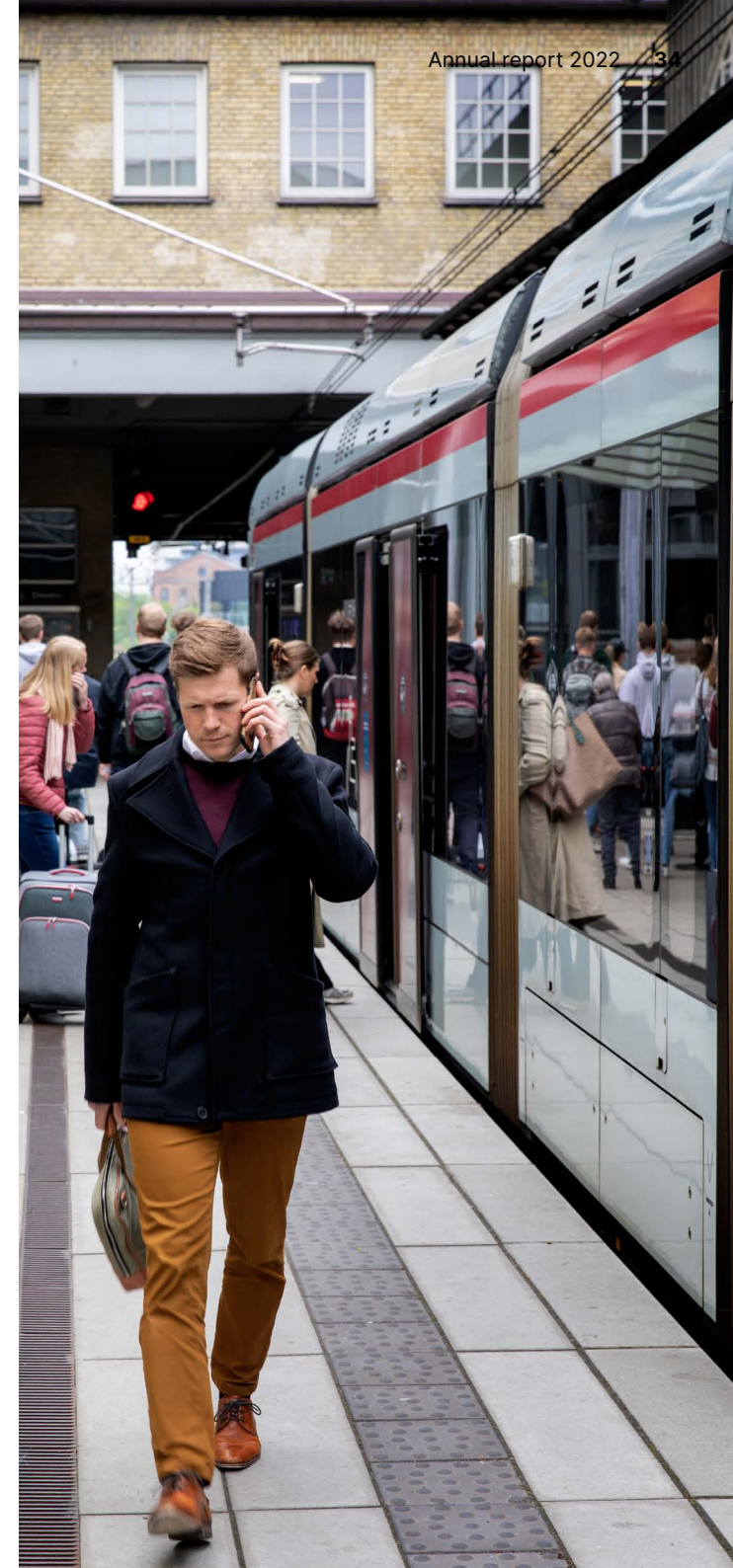
- On-site energy
- Supervision cars
- Company cars.

Scope 2 Indirect emissions upstream

- District energy.

Scope 3 Other indirect emissions upstream and downstream than contained in Scope 2

- Business travel (incl. air travel, road and rail travel, and hotels)
- Employee commuting
- Purchased goods and services (e.g., external services, IT, office supplies and canteens)
- Upstream fuel and energy-related activities
- Upstream transportation and distribution
- Upstream leased assets.



2022 results

As seen in Figure 3, total emissions were 55,113 tCO₂e in 2022, an increase of 29 per cent from 2021. Key factors include lifted COVID-19 restrictions, an increase in employees of 691 since 2021 and methodology improvements. Looking at emissions per headcount, these were 7.3 tCO₂e in 2022, compared to 6.3 tCO₂e in 2021. Considering the narrow coverage in Scope 3, emissions per headcount were 2.9 tCO₂e in 2022, compared to 1.6 tCO₂e in 2021. Emissions compared to net turnover¹ were 7.5 tCO₂e/DKK 1,000 in 2022, compared to 6.5 tCO₂e/DKK 1,000 in 2021. Looking at the narrow coverage, emissions were 2.9 tCO₂e/DKK 1,000 in 2022, compared to 1.7 tCO₂e/DKK 1,000 in 2021.

When considering the narrow coverage of activities², we are on track with regard to our target of reducing emissions by 70 per cent by 2030, compared to 2008 levels, even though 2022 saw an increase in emissions compared to 2021. Going forward, we will instead track our progress in reducing emissions against our science-based near-term and net-zero targets to be set in 2023.

Detailed data on energy consumption, greenhouse gas emissions per scope and category and carbon credits is found in Table 1 at the end of the chapter.

¹ The net turnover for 2022 can be found in the profit and loss accounts for the COWI Group, line 'Net turnover' as well as the total amount in the segment information note
² 2008, old coverage: 61,240 tCO₂e. The target level with a 70-per-cent reduction in 2030 corresponds to 18,372 tCO₂e. In 2022, with the narrow data coverage, total emissions were 21,443 tCO₂e, showing a 65-per-cent reduction since 2008.

Figure 3 – Emissions in 2019-2022

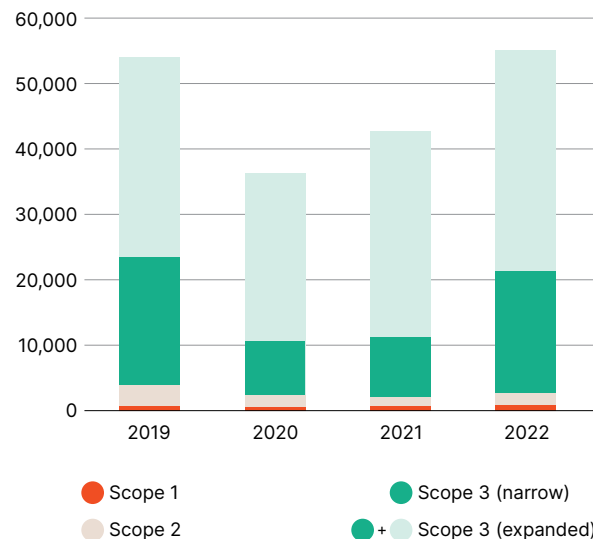
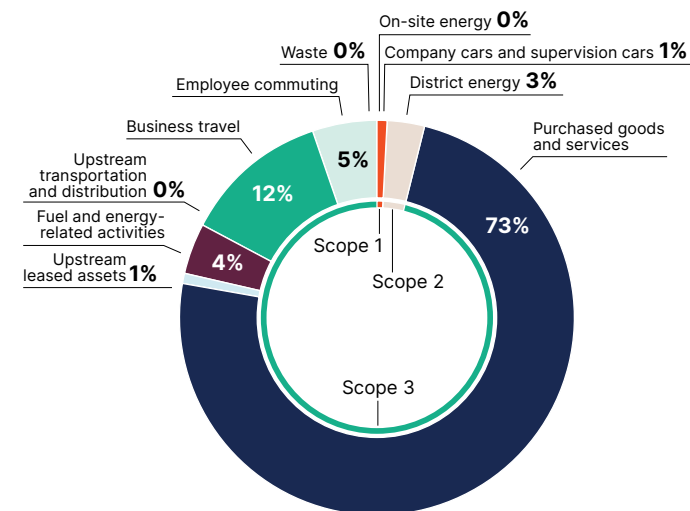


Figure 4 – Emissions in 2022 split by scopes and categories



95 per cent of our emissions are in Scope 3 – indirect emissions upstream and downstream that are not included in Scope 2. Figures 5 and 6 below show a detailed split on subcategories in our highest emitting activities, 'purchased goods and services' and 'business travel'.

Figure 5 – Purchased goods and services

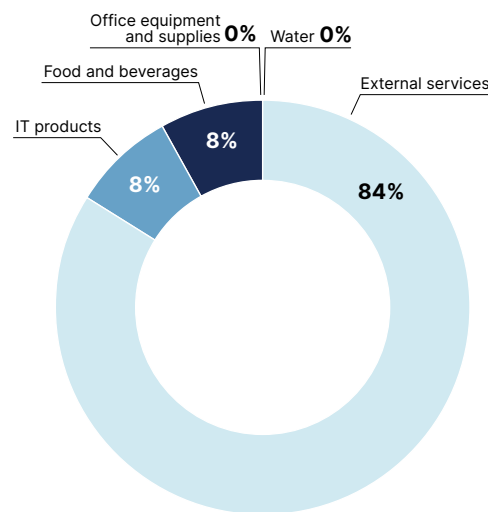
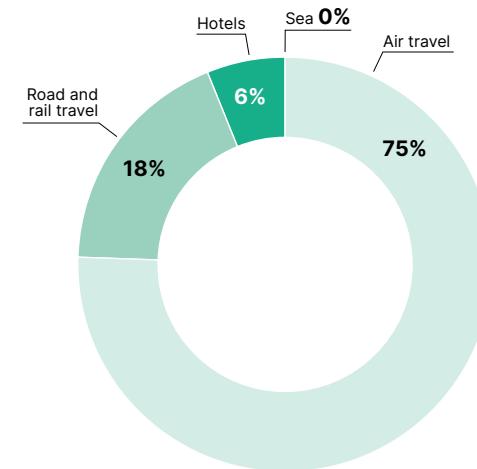


Figure 6 – Business travel



Scope 1

Emissions in Scope 1 include direct emissions from on-site energy production, supervision cars and company cars and make up 1.5 per cent of our total emissions, an increase of 21 per cent from 2021.

Scope 2

Emissions in Scope 2 make up 3.3 per cent of our total emissions and consist of indirect emissions from upstream district energy consumption. Emissions from this increased by 29 per cent in 2022, compared to 2021. However, they remained 41 per cent below 2019 levels.

Renewable energy credits (RECs) are purchased where possible in Denmark, Sweden and Norway and for our office in Vilnius, Lithuania. The effect of these is, however, not reflected in the above results. The inclusion of data on RECs can be seen in Table 1 under Scope-2 market-based emissions. Furthermore, we have been looking into entering a power purchase agreement for renewable electricity to cover our consumption of electricity in Denmark, Sweden and Norway. This means that we will commit to buying renewable electricity for multiple years.

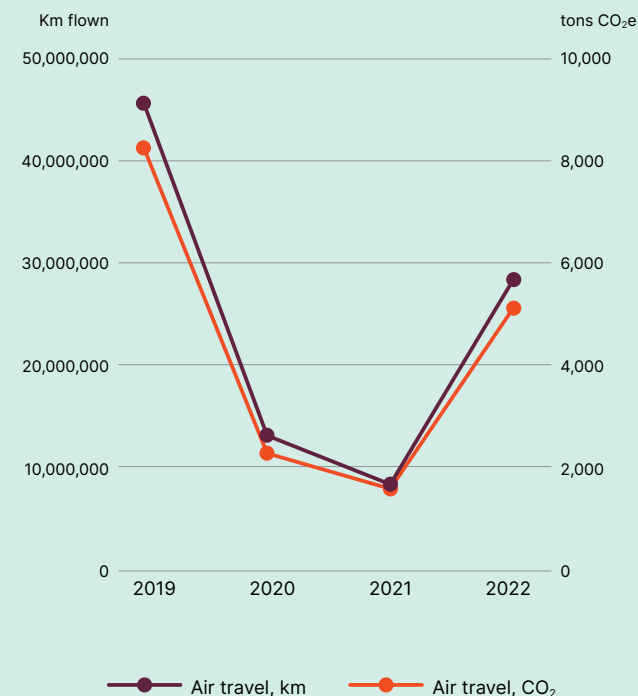
We want to improve the certification level of the offices we lease and apply sustainability in the form of third-party certification as an evaluation criterion when considering new leases. Certifications include BREEAM, DGNB, LEED or their equivalents.

Scope 3

95 per cent of our emissions are indirect emissions within Scope 3. Comparing emissions levels with the expanded coverage, this corresponds to a 29 per cent increase since 2021. Looking at the narrow coverage, emissions in 2022 more than doubled compared to 2021 levels. The Scope-3 subcategory 'purchased goods and services' continued to be our largest emissions category. However, its relative influence increased significantly due to the addition of external services categories. 'Purchased goods and services' made up 73 per cent of our total emissions and 77 per cent of Scope 3. Most of the 'purchased goods and services' emissions stem from 'external services' (84 per cent), followed by 'food and beverages' and 'IT products'.

'Business travel' emissions comprise air, road, rail and sea travel, and hotel stays, excluding commuting. 'Air travel' emissions accounted for almost 75 per cent of our 'business travel' emissions in 2022. Following the opening of societies and an increase in employees, overall business travel emissions more than doubled compared to 2021 levels. However, they are still significantly below the pre-COVID year 2019 (27 per cent). Although travel activity increased during 2022, we continue to focus on reducing it by, e.g., including air travel emissions as a target and KPI for management in line with our upcoming science-based target commitment.

Figure 7 – Km and CO₂e from air travel 2019-2022*



* Emissions from air travel, excluding upstream fuel and energy-related activities related to air travel.

Carbon credits

For the emissions, including emissions in our expanded coverage of Scope 3, that we have not reduced, we continue to purchase carbon credits. The credits must result in avoidance of CO₂e emissions that would otherwise have been emitted. We only purchase verified Gold Standard credits from projects that align with our business model, such as renewable energy. The purchase of carbon credits does not stop us from planning and implementing emission reduction activities to achieve our long-term goal of becoming net zero in 2050.

Table 1 – Environmental performance measures – please refer to the reporting criteria at the end of the chapter

	Performance measure	Unit	2020	2021	2022	% change from 2021
Energy consumption and mix	Total grid energy consumption (non-renewable + renewable)	MWh	16,644	14,183	14,990	6%
Energy consumption and mix	Total non-renewable energy production	MWh	435	881	46	(95%)
Energy consumption and mix	Total renewable energy production	MWh	169	254	148	(42%)
Energy consumption and mix	Total energy consumption (non-renewable + renewable consumed energy)	MWh	17,247	15,319	15,184	(1%)
Climate change – Scope 1	Gross Scope-1 GHG emissions	tCO₂eq	481	666	808	21%
Climate change – Scope 2	Gross location-based Scope-2 GHG emissions*	tCO₂eq	1,901	1,419	1,835	29%
Climate change – Scope 2	Gross market-based Scope 2 GHG emissions*	tCO₂eq	1,901	1,419	1,556	10%
Climate change – Scope 3	Total gross indirect (Scope-3) GHG emissions (expanded coverage narrow coverage)**	tCO₂eq	[33,925 8,181]	[40,622 9,043]	[52,470 18,801]	[29% 108%]
Climate change – Scope 3	Purchased goods and services (expanded coverage narrow coverage)	tCO ₂ eq	[27,704 1,959]	[35,086 3,507]	[40,193 6,523]	[15% 86%]
Climate change – Scope 3	Fuel and energy-related activities	tCO ₂ eq	129	281	2,264	706%
Climate change – Scope 3	Upstream leased assets	tCO ₂ eq	419	382	497	30%
Climate change – Scope 3	Waste generated in operations	tCO ₂ eq	2.5	21	(0.7)	(103%)
Climate change – Scope 3	Upstream transportation and distribution	tCO ₂ eq	35	31	35	13%
Climate change – Scope 3	Business travels	tCO ₂ eq	3,360	2,746	6,816	148%
Climate change – Scope 3	Employee commuting	tCO ₂ eq	2,276	2,076	2,667	28%
Climate change – Total	Total GHG emissions (location-based) (expanded coverage narrow coverage)	tCO₂eq	[36,307 10,563]	[42,708 11,128]	[55,113 21,443]	[29% 93%]

	Performance measure	Unit	2020	2021	2022	% change from 2021
Climate change – Total	Total GHG emissions (market-based) (expanded coverage narrow coverage)	tCO ₂ eq	[36,307 10,563]	[42,708 11,128]	[54,766 21,097]	[28% 90%]
Climate change – Intensity pr. employee	GHG intensity pr. headcount (location-based) (expanded coverage narrow coverage)***	tCO ₂ eq/headcount	[5.3 1.5]	[6.4 1.7]	[7.3 2.9]	[14% 71%]
Climate change – Intensity pr. employee	GHG intensity pr. headcount (market-based) (expanded coverage narrow coverage)***	tCO ₂ eq/headcount	[5.3 1.5]	[6.4 1.7]	[7.3 2.8]	[14% 65%]
Climate change – Intensity pr. turnover	GHG intensity pr. 1,000 DKK net turnover (location-based) (expanded coverage narrow coverage)****	tCO ₂ eq/1000DKK	[5.65 1.64]	[6.50 1.69]	[7.52 2.93]	[16% 73%]
Climate change – Intensity pr. turnover	GHG intensity pr. 1,000 DKK net turnover (market-based) (expanded coverage narrow coverage)****	tCO ₂ eq/1000DKK	[5.65 1.64]	[6.50 1.69]	[7.48 2.88]	[15% 70%]
Carbon credits	Carbon credits cancelled in previous years, and to be cancelled for offsetting 2022 emissions, total	tCO ₂ eq	25,000	15,000	37,000	n/a
Carbon credits	Carbon credits balance remaining	tCO ₂ eq	14,437	18,309	0	n/a
Carbon credits	Share of emissions covered by purchasing carbon credits (carbon neutrality)	%	100%	100%	100%	n/a
Carbon credits	Certification with recognised quality standard: Gold Standard	%	100%	100%	100%	n/a

* The emissions in Scope 2, which are emissions from energy consumption from the grid, are accounted for as location-based (using the national grid mix) and market-based (using the local supplier mix), respectively. In the market-based approach, any effect of renewable energy credits (RECs) is accounted for by setting the emissions from electricity for which we have purchased RECs to zero.

** The following Scope-3 categories are deemed immaterial and are not part of the greenhouse gas accounting: capital goods; processing of sold products; use of sold products; end-of-life treatment of sold products; downstream leased assets; franchises; downstream transportation and distribution; and financial investments.

*** Headcounts exclude non-guaranteed hours employees.

**** Net turnover is determined on the basis of the selling price of work performed for the year. Net turnover is net of value-added tax, returns, rebates and discounts. The net turnover can be found in the profit and loss accounts for the COWI Group, line 'Net turnover', as well as the total amount in note 2, Segment information.

Social

It is essential for COWI, and for realising our strategy, that we are among the most attractive employers for professionals looking for a career in engineering consultancy and architectural industries.

In 2022, our workforce grew by ten per cent, and we are now 7,501 salaried employees around the globe. Everywhere in COWI, we strive to offer good and safe working conditions where employees of all ages, origins, cultures, languages and genders feel safe, welcome and recognised for their talent.

All COWI employees have working conditions in line with international labour rights. We support and practise diversity and equal opportunities. Our employees are free to organise themselves and bargain collectively as they wish, and they are all paid a fair salary.

To achieve this, we promote diversity and cultivate a work culture with clear and high ethical standards. Diversity, well-being, good working relationships, and the employees' opportunities for professional learning and development – also in new hybrid and digital working environments – were our internal priorities again in 2022.

Being certified in occupational health and safety (OHS) management, such as ISO 45001, has proved to be a powerful way to develop and maintain a good working environment, and our health and safety policy is our overall guide to ensure a safe and healthy working environment.



Employees are expected and encouraged to report concerns on human rights violations to their managers or top management, which in turn is expected to act upon such reports.

Human rights

We are committed to adhering to the principles of the UN Global Compact and the principles therein on human rights.

Furthermore, the principles in the UK Modern Slavery Act cover the whole Group, as stated in our statement on the Modern Slavery Act.

Employees are expected and encouraged to report concerns on human rights violations to their managers or top management, which in turn is expected to act upon such reports. COWI's whistle-blower system is available for reporting observations or suspicion of discrimination.

Qatar

COWI has worked on two large infrastructure projects, which can be indirectly linked to the hosting of the World Cup. One was the preliminary and detailed design of the Al Wakrah Logistics Park (2015-2019). The facility was developed to ensure an efficient, sustainable and modern supply chain of goods and materials throughout Qatar. The second was the design of the Red Line North, Doha Metro (2013-2018), where COWI was the design lead. One fatality occurred related to the metro project. And one fatality is always one too many. However, according to the reports we have obtained, it was not caused by poor safety standards on the project.

As part of the strategy revision, we started closing our offices in the region already in 2020. Going forward, we may selectively undertake specific projects for international key customers we already know and whose standards we can vouch for. Today, COWI has no ongoing design works in Qatar and is completing the last of its contractual commitments.

In 2023, we will continue to closely monitor the progress of the political negotiations on the draft EU Corporate Sustainability Due Diligence Directive. It is crucial for COWI to be well prepared for the directive coming into force and to align our current partner due diligence process with new required standards.

Health and safety

We want to be a healthy and accident-free workplace and are committed to providing a healthy and safe working environment for all employees, an objective cemented in our OHS policy.

Health and safety processes are integrated into existing business processes. For example, we systematically assess both physical and psychosocial health and safety risks on projects in line with other types of project risks.

We make use of the ISO standard to optimise our approach to OHS at COWI premises and on projects. ISO 45001 is an ISO standard which specifies requirements for our OHS management system. The goal of ISO 45001 is to reduce occupational injuries, promoting and protecting physical and psychosocial health. The certification implies that the top management takes responsibility for the working environment and works purposefully to create ongoing improvements in working environment performance and cooperation.

- In 2021, COWI in Denmark, Sweden and the UK were successfully audited in accordance with ISO 45001 by DNV.
- In 2022, all COWI offices in Norway were certified in accordance with ISO 45001.
- In 2023, all offices in India and North America will be certified in accordance with ISO 45001.

In 2022, the incident rate (registered incidents compared to hours worked) was 2.6 compared to 1.9 in 2021, mainly due to more focus on reporting after an awareness campaign. There were zero fatalities. Some entities/locations in the COWI Group have not been included in the data collection for this performance measure. This makes up between eight and ten per cent of the total group employee headcounts.

Our group harassment policy reinforces that harassment is a violation of COWI's core values and that disrespectful or sexually charged dialogues are not tolerated, and it describes procedures for handling harassment. The policy is contained in the staff manual, which is introduced to all employees.

In 2022, five harassment cases were reported to HR globally and handled according to our procedures. The workplace assessments carried out in 2022 for COWI A/S, COWI India and Arkitema in Denmark and Sweden did not indicate that harassment is an issue in the workplace.

An attractive place to work

With half of our employees having been with COWI for less than five years, holding on to the best talent naturally becomes a high priority. Every year, employees are encouraged to take part in the engagement survey, which is carried out as a shorter 'pulse' survey every second year. 84 per cent responded to the engagement pulse survey in 2022, which was above our target of 82 per cent. The total engagement score was 82 per cent, remaining at the same high level as in the engagement survey in 2021 and on target.

Among the respondents, a very high share of employees (+80 per cent) answered 'yes' when asked if they find it easy to see themselves employed by COWI in the future.



Parental leave

Recognising the need to attract and hold on to talent, COWI in Denmark decided to be a first-mover in our industry by offering 24 weeks of fully paid parental leave. This new parental policy was implemented in 2022 and covers employees employed by COWI A/S in Denmark. Along the same lines, a new initiative named 'Inspired beyond babies' focuses on staying connected with colleagues on parental leave and making sure they still feel like they belong in COWI while on leave.

We continue to increase equity in parental leave policies across countries where we operate.

Focus on well-being

All employees worldwide were invited to take part in various activities and training during the first-ever well-being week, which was held in the autumn of 2022. It connects with the COWI value 'We care' because we care about our employees and how they feel. We strive to ensure that they feel happy, engaged and energised when they go to work and when they leave the office, too. In 2022, new questions related to well-being were included in the engagement pulse survey: 82 per cent of respondents responded favourably that, overall, their well-being is good. However, since we do see some burn-out and stress cases,



We believe that leaders are key to attracting and holding on to talent, so we have defined a leadership training model that defines desired leadership behaviours for each leadership level.

activities included stress prevention workshops, work-life balance, and talks and inspiration to sustain physical well-being and mental health at work.

Learning and development

We strengthened our internal development agenda in different ways during 2022. We have regular meetings to develop our training portfolio.

In 2022, approximately 2,432 employees completed one or more instructor-led courses, and 614 employees participated in project management courses. To ensure a match between project complexity and

project management skills, we introduced a quarterly project management gap analysis. In that way, we can track the need for specific levels of project management skills training and adjust our training to different project management levels.

We believe that leaders are key to attracting and holding on to talent, so we have defined a leadership training model that defines desired leadership behaviours for each leadership level. This also helps create traceability of how strong our leadership pipeline is.

More than 80 leaders have already joined our 'Leading others' training programme, and 22 leaders have started the 'Leading leaders' programme. The plan

is to train 80 per cent of all heads of sections in the scope before July 2023 and to extend the programme to project managers and portfolio managers during 2023, as they also fill a significant leadership role on projects.

Increased ambitions for diversity and inclusion

Diversity and inclusion are fundamental to COWI. They are embedded in our values and integrated into our strategy as part of our winning aspiration. We believe that developing a diverse workforce and an inclusive culture is simply the right thing to do. We also

believe that a truly diverse workforce will positively impact our people and create value for our customers and business performance.

In 2022, we updated our policy for diversity and inclusion, in which we commit to ensuring that all leaders act as role models for inclusive leadership by cultivating an open and inclusive culture that considers diverse perspectives and thoughts as strengths to individuals, teams and COWI's business.

As a continuation of previous years' efforts to install bias blockers in our recruitment, succession and people processes, we implemented bias consciousness in leadership training in 2022, which has been completed by around 100 leaders so far.

With the updated policy, we have also adopted new targets for gender distribution. This means that we will ensure that by 2030, the underrepresented gender will make up at least 40 per cent of all senior career levels. Our career system has 12 career levels across four career streams: business development, professional/specialist, project management and line management, where the executive management makes up level 12 and is line management.

To achieve this target, we have made a stepwise approach by committing to having 25 per cent of senior positions filled by the underrepresented gender in 2023 and increasing the share to 30 per cent in 2026. In 2022, the gender split across all levels was 34 per cent female and 66 per cent male employees. The share of females at levels 9-12 was 21 per cent in 2022, up from 18 per cent in 2021. However, during 2022, more employees were added to the career system, which may explain part of this increase.



We also believe that a truly diverse workforce will positively impact our people and create value for our customers and business performance.

Table 2 – social performance measures

	Performance measure	Unit	2020	2021	2022	% change from 2021
COWI's employees	Number of salaried permanent employees (total female male)*	Headcount	6,559 2,128 4,431	6,675 2,218 4,457	7,350 2,482 4,868	10% 12% 9%
COWI's employees	Number of salaried temporary employees (total female male)*	Headcount	123 61 62	135 73 62	151 74 77	12% 1% 24%
COWI's employees	Number of salaried employees – sum of the above (total female male)*	Headcount	6,682 2,189 4,493	6,810 2,291 4,519	7,501 2,556 4,945	10% 12% 9%
COWI's employees	Number of non-guaranteed hours employees (total female male)*	Headcount	420 104 316	480 126 354	542 152 390	13% 21% 10%
COWI's employees	Number of employees (salaried and non-guaranteed hours employees) – Sum of the above*	Headcount	7,102 2,293 4,809	7,290 2,417 4,873	8,043 2,708 5,335	10% 12% 9%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Denmark*	Headcount	3,082 2,753 88 241	3,257 2,862 107 288	3,612 3,175 118 319	11% 11% 10% 11%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Norway*	Headcount	1,455 1,380 10 65	1,457 1,383 10 64	1,554 1,489 5 60	7% 8% (50%) (6%)
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Sweden*	Headcount	1,102 1,031 4 67	1,010 944 0 66	1,022 958 0 64	1% 1% 0% (3%)
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in the UK*	Headcount	365 324 11 30	457 403 8 46	541 448 13 80	18% 11% 63% 74%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in India*	Headcount	360 360 0 0	394 394 0 0	505 505 0 0	28% 28% 0% 0%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Lithuania*	Headcount	201 201 0 0	218 217 0 1	254 251 2 1	17% 16% 0% 0%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in the USA*	Headcount	122 110 0 12	124 116 1 7	165 151 3 11	33% 30% 200% 57%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Canada*	Headcount	116 111 0 5	120 110 4 6	146 134 5 7	22% 22% 25% 17%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Oman*	Headcount	54 54 0 0	53 53 0 0	50 50 0 0	(6%) (6%) 0% 0%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in Poland*	Headcount	53 53 0 0	61 61 0 0	85 84 1 0	39% 38% 0% 0%
COWI's employees	Number of employees total permanent temporary non-guaranteed hours employees in countries with less than 50 employees)*	Headcount	192 182 10 0	139 132 5 2	109 105 4 0	(22%) (20%) (20%) (100%)
COWI's employees	Number of employees – Sum of the above*	Headcount	7,102 6,559 123 420	7,290 6,675 135 480	8,043 7,350 151 542	10% 10% 12% 13%

* Our systems currently only collect data for two gender categories: female and male.

	Performance measure	Unit	2020	2021	2022	% change from 2021
Performance of the health and safety management systems	Number and rate of recordable work-related injuries**	# of cases / # of total hours worked by own workers* 1,000,000	0.9	1.9	2.6	37%
Performance of the health and safety management systems	Number of fatalities as a result of work-related injuries and work-related ill health**	# of fatalities	0	0	0	-
Engagement survey	The response rate of the engagement survey	%	86	90	84	(6%)
Engagement survey	Percentage of engaged employees	%	76	82	82	0%
Diversity in COWI top career levels ***	Share of female employees at COWI career levels 9-12***	%	18%	18%	21%	17%

** Some entities/locations in the COWI Group have not been included in the data collection for this performance measure. This makes up between eight to ten per cent of the total group employee headcounts in 2020-2022.

*** Entities that in a year have not yet been included in the COWI Group's career system are excluded from the data, corresponding to approximately one per cent of headcounts excl. non-guaranteed hours employees in 2022, and ten per cent in 2021 and 2020.

Governance

To execute our business strategy successfully, we continuously develop and strengthen our organisation and the way we work.

A cornerstone in our approach to sustainability and corporate responsibility is to maintain focus on where we do business and with whom. This ongoing and systematic due diligence and risk screening of locations and partners have led to important choices and opt-outs of certain markets and projects.

We strongly believe and prove every day that it is possible to achieve success without accepting or engaging in any form of corruption. We have a business integrity policy to support this belief, which states that: "We will not in our services or in any other activity, directly or indirectly, accept bribery, extortion, fraud, collusion or any other undue business activity."

Each entity in the COWI Group is required to implement business integrity management. This should be done in accordance with the FIDIC Code of Ethics, COWI's business integrity policies and guidelines, and the laws applicable in the company's home country and the countries of operation. At COWI, we believe that adopting good governance, transparency and accountability into day-to-day business is the best way to prevent corruption.

Risk management and transparency

As part of our risk management system, twice a year, COWI reviews an internal list of countries that our business lines define as high-risk areas in terms of

concerns related to personal security or business climate, the latter taking point of departure in the Transparency International Corruption Perceptions Index. We apply enhanced risk management if, exceptionally, a project is carried out in one of those places.

Russia

On 24 February 2022, Russia shattered the peace in Europe. The full-scale attack on Ukraine has created a humanitarian and political crisis in Europe not seen since WWII.

The conflict has been at the top of the Executive Board's agenda, and at the beginning of the war, COWI's Risk and Resilience Forum met regularly to discuss and coordinate the needs for support and interventions required to comply with the sanctions imposed on Russia and Belarus. Considering COWI's decision to leave Russia some years ago, the immediate short-term implications have been minimal. However, like all others, we have been and continue to be deeply concerned about the situation, which has pushed general uncertainty, inflation, and shortage of energy and some materials in the construction sector.

Whistle-blower scheme

COWI's whistle-blower scheme invites employees and other stakeholders to report anonymously on several different matters, including violations of law and breach of our business integrity policy, code of ethics and internal policies.

We strongly believe and prove every day that it is possible to achieve success without accepting or engaging in any form of corruption.

Our third-party due diligence tool is used for a mandatory screening and evaluation of all new customers and partners.

It is important that our employees have a joint understanding of our business integrity policy and are familiar with COWI's whistle-blower scheme, which can help the business and prevent future offences and unethical behaviour. The EU Whistle-blower Directive, which became effective for COWI A/S in December 2021, caused a makeover of COWI's whistle-blower scheme, which covers the whole Group.

An updated whistle-blower guideline was published in January 2022, making the scope of the scheme even clearer, as well as emphasising that COWI's whistle-blower scheme invites its employees as well as partners and other stakeholders to report anonymously on matters within its scope, including violation of law and breach of our business integrity policy, FIDIC's Code of Ethics and internal policies.

In 2022, four cases were reported through the whistle-blower scheme. All reports are handled and investigated by COWI's Group Compliance Manager in a confidential manner to the maximum extent consistent

with a thorough and complete investigation. The type and severity of incidents reported through the whistle-blower scheme are assessed by the Executive Board and reported to the Board of Directors.

Third-party due diligence

Our third-party due diligence tool is used for a mandatory screening and evaluation of all new customers and partners. This is to ensure a fact-based assessment of any legal and reputational risks. 2022 was the first full calendar year that COWI's third-party due diligence screening was mandatory for new customers and partners. When we work in countries with uncertain practices, we carefully consider, on a case-by-case basis, whether we can and want to participate in a project.

Third-party due diligence in COWI comprises continuous life-cycle tracking of our customers and project-related partners, from onboarding to termination,

through perpetual electronic screenings and evaluations against a global regulatory information database provided by our screening tool vendor.

Screening parameters span a broad variety of business integrity-related matters and provide COWI with an effective basis for choosing whom to engage in collaboration with. Depending on database findings and individual evaluation of these by the Group Compliance Manager, each individual customer and project-related partner is assigned a certain risk level, which is part of COWI's individual project risk screening.

Business integrity training

Our triennial business integrity training, which comprises cases and dilemmas on various relevant subjects, including how to identify corruption attempts and handle conflicts of interest, was made mandatory in 2022. The completion rate was 90 per cent, excluding people on sick leave, on holiday and people leaving COWI. Aiming to increase awareness of anti-corruption in COWI even further, we will strengthen internal communication related to business integrity training during 2023.

Cyber and information security

In recent years, several major cyberattacks have been launched against companies around the world, and there is an increase in attacks where ransomware and financial gain are the key drivers.

As a global company, we are exposed to several different threats: ransomware attacks, data exfiltration, social engineering and more. We mitigate threats through several initiatives, which are continuously



assessed and prioritised with the aim of lowering our risk exposure.

Our security control environment is defined by policies, guidelines, internal processes and organisational structures, which provide the basis for carrying out internal controls across our organisation. Our information and communication systems are designed to meet the requirements of our customers and international standards such as ISO 27001 and the National Institute of Standards and Technology (NIST).

Control activities include preventive and detective controls, general IT controls, IT application controls and information security controls, such as segregation of duties and physical security. Controls are tested on an ongoing basis for compliance and improvements where relevant.

In 2022, COWI took action to further strengthen our cyber and information security by expanding our cyber and information security team, which included hiring a chief information security officer. To maintain a high level of security, we will continue to assess and invest in the information security area.

Data ethics

In COWI, we commit to using and processing data in an ethically acceptable way in all aspects of our business. Our work with data ethics is governed by our data ethics policy, as well as our internal policies and standard operating procedures.

Our current policy, approved by the Executive Board of COWI Holding A/S in January 2022, is available at <https://www.cowi.dk/om-cowi/csr-and-compliance/data-ethics-policy>. Our data ethics policy is evaluated on an annual basis, and it was not assessed that an update was necessary during 2022.

The policy describes our four key principles that guide our work on data ethics:

- i. trust – between COWI and our customers, employees and other stakeholders
- ii. integrity – in our use and processing of data, which can never compromise the fundamental rights, freedom and safety of an individual
- iii. transparency – around the principles of storage, use and processing of data to our employees, customers and other stakeholders to ensure their continuing confidence in COWI and cooperation and disclosure of our data when needed
- iv. security – following the principles of ISO/ICE 27001, securing compliance with both information security and data protection requirements and minimising data breach risks by storing data securely.

Several policies support the data ethics policy, such as a personal data protection policy, a business integrity policy and an IT security policy.

In 2022, work to produce training material on data ethics began, and the work will continue in 2023 with the aim of incorporating this material into mandatory training for all employees.

Corporate governance

At year-end, our executive management team consisted of three members, one of whom is female¹. As stated in our Social chapter, our gender diversity policy and targets also apply to our executive management, which constitutes level 12 in our career system.

¹ After the reporting period that this report covers and prior to the publication of this report, one more member entered the executive management team. The status at the time of publication is therefore that one out of four members is female. The Executive Board members at the date of publication are presented in this report.

In 2022, our Board of Directors consisted of nine members, six of whom were elected by the assembly at the annual general meeting and the remaining three were elected by the employees. 67 per cent of the members elected by the assembly were independent of COWI. Our target is that at least half of the members of the Board of Directors elected by the general assembly are independent. Out of the board members elected by the assembly at year-end, two were female (33 per cent)², one less than in 2021. However, this is still considered to be an equal gender distribution, according to the Danish Business Authority.

Our gender diversity target for our Board of Directors was that by 2020, two board members elected by the assembly were to be of the underrepresented gender. That target was achieved at year-end 2022. If the gender composition of the Board of Directors changes, we will set new targets.

The Board of Directors meets for board meetings at least six times a year and for one annual strategy seminar. In 2022, the Board of Directors met seven times, and the attendance rate was 98 per cent.

The members of the Board of Directors received a fixed annual remuneration determined by comparing remuneration levels in similar major Danish companies. At the general meeting in 2022, it was decided to pay the members of the Board of Directors an annual remuneration of DKK 235,000. The Vice Chairman received DKK 470,000, and the Chairman DKK 705,000. In 2022, the Board of Directors received a total remuneration of DKK 2.8 million, and the Executive Board a total remuneration of DKK 35.7 million. Remunerations in 2022 were in line with COWI's remuneration policy for the Board of Directors and the Executive Board, which is available at www.cowi.com.

² After the reporting period, one of the female board members stepped down from the board. The vacant position will be filled after the annual general meeting.

Figure 10 – Governance performance measures

	Performance measure	Unit	2020	2021	2022	% change from 2021
Composition and diversity of the members of the undertaking's administrative, management and supervisory bodies	Percentage of women on the Board of Directors (members elected by the assembly)	%	33%	44%	33%	(25%)
Composition and diversity of the members of the undertaking's administrative, management and supervisory bodies	Percentage of men on the Board of Directors (members elected by the assembly)	%	67%	56%	67%	20%
Composition and diversity of the members of the undertaking's administrative, management and supervisory bodies	The percentage of independent board members (members elected by the assembly)	%	44%	44%	67%	0%
Meetings and attendance rate	Number of meetings of the administrative, management and supervisory bodies and their committees in the reporting period	# of meetings	7	8	7	(13%)
Meetings and attendance rate	Meetings attendance rate in the reporting period (members elected by the assembly and employee-elected members)	%	100%	99%	98%	(1%)

ESG reporting criteria

Boundary for ESG performance measures

The performance measures include the parent company, COWI Holding A/S, and enterprises in which the parent company directly or indirectly holds the majority of the voting rights or in which the parent company, through its shareholding or otherwise, exercises a controlling interest. Enterprises in which the Group holds between 20 and 50 per cent of the voting rights and exercises a significant but not controlling interest are treated as associates. If a performance measure deviates from this boundary, it is stated in the relevant reporting criteria below.

General reporting criteria on energy and greenhouse gas emissions

Organisational boundary: A control approach is used, and, e.g., all buildings are included as Scope 2, though they are primarily leased. This is done since COWI, to an extent, has the daily operational responsibility and is also responsible for all office maintenance. Data on energy consumption is collected in a decentralised manner from COWI offices around the world, and data is based on different sources, e.g., invoices and meter readings.

Operational boundary: In accordance with the science-based target setting, 100 per cent of scopes 1 and 2 emissions are included, and a minimum of 90 per cent of Scope 3 emissions are included.

A Quantis screening has been conducted to ensure that the above-mentioned emissions are included.

Offices with 30 or fewer employees are extrapolated based on average data per employee (HC) based on group-level data. The number of employees in the offices is updated annually.

For offices with 30 or more employees, data is used where completely provided. In some cases, data is only partially provided, and it is adjusted to full coverage (100 per cent) based on the reported coverage share and the reported data for the specific office.

Where data is not provided at all, data is scaled based on a group level. This is the case for offices with fewer than 30 employees or where data has not been available and is reported as missing. Thus, all data received for a specific category is added together and divided by the number of employees (HC) at a group level. The group-level estimate is used to extrapolate where data is missing.

In 2022, the methodology for extrapolating data was streamlined, which is reflected in the results for 2022. This impacts all extrapolated data across the three scopes. Furthermore, data for COWI A/S has been allocated to the countries where COWI A/S is present to increase the accuracy of the data. Previously, it was only allocated to Denmark. However, as the primary share of COWI A/S is present in Denmark, this only reflects a minor change when looking at country-level data. Also, in 2022, the emission factors

for calculating greenhouse gas emissions from energy consumption from the grid were updated, and this change is reflected in the results. In 2022, the 'purchase of goods and service' category was extended to include all purchases across the business, thus increasing significantly. The category now reflects by far the largest category of our scope 3, which is reflected in the results for 2022.

Energy consumption and mix

Our energy consumption data includes both on-site production of energy and district energy consumption from the grid and includes heating, cooling and electricity.

Energy consumption data is collected by local facility managers based on the leasing contract (with a fixed amount of consumption and spend), invoices, on account and/or meter readings and certificates of origin.

Data on energy is divided into energy source. As energy production and consumption are registered by source, it is possible to divide energy production and consumption into renewable and non-renewable.

If an office does not have an agreement with a supplier producing only renewable energy, supplier-specific information clearly stating the fuel mix is collected and, if not available, the national grid mix is used.

In cases where the energy mix is not known, the national mix or fossil fuels are used as default.

Greenhouse gas emissions, Scope 1

Our Scope 1 accounts for on-site energy production (heating/cooling/electricity), company-owned supervision cars and company cars. On-site energy production is based on different energy sources. Cars are divided into diesel, gasoline, hybrid and electric, depending on the types of cars in the car fleet.

Energy data is collected as stated under energy consumption and mix.

Emission factors for on-site energy production are based on the energy source for the production. The emission factors for energy sources are obtained from DEFRA, and renewable sources are accounted for as zero emission in accordance with the GHG Protocol. For on-site heating/cooling production where the energy source is not known, fossil fuels are used as default.

For Denmark, emission factors for supervision cars are based on technical specifications for the car fleet. For other countries, standard emission factors are used and developed by COWI's transportation experts based on data from TEMA2015. For company cars, gasoline is used as the default fuel type since the distribution of the fleet is not known for all company cars.

For transportation, emissions are limited to CO₂ and do not include other greenhouse gases. CO₂ accounts for by far the largest share of GHG emissions from transportation.

Greenhouse gas emissions, Scope 2

Our Scope 2 accounts for consumption of district heating/cooling and electricity supplied from external sources via the grid.

Data for Scope 2 is collected from our offices globally. Energy data is collected as stated under energy consumption and mix.

The greenhouse gas emissions from energy consumption from the grid are accounted for both as location-based (using the national grid mix) and market-based (using the local supplier mix).

The data providers for each office are requested to provide a certificate of origin and the supplier energy mix (local mix). If an office does not have an agreement with a supplier producing only renewable energy, supplier-specific information clearly stating the fuel mix is collected and, if not available, the national grid mix is used.

The emission factors for district heating/cooling/electricity consumption are based on the country-specific national and local grid mix, including trade adjustments. No grid loss is included, as this is accounted for in Scope 3.

The Danish emission factors for electricity consumption from the grid are based on Energinet, which discloses emission factors for both the national mix and the local mix. The Danish emission factor for heating/cooling is based on IEA. For the remaining countries, the emission factors for electricity and heating/cooling consumption are based on IEA for the national mix. The emission factors for the local mix are based on supplier information, which is obtained from the data providers.

When the local mix is based on renewable energy sources, it is accounted for as zero emission in accordance with the GHG Protocol.

Greenhouse gas emissions, Scope 3

Our scope 3 accounts for purchased goods and services, waste management, business travel, employee commuting, upstream leased assets (servers) and upstream fuel and energy-related activities not included in scopes 1 and 2.

Purchased goods and services includes canteens, water, IT equipment and office equipment. This data is physical units such as tonnes and amounts. In 2022, the 'purchase of goods and service' category was extended to include all purchases across the business based on spend-based data, so this category increased significantly. The goods and services that were added in 2022 cover purchased engineering consultancy services, IT software, healthcare and pension, architect consultancy services, project insurance, legal services, training, financial consultancy services, IT consultants, service agreements, corporate insurance, management consultancy services, advertising, building maintenance, IT telecommunication, HR expenses, recruitment agencies and other recruitments expenses, meetings, restaurants and events, sales expenses and moving expenses.

Fuel and energy-related activities include production of fuels (well-to-tank) used for transportation or energy production and transmission and distribution losses for the electricity and heating supplied by grid. These activities are calculated based on the transportation and energy data collected.

Upstream leased assets cover external servers and the energy consumption related to our storage of data on these. Data is collected from our IT department.

Data on **waste** is collected from our offices and the emission factor for waste is related to the waste treatment.

Upstream transportation and distribution cover the transportation of goods to COWI's offices. This is estimated based on transports to the major offices.

Business travel data is a combination of central data from our travel agency and decentralised data from our offices. Business travel data includes flights, hotel stays, trips in private cars, public transportation, taxis and rental cars and is collected both as CO₂e emissions, spend-data and in kilometres driven.

Employee commuting covers the transportation of employees between home and work. This is based on a transportation survey made across the COWI Group.

Total greenhouse gas emissions

The total greenhouse gas emissions are found by adding Scope 1, Scope 2 and Scope 3. Scope 2 emissions are either accounted for as marked-based or location-based.

Greenhouse gas intensity per headcount

Greenhouse gas intensity per headcount = Total tCO₂e / headcount employees

The total greenhouse gas emissions are calculated as stated in the reporting criteria for total greenhouse gas emissions, while the number of employees (in headcount) is calculated as described in the reporting criteria for characteristics of the company's employee and excludes non-guaranteed-hours employees.

Greenhouse gas intensity per DKK net turnover

Greenhouse gas intensity per net turnover = Total tCO₂e / net turnover in DKK 1,000

The total greenhouse gas emissions are found by adding Scope 1, Scope 2 and Scope 3. Scope 2-emissions are either accounted for as marked-based or location-based, so the intensity data is reported for both location-based and market-based total emissions.

Net turnover is determined on the basis of the selling price of work performed for the year. Net turnover is shown net of value-added tax, returns, rebates and discounts.

The net turnover can be found in the profit and loss accounts for the COWI Group, line 'Net turnover' as well as the total amount in the segment information note.

Carbon credits

Carbon credits purchased for each reporting period are the number of contractually agreed carbon credits to be cancelled to offset emissions.

The carbon credits balance remaining is the cumulative number of carbon credits contractually agreed that exceed the emissions.

The share of emissions covered by purchasing carbon credits (**carbon neutrality**) is the percentage of a year's emissions that is neutralised through the purchase of carbon credits.

Certification with recognised quality standard is the percentage share of carbon credits verified by Gold Standard.

COWI's employees

The number of employees is measured as active permanent and temporary headcount as well as non-guaranteed hours employees at year-end of the reporting year, where 'salaried employees' are defined as active permanent or temporary employee headcount.

Headcounts are the number of individual employees with an employment relationship with COWI.

Excluded are employees on unpaid leave (inactive), contractors and third-party workers.

The number of employees per country is based on in which country the employee has a contractual agreement with COWI. Some employees may be employed in one country, but expatriated to another country.

There are no seasonal fluctuations in the number of employees.

Health and safety

In COWI, we are committed to measuring our health and safety performance according to applicable regulations, processes and reporting systems. Data is collected country-wise per legal entity, and the figures are consolidated using an operational scope approach. This means that data is included for entities and locations where COWI has the governing authority and responsibility for the health and safety of the people, processes and facility. The data collected covers our own employees having a contractual employment agreement with COWI, either full-time, part-time, permanent, temporary, seconded, and on-site employees. Some entities/locations within the COWI Group were not included in the data

collection for this performance measure. This makes up between eight and ten per cent of the total group employee headcounts.

The number of work-related incidents is calculated by aggregating data collected per legal entity. Work-related incidents include incidents arising out of or in the course of work that could (often referred to as near-miss incidents) or does result (often referred to as accidents) in injury.

The rate of work-related incidents is the number of cases per 1,000,000 hours worked. This is calculated by dividing the number of cases in the reporting year by the number of total hours worked by own workers in the reporting year, multiplied by 1,000,000.

Fatalities are defined as fatalities having resulted from work-related injuries if they are a result of an incident within COWI premises.

Engagement survey response rate and engagement level

COWI conducts an employee engagement survey every second year and a pulse survey on the year in between in Q2, covering COWI Group's employees globally.

All employees (except employees working on an hourly basis, i.e., non-guaranteed hours employees and external consultants) employed before 1 January in the reporting period (based upon a validated employee list from SAP (HR management system)) are asked to participate.

All survey data is processed automatically in the Qualtrics platform.

The response rate of the engagement survey is calculated as the percentage of invited COWI employees that have fully completed the survey questionnaire out of the invited employees and is instantly calculated in the Qualtrics platform.

The engagement survey reflects the result of eight statements that are fixed from year to year and scored on a scale from 1-10 where 10 represents the best score.

The percentage of engaged employees is the aggregated percentage of employees completing the survey who have answered eight core engagement model questions with a score of 7, 8, 9 or 10. The eight questions relate to, e.g., employee satisfaction and motivation.

Share of female employees at COWI career levels 9-12

The percentage of female employees at career levels 9-12 in the four career streams is calculated as the number of female employees defined by headcount at career levels 9-12 in the four career streams, divided by the total headcount at career levels 9-12 in the four career streams.

Career data reporting is based on the primary career data recorded for salaried permanent employees.

Headcount is defined as individual employees. An employee is an individual who is in an employment relationship with COWI according to national law or practice. Excluded are employees on unpaid leave (inactive), hourly-paid, contractors and third-party workers. Excluded are also entities in the COWI Group that are yet to be introduced into the COWI career

system. Entities that in a year are not yet included in the COWI Group's career system are excluded from the data, corresponding to approximately one per cent of headcounts excl. non-guaranteed hours employees in 2022, and ten per cent in 2021 and 2020.

Composition and diversity of the members of the undertaking's administrative, management and supervisory bodies

Administrative, management and supervisory bodies are defined as the Board of Directors of COWI Holding A/S for the 2022 reporting period.

The data includes members of the Board of Directors of COWI Holding A/S who are elected at the annual general meeting, while board members elected by employees are excluded (based on the Danish Financial Statements Act, § 99b).

Board members include members who are independent or not independent of COWI, where independent board members do not have a material relationship with COWI (i.e., economic or other interests in COWI) and are not part of COWI's executive team or employed by or otherwise have a work relation with COWI.

The percentage of women is calculated as the number of Board of Director members elected at the annual general meeting who are women, divided by the total number of Board of Director members elected at the annual general meeting.

The percentage of men is calculated as the number of Board of Director members elected at the annual general meeting who are men, divided by the total

number of Board of Director members elected at the annual general meeting.

The percentage of independent board members is calculated as the number of independent members, divided by the total number of Board of Director members elected at the annual general meeting.

Meetings and attendance rate

This performance measure covers the Board of Directors of COWI Holding A/S.

The Board of Directors holds six ordinary meetings and one strategy seminar per year, according to a pre-set meeting plan, which the Board of Directors approves once a year. An ad-hoc board meeting can be called if any urgent issues require approval by the Board of Directors. All meetings called in accordance with the conditions described in the Board of Directors' rules of procedure are included in the number of meetings throughout the year. The participants sign the minutes, including a confirmation of their participation in the following meeting.

The number of meetings of the administrative, management and supervisory bodies and their committees, i.e., the number of board meetings of COWI Holding A/S, is read from the minutes from the reporting year.

The meeting attendance rate is calculated in the following way:

$$((\sum \text{Number of board meetings attended}) \text{ per board member} / (\text{Number of board meetings} * \text{Number of board members})) * 100.$$

Financial review

Strong result in 2022

Despite an increased cost pressure and geopolitical instability, COWI delivered a strong 2022 result with double-digit growth, maintaining a solid profitability and a healthy operating cash flow. Net turnover came in at DKK 7,326 million, compared to DKK 6,569 million in 2021, equalling an organic growth of 10.9 per cent, compared to 0.6 per cent in 2021. Absolute EBIT was DKK 306 million, compared to DKK 219 million in 2021, while the EBIT margin was 4.2 per cent, compared to 3.3 per cent in 2021. The operating cash flow was DKK 382 million, compared to DKK 229 million in 2021.

COWI is currently awaiting the outcome of the Oman arbitration case (conclusion expected in 2023, see note 26). Due to the magnitude and nature of the arbitration case, the adjusted figures are also reported. Costs mainly related to the Oman arbitration case amounted to DKK 64 million in 2022, compared to DKK 138 million in 2021. Adjusted for this, the operating profit (EBIT) improved to DKK 370 million, compared to DKK 356 million in 2021. This led to an EBIT margin of 5.1 per cent, compared to 5.4 per cent in 2021, and an operating cash flow of DKK 467 million, up from DKK 366 million in 2021.

Total net turnover

Net turnover in the COWI Group increased in 2022 by 12 per cent, to DKK 7,326 million, compared to 2021. The increase was driven by all business lines, except for Business Line Sweden, capturing strategic commercial wins supported by a well-managed ramp-up of the organisation. Furthermore, the group net turnover was positively impacted by currency translation of DKK 38 million. Excluding currency translation impact, divestments and acquisitions, organic growth was 10.9 per cent (0.6 per cent in 2021).

Own production

The Group's own production improved to DKK 6,278 million, compared to DKK 5,657 million in 2021, yielding an 11 per cent improvement, an increase in line with net turnover growth.

Organic growth

Development in turnover	Growth	DKKm
Net turnover 2021		6,569
Organic growth	10.9%	713
Currency translation impact	0.6%	38
Divestments and acquisition of entities	0.1%	6
Net turnover 2022	11.5%	7,326

Operating expenses

The Group's main operating expense, employee expenses, increased by ten per cent and totalled DKK 4,873 million in 2022. This increase was driven by organisational growth with a ten-per-cent increase in the number of employees during the year.

Development in turnover from 2021 to 2022 per business line

Business line:	2022 DKKm	2021 DKKm	Growth %	Growth DKKm
Denmark	2,199	2,097	5%	102
International	2,201	1,739	27%	462
Norway	1,604	1,393	15%	211
Sweden	796	797	0%	(1)
Arkitema	660	613	8%	47
Other	(134)	(70)	-	(64)
Total	7,326	6,569	12%	757

External expenses totalled DKK 807 million, an increase of 14 per cent following growth in net turnover and cost increase due to inflation impacting administrative expenses, including rent and office expenses.

Amortisation, depreciation and impairment losses amounted to DKK 196 million and were primarily attributable to amortisation of goodwill, as well as depreciation on technical installations, operating and other equipment.

Total operating expenses amounted to DKK 5,991 million, an increase of ten per cent compared to 2021, mainly attributable to organisational growth and cost impact from inflation.

EBITDA margin

In 2022, the Group demonstrated a strong operating profit before interest, tax, depreciation and amortisation (EBITDA) of DKK 502 million, compared to DKK 419 million in 2021. The EBITDA margin was 6.9 per cent, an increase from 6.4 per cent in 2021.

EBIT margin

2022 closed at an operating profit (EBIT) of DKK 306 million, compared to DKK 219 million in 2021. This corresponded to an EBIT margin of 4.2 per cent, up from 3.3 per cent in 2021. The strong EBIT margin in 2022 was a result of solid project execution and well-managed organisational growth while offsetting increased costs due to inflation.

Net financial income and tax

The Group's net financial items amounted to a net expense of DKK 60 million, an increase of DKK 56 million compared to 2021, mainly driven by negative fair value adjustments of marketable securities.

Profit before tax amounted to DKK 247 million, compared to DKK 214 million in 2021. The Group's tax on profit for the year amounted to an expense of DKK 87 million, corresponding to an effective tax rate in 2022 of 35 per cent, compared to 32 per cent in 2021. In 2022, the Group decided to continue the international joint taxation in Denmark for an additional period of ten years.

Profit for the year

Profit for the year was DKK 160 million, an increase of ten per cent compared to 2021, driven by a higher turnover and operating profit combined with fewer costs for the Oman arbitration case.

Development in headcount

At the end of 2022, the Group had 7,501 employees, compared to 6,810 at the end of 2021, a net increase of 691 employees. This corresponded to a ten-per cent increase in the number of employees and is reflected in the turnover growth. Despite resources and time spent in 2022 on onboarding many new colleagues, the Group demonstrated good project execution and stable profitability, creating a foundation for further future growth.

Development in headcount

Business line:	2022	2021	Change
Denmark	2,630	2,367	263
International	1,934	1,625	309
Norway	1,446	1,350	96
Sweden	877	851	26
Arkitema	614	617	(3)
Total	7,501	6,810	691

Cash flow

In 2022, cash flow from operating activities amounted to DKK 382 million, up from DKK 229 million in 2021. The strong operating cash flow in 2022 was a result of solid project execution and a key-account focus on building reliable relationships with customers and partners.

Cash flow from investing activities amounted to a negative DKK 311 million in 2022 and related to acquisitions of tangible and intangible assets, as well as acquisition of subsidiaries. The most significant transaction in 2022 was the strategic acquisition of Finley Engineering Group, an award-winning speciality engineering firm headquartered in Florida, USA.

Free cash flow was positive at DKK 71 million in 2022, up by DKK 251 million compared to 2021, due to improvements in both operating and investing cash flow.

At 31 December 2022, the Group's total financial resources, which comprise cash as well as undrawn committed credit facilities, amounted to DKK 1,314 million, compared to DKK 1,423 million at the end of 2021.

Balance sheet

The Group's total assets at the end of 2022 amounted to DKK 3,706 million, a decrease of DKK 121 million compared to 2021, corresponding to three per cent.

The Group's total cash, including marketable securities, amounted to DKK 780 million, equivalent to 21 per cent of the Group's total assets.

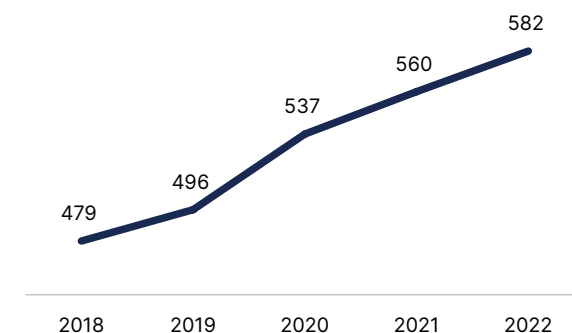
The Group's financial debt was DKK 1 million as per 31 December 2022.

Equity increased by net DKK 44 million from 31 December 2021 to 31 December 2022. Equity was positively affected by profit for the year of DKK 160 million. This was partly offset by reduction of equity from distributed dividend and purchase of treasury shares with a combined effect of DKK 82 million. Equity at 31 December 2022 amounted to DKK 1,513 million, corresponding to an equity ratio of 40.8 per cent, up from 38.4 per cent in 2021.

Book value per share and dividend

At the end of 2022, book value per share increased to DKK 582.3, an increase of four per cent and the highest level to date. The Board of Directors proposes that dividends amounting to DKK 28 per share (excluding treasury shares), up from DKK 26 in 2021, be distributed, corresponding to 4.8 per cent of the book value per share for 2022, a slight increase from the 2021 level. Total proposed dividends for 2022 are DKK 73 million.

Book value per share in DKK



Capital and share structure

COWI Holding's management finds that the current capital and share structure is appropriate for the shareholders and the company and that it supports the company's strategy and long-term value creation.

The share capital amounts to DKK 287 million, of which DKK 200 million are class A shares, and DKK 87 million are class B shares. Class A shares carry ten votes for each DKK 100 share, while class B shares carry one vote for each DKK 100 share. All class A shares are owned by COWIfonden, which supports research and development in engineering. COWI Holding A/S owns DKK 27 million worth of class B shares (classified as treasury shares), the employees own DKK 35 million worth of class B shares in total, while COWIfonden owns DKK 225 million worth of class A and B shares in total.

Uncertainty in respect of recognition and measurement

Contract work in progress

Measurement of the company's work in progress includes estimates of stages of completion. For large-scale projects, in particular, the actual realisation may result in material positive or negative variances in relation to the recognised estimates.

Goodwill

Goodwill impairment tests require estimates and assumptions to be made in respect of future cash flows, discount rates and growth rates. A degree of uncertainty attached to such estimates and any changes made to them can have material implications.

Debtors

The management performs provisions for bad and doubtful debts on the basis of the risk of loss resulting from customers' inability and willingness to pay. If the customers' financial conditions deteriorate, resulting in reduced ability to pay, additional write-downs may be required in the future. As the management continuously assesses customers' creditworthiness, terms of payment and risk of loss, the uncertainty attached to write-downs for bad and doubtful debts is considered insignificant.

Tax on profit for the year and deferred tax

Tax on profit/loss for the year and deferred tax include some uncertainty, especially with regard to the taxation of foreign branches. The local taxation of branches is based on highly complex legislation, often with little or no guidance on interpretation, which inherently leads to some uncertainty in relation to any such recognised taxes.

Risk and risk management

The COWI Group's risk exposure falls into market risks, operational risks, financial risks, liquidity risks and other risks.

Market risks

We endeavour to minimise risks resulting from changes in the political landscape and economic trends by maintaining a balanced project portfolio. The balanced portfolio entails spreading risks across geographical areas in our core markets, service areas, segments and public/private sectors.

Changes in the political landscape are a diminishing risk due to the Group's geographical focus.

Operational risks

We minimise losses on projects by focusing on project execution and by conducting not only a risk assessment of each individual project and contract, but also by applying such project management and supervisory skills as the assessment requires. Contracts with subcontractors and partners can constitute a risk in the event of failure to deliver on time, within budget and to expected standards. We endeavour to minimise risks by means of dedicated project management, screening/due diligence of subcontractors and customers, continuous dialogue with customers, careful selection of projects and

contract monitoring. Overcapacity in relation to the scope of projects in progress is a risk which we manage through backlog assessment and pipeline management. We use professional liability insurance to limit the risks associated with criteria specified by customers, partners and subcontractors. We have an IT security policy and an IT contingency plan in place to safeguard our central IT systems from damage and threats. We review the plan annually.

Financial risks

We endeavour to minimise foreign exchange risks related to our projects by matching, to the extent possible, the income and expenses in the same currency in the individual projects. In addition, significant net foreign exchange positions arising from business operations are hedged by currency hedging. The translation risk relating to investments in subsidiaries is not hedged. Interest rate risk is limited as a result of the Group's limited net interest-bearing debt. Our securities portfolio forms part of an external portfolio management programme which is managed within set parameters and where the majority of the investments are made in short-duration Danish bonds. Acquisitions are part of the Group's growth strategy. We have developed a structured acquisition and divestment process as well as a valuation method and integration strategy to minimise acquisition-related risks and systematically follow up on completed acquisitions.

Liquidity risks

Liquidity risk is the risk that adequate liquidity is unavailable. The Group has a policy determining the short-term and long-term liquidity requirements to ensure that the Group has sufficient liquidity to fund the anticipated development in the Group's volume of business and activities. In the management's opinion, the Group has sufficient liquidity to ensure the continued operation and development of the Group's activities.

Other risks

The Group provides services to public and private customers in many parts of the world. Our reliability and trustworthiness as a consulting company depend heavily on our commercial integrity. We, therefore, adhere to our business integrity management system, which sets out a code of conduct (including bribery, corruption, fraud, conflicts of interests etc.) defining best practices for all units, managers and employees.

Risk management

In addition to the above risk management activities, we have guidelines for risk management in our best practice code for corporate governance. Overall strategic risk management is based on a risk profile which we update once a year for the Board of Directors to assess, discuss and classify. We set 12-month goals for modifications of risk profiles within selected areas of risk.

Internal control and risk management systems

Internal control and risk management systems in connection with the financial reporting procedures are described below.

Control environment

Responsibility and authorities are defined in the Board of Directors' instructions to the Executive Board and adopted policies. The Board of Directors approves the Group's communication and financial risk management policies, as well as the company's risk management policy. The Executive Board approves all key policies and procedures, and the responsible functions issue guidelines and monitor the use of all policies and procedures. Systems are in place to ensure adequate segregation of duties in the Finance department.

The organisational structure and internal guidelines form the control environment.

Risk assessment

There is a relatively higher risk of error for the items in the financial statements that are based on estimates or generated through complex processes compared to other items. A detailed risk assessment with the purpose of identifying these items and specifying the scope of the attached risks is performed.

Control activities

The aim of the control activities is to prevent, discover and correct any errors and irregularities. The activities are integrated into the Group's accounting and reporting procedures and include, e.g., procedures for certification, authorisation, approval, reconciliation, analysis of results, segregation of incompatible duties, controls concerning IT applications and general IT controls. The Group has standards for internal control, i.e. standards for control activities concerning the presentation of financial statements.

Information and communication

The Group maintains information and communication systems to ensure that the presentation of the financial statements is accurate and complete. The Group's accounting rules and procedures for the presentation of the financial statements are set out in specifications and instructions. Accounting and other reporting instructions, including procedures for budgets and monthly financial statements, are updated as required. They are available – together with

other policies which are relevant to internal control of financial reporting such as the policy on project budgeting – to Finance employees and other relevant employees on the Group's corporate portal.

Monitoring

The Group uses a management control system to monitor the company's results, and this makes it possible at an early stage to identify and correct any errors and irregularities in the presentation of the financial statements, including disclosed weaknesses in the internal controls, any non-compliance with procedures, policies etc.

Compliance with the Group's accounting policies is monitored on an ongoing basis at Group and legal entity level, and periodical compliance visits are performed based on size and risk assessments.

Outlook for 2023

The world is facing an unprecedented energy transformation as societies transition to a new normal without fossil energy. At the same time, we must tackle urbanisation and a growing world population while addressing climate change.

We believe that with our strategy, FUTURE-NOW, we can ensure a healthy and growing business, as the strategy is essentially about providing solutions that, together with our customers, will enable the aforementioned challenges to be handled. Furthermore, the strategy focuses on doing this in a sustainable way, leaving the planet better off in the broadest sense.

2023: a mixed bag

The global economic outlook for 2023 points towards a turbulent year with several challenges, among other things due to the ongoing war in Ukraine. In January 2023, IMF expected global GDP growth to be at 2.5 to 3.0 per cent while global inflation was expected to be at six to seven per cent. Significant regional differences should be expected.

This will impact COWI and our markets in different ways. We expect double-digit market growth in

renewable energy, supporting our growth, while the infrastructure and buildings markets will be less favourable. Competition is expected to remain high with continued price pressure, consolidation and increasing penetration towards the growing and attractive renewable energy sector.

Financial outlook

The outlook for 2023 is based on the expectation that COWI Group will continue its growth trajectory, mainly due to continued dedication to the green transition. Therefore, we expect an organic growth of approximately 5.0 per cent in 2023.

Our profitability is expected to be solid, including continued investment in strategic initiatives supporting growth. Therefore, we expect an EBIT margin of 4.0 to 5.0 per cent for full year 2023.

It should be noted that the expected financial performance in 2023 is subject to higher than usual uncertainty in the macroeconomic environment and from geopolitical unrest and the outcome of the Oman arbitration case.

Sustainability outlook

With our strategy, we have set a clear strategic direction for our business, including how to deliver these results in a sustainable manner. And by signing up for the Science Based Targets initiative, we expect to set our near-term and 2050 net-zero targets in the first half of 2023. In 2023, we will continue to work towards our long-term commitments by investing in people and the development of solutions that contribute to a healthy planet. This includes developing a roadmap for improving diversity and inclusion. For 2023, we have set a target that 25 per cent of senior career levels must be filled by the underrepresented gender.

Accounts and statements

COWI Group consolidated financial statements

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Consolidated profit and loss account

1 January-31 December

DKK '000	Note	2022	2021
Net turnover	2	7,326,172	6,568,646
Project expenses		(1,048,459)	(911,306)
Own production		6,277,713	5,657,340
Other operating income	3	20,684	13,629
External expenses		(922,107)	(806,768)
Employee expenses	4	(4,873,214)	(4,440,547)
Amortisation, depreciation and impairment losses	5	(195,694)	(200,361)
Operating profit of ordinary activities		307,382	223,293
Other operating expenses	6	(926)	(4,755)
Operating profit		306,456	218,538
Profit/loss after tax in associates		(3)	204
Financial income	7	155,956	94,677
Financial expenses	8	(215,518)	(99,053)
Profit before tax		246,891	214,366
Tax on profit for the year	9	(87,314)	(68,461)
Profit for the year		159,577	145,905

Consolidated balance sheet

at 31 December

DKK '000	Note	2022	2021
Goodwill		648,918	670,547
Software and licences		157,284	59,711
Completed development projects		27,824	12,623
Development projects in progress		15,477	51,779
Intangible assets	10	849,503	794,660
Technical installations, operating and other equipment		211,883	166,435
Property, plant and equipment	11	211,883	166,435
Investments in associates	12	5,737	6,093
Other investments and securities		6,575	6,604
Deposits		51,451	48,220
Non-current financial assets	13	63,763	60,917
Total non-current assets		1,125,149	1,022,012
Trade receivables		1,127,339	1,273,394
Contract work in progress	14	419,435	332,227
Other receivables		58,366	88,835
Tax receivables		39,410	46,246
Deferred tax assets	15	28,371	30,200
Prepaid expenses	16	127,022	119,023
Total receivables		1,799,943	1,889,925
Marketable securities	17	539,501	609,493
Cash	17	240,933	305,514
Total current assets		2,580,377	2,804,932
Total assets		3,705,526	3,826,944

Consolidated balance sheet

at 31 December

DKK '000	Note	2022	2021
Share capital	18	286,594	286,594
Treasury shares	19	(26,723)	(24,259)
Reserve for currency translations		(28,230)	3,123
Reserve for hedging transactions		(3,840)	0
Retained earnings		1,212,536	1,135,318
Proposed dividend		72,764	68,207
Equity		1,513,101	1,468,983
Deferred tax liabilities	15	425,112	426,369
Provisions for incentive programmes and pensions	20	25,358	11,061
Other provisions	21	48,491	80,822
Total provisions		498,961	518,252
Financial debt		241	979
Other liabilities		9,513	9,125
Total non-current liabilities	22	9,754	10,104
Financial debt		828	23,768
Contract work in progress	14	432,659	524,730
Trade payables		257,730	255,305
Amounts owed to associates		5,614	26,878
Tax liabilities		42,141	38,730
Other accounts payable	23	944,737	960,195
Total current liabilities		1,683,709	1,829,606
Total liabilities		1,693,463	1,839,710
Total equity and liabilities		3,705,526	3,826,944
General accounting policies	1		
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Consolidated statement of changes in equity

DKK '000	Share capital	Treasury shares	Reserve for currency translations	Reserve for hedging transactions	Retained earnings	Dividend	Total
Equity at 1 January 2021	286,594	(19,456)	(25,944)	3,091	1,123,150	66,784	1,434,219
Distributed dividend					5	(66,784)	(66,779)
Profit for the year					145,905		145,905
Currency translation adjustments, foreign subsidiaries			29,067				29,067
Net effect of share-based programmes					(42,459)		(42,459)
Other adjustments					(2,272)		(2,272)
Value adjustment of hedging instruments				(3,091)	170		(2,921)
Purchase of treasury shares		(4,803)			(20,974)		(25,777)
Proposed dividend*					(68,207)	68,207	0
Equity at 1 January 2022	286,594	(24,259)	3,123	0	1,135,318	68,207	1,468,983
Distributed dividend					7	(68,207)	(68,200)
Profit for the year					159,577		159,577
Currency translation adjustments, foreign subsidiaries			(31,353)				(31,353)
Value adjustment of hedging instruments				(3,840)	1,727		(2,113)
Purchase of treasury shares		(2,464)			(11,329)		(13,793)
Proposed dividend*					(72,764)	72,764	0
Equity at 31 December 2022	286,594	(26,723)	(28,230)	(3,840)	1,212,536	72,764	1,513,101

*Equivalent to DKK 28 per share (2021: DKK 26 per share)

Consolidated cash flow statement

DKK '000	Note	2022	2021
Operating profit		306,456	218,538
Amortisation, depreciation and impairment loss		195,694	200,361
Value adjustments etc.		(7,946)	(46,294)
Other provisions		(12,293)	76,178
Operating profit adjusted for non-cash movement		481,911	448,783
Net financial income received/paid		10,433	(11,796)
Income taxes paid		(77,099)	(72,458)
Cash flow from operating activities before change in working capital		415,245	364,529
Change in contract work in progress		(179,340)	127,925
Change in deposits		(3,021)	798
Change in trade receivables		154,361	(121,192)
Change in trade payables		846	341
Change in other receivables and prepaid expenses		24,907	(27,132)
Change in other payables and deferred income		(31,103)	(116,482)
Cash flow from operating activities		381,895	228,787
Acquisition of intangible assets		(119,788)	(71,388)
Sales of intangible assets		0	462
Acquisition of property, plant and equipment		(115,991)	(55,872)
Disposal of property, plant and equipment		2,014	3,509
Disposal of subsidiaries and associates		576	0
Acquisition of subsidiaries and associates		(77,903)	(15,117)
Disposal/aquisition of other financial assets		74	(237)
Net purchase of marketable securities		0	(269,935)
Cash flow from investing activities		(311,018)	(408,578)
Free cash flow		70,877	(179,791)
Payment of financial debt		(23,735)	(179,016)
Distributed dividend		(68,200)	(66,779)
Net payment of debt to associates		(21,495)	5,746
Purchase of treasury shares		(13,793)	(25,775)
Cash flow from financing activities		(127,223)	(265,824)
Cash flow for the year		(56,346)	(445,615)
Currency translation adjustments of cash		(8,235)	5,697
Cash, beginning of year		305,514	745,432
Cash, end of year	17	240,933	305,514

The cash flow statement cannot be directly derived from the balance sheet and the profit and loss account.

Consolidated notes

Note 1 General accounting policies

The 2022 annual report of COWI Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large entities in reporting class C.

The general accounting policies applied in the group and parent financial statements are described below, while the remaining policies are described in the notes to which they relate. The annual accounts have been prepared according to the same accounting policies as in 2021.

Recognition and measurement

Income is recognised in the profit and loss account as earned. Value adjustments of financial assets and liabilities, which are measured at fair value, are also recognised in the profit and loss account. The same applies to all expenses, including amortisation, depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Group and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are measured at amortised cost to achieve a constant effective interest rate over the life of the asset or liability. Amortised cost is stated as original cost less any repayments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are amortised over the life of the asset or liability. Recognition and measurement take into consideration anticipated losses and risks 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.

Consolidation policy

The consolidated financial statements include the parent company, COWI Holding A/S, as well as entities in which the parent company directly or indirectly holds the majority of the voting rights or in which the parent company otherwise exercises control.

Entities in which the Group holds between 20 and 50 per cent of the voting rights or exercises a significant, but not controlling interest, are treated as associates.

The consolidated financial statements are prepared by combining items of a uniform nature. Intercompany income and expenses, shareholdings, dividends and balances,

Note 1 General accounting policies, continued

as well as realised and unrealised gains and losses on transactions between consolidated entities, are eliminated.

The financial statements included in the consolidated financial statements are prepared in accordance with the accounting policies applied by the COWI Group.

Business combinations

Acquired companies are consolidated from the date of acquisition. Costs related to the acquisition are expensed as incurred. On acquisition of subsidiaries and associates, the acquisition method is applied where acquired assets, liabilities and contingent liabilities, including restructuring provisions, are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they can be separated, and the fair value can be reliably measured. The acquisition cost is stated at the fair value of shares, debt instruments, and cash and cash equivalents. Any positive differences between acquisition cost and fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets and amortised on a straight-line basis over the expected economic life. Any negative differences are recognised in the profit and loss account at the date of acquisition.

Goodwill from acquired entities may subsequently be adjusted for changes in the fair value of the consideration transferred and/or changes in the fair value of the identifiable net assets acquired until 12 months after the acquisition date, to the extent such changes relate to facts and circumstances present at the acquisition date.

Translation policies

The financial statements for the Group and for the parent company, COWI Holding A/S, are presented in thousands of Danish kroner (DKK). The functional currency of the parent company is the Danish krone (DKK).

Transactions in foreign currencies are initially translated into the primary economic environment in which the company operates (the functional currency), applying rates approximating the exchange rates at the transaction date. Exchange rate adjustments arising due to differences between the rates at the transaction date and the rates at the payment date are recognised in financial income or financial expenses in the profit and loss account. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at exchange rates prevailing at the balance sheet date. Exchange rate adjustments arising due to differences between the rates at the balance sheet date and the transaction date are recognised as financial income or financial expenses in the profit and loss account.

Items in the financial statements of each of the reporting entities of the Group are measured in the entity's functional currency. Assets, liabilities and equity items are translated from each reporting entity's functional currency to the presentation currency, DKK, at the balance sheet date. The profit and loss accounts are translated from the functional currency into DKK based on the average exchange rate. Differences arising on the translation of equity at the beginning of the period and translation of the profit and loss account from average rates to the exchange rate at the balance sheet date are recognised in separate reserve in equity.

Exchange adjustments of intercompany balances and transactions with foreign subsidiaries that are considered additions to or deductions from the equity of separate subsidiaries are recognised directly in equity. Similarly, exchange gains and losses on loans and derivative financial instruments contracted for hedging purposes by separate foreign subsidiaries are recognised directly in equity.

External expenses

External expenses include administrative, office, marketing as well as other expenses.

Receivables

Receivables are recognised initially at fair value and subsequently measured at net realisable value, corresponding to amortised cost less provision for bad and doubtful debts.

Provisions for bad and doubtful debts are calculated on the basis of an individual assessment of each receivable, and an additional general provision is made in respect of trade receivables.

Equity

Dividends

Management's proposed dividend distribution for the year is disclosed as a separate equity item.

Cash flow statement

The cash flow statement shows the Group's cash flow for the year classified by operating, investing and financing activities, net changes for the year in cash as well as group cash at the beginning and end of the year. Cash flows relating to acquired entities are recognised from the acquisition date. Cash flow relating to divested entities are recognised until the divestment date.

Cash flow from operating activities

Cash flows from operating activities are calculated as group operating profit adjusted for non-cash operating items, such as amortisation, depreciation and impairment losses, provisions as well as net change in working capital, interest received and paid and corporate income tax paid. Working capital includes current assets less short-term debt, excluding items included in cash and cash equivalents and debt to credit institutions.

Cash flow from investing activities

Cash flows from investing activities include cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as financial assets and business acquisitions and disposals.

Cash flow from financing activities

Cash flows from financing activities include cash flows from raising and repayment of debt to credit institutions as well as purchase and sale of treasury shares and distribution of dividends to shareholders.

Cash

Cash includes cash as well as marketable securities recognised as current assets.

Note 2 Segment information

Accounting policies

Segment information is provided on group net turnover, broken down by business areas and business lines. The information is based on the Group's internal financial reporting system.

Net turnover is determined on the basis of the selling price of work performed for the year. Net turnover is shown net of value added tax, returns, rebates and discounts and not recognised until reliably measurable. The amount of net turnover is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

As the completion of the individual projects generally progresses over several financial periods, the percentage-of-completion method is applied for recognition of turnover. Accordingly, turnover and profit are recognised on work performed to date as a percentage of the total work to be performed.

Project expenses include expenses directly attributable to projects, including travel, external and other expenses, but excluding salary expenses.

The Group's net turnover distributed on business areas:

DKK '000	2022	2021
Planning and economics	189,593	172,158
Water and environment	389,029	412,774
Transportation	3,552,390	2,579,918
Buildings	1,963,353	1,963,685
Industry and energy	466,974	594,091
Society and utilities	484,508	564,082
EU and international development organisations	191,793	186,668
Not distributed	88,532	95,270
Total	7,326,172	6,568,646

The Group's net turnover distributed on business lines:

DKK '000	2022	2021
Denmark	2,199,199	2,097,328
International	2,200,725	1,738,999
Norway	1,603,910	1,392,556
Sweden	796,495	796,764
Arkitema	659,758	613,244
Other and eliminations	(133,915)	(70,245)
Total	7,326,172	6,568,646

As per 1 January 2022, the internal intertrade model in the COWI Group was changed for contracts delivered by more than one business area or business line, which entailed a change in the allocation of turnover. As a result, the turnover per business areas and business lines is not fully comparable between 2022 and 2021.

Note 3 Other operating income

Accounting policies

Other operating income includes items of a secondary nature compared with the Group's core activities, including compensation as well as profits from the disposal of non-current assets.

DKK '000	2022	2021
Profit from disposal of property, plant and equipment	572	239
Profit from sale of subsidiaries	1,163	384
Reimbursements and compensations	844	2,865
Other operating income	18,105	10,141
Other operating income	20,684	13,629

Note 4 Employee expenses

Accounting policies

Employee expenses include wages and salaries, pension costs, bonus and other social security benefits.

DKK '000	2022	2021
Salaries and wages	(4,326,244)	(3,894,418)
Pensions	(144,669)	(144,486)
Social security	(346,177)	(331,455)
Other employee expenses	(56,124)	(70,188)
Employee expenses	(4,873,214)	(4,440,547)
Remuneration, Executive Board	(35,652)	(27,146)
Remuneration, former Executive Board and partners	(1,430)	(1,502)
Remuneration, Board of Directors, parent company	(2,820)	(2,820)

Remuneration to former Executive Board and partners includes pensions paid in connection with defined benefit plans.

The Executive Board and the Group Management Board are granted performance share units annually. The value of performance share units granted is calculated as a percentage of the members' base salary, depending on their role and the Group's performance. Performance share units vest three years from the date of granting. In 2022, the bonus achieved through the long-term incentive programme corresponded to approximately 34 per cent of the base salary.

Expenses for the long-term incentive programme have been recognised in employee expenses in the profit and loss account over the vesting period due to an expectation to settle in cash. In previous years, the incentive programme was expected to be settled in shares, and, therefore, the value adjustment was recognised as an equity transaction.

Number of employees

Average number of employees (headcount)	7,156	6,746
Number of employees (headcount) at 31 December	7,501	6,810

Note 5 Amortisation, depreciation and impairment losses

Accounting policies

Amortisation and depreciation for the year are recognised on a straight-line basis over the estimated useful lives of the assets. Reference is made to notes 10 and 11, respectively.

DKK '000	2022	2021
Goodwill	(85,205)	(87,440)
Software and licences	(38,187)	(35,096)
Completed development projects	(5,399)	(5,211)
Technical installations, operating and other equipment	(66,903)	(72,614)
Amortisation, depreciation and impairment losses	(195,694)	(200,361)

Note 6 Other operating expenses

Accounting policies

Other operating expenses include items of a secondary nature compared with the Group's core activities, including losses from the disposal of non-current assets.

DKK '000	2022	2021
Loss from disposal of property, plant and equipment	(437)	(1,057)
Loss from sale of intangible fixed assets	(10)	(24)
Other operating expenses	(479)	(3,674)
Other operating expenses	(926)	(4,755)

Note 7 Financial income

Accounting policies

Financial income includes interests, realised and unrealised foreign exchange gains and value adjustments of securities.

DKK '000	2022	2021
Interest, cash, securities etc.	5,082	1,815
Fair value adjustments of marketable securities	41,115	38,140
Foreign exchange gains	109,759	54,722
Financial income	155,956	94,677

Note 8 Financial expenses

Accounting policies

Financial expenses include interests, financial expenses related to finance leases, realised and unrealised foreign exchange losses and value adjustments of securities.

DKK '000	2022	2021
Interest, cash, securities etc.	(10,164)	(6,760)
Fair value adjustments of marketable securities	(108,673)	(25,512)
Foreign exchange losses	(96,681)	(66,781)
Financial expenses	(215,518)	(99,053)

Note 9 Tax on profit for the year

Accounting policies

The parent company is jointly taxed with the consolidated entities, including foreign subsidiaries.

COWI Holding A/S is the management company. The total Danish tax on the subsidiaries' taxable income is paid by COWI Holding A/S. The tax effect of the joint taxation with the subsidiaries is distributed to the profit and loss-making entities in proportion to their taxable profits (full allocation with refund concerning tax losses).

Income tax for the year, consisting of current tax and deferred tax for the year, is recognised in the profit and loss account with the share attributable to profit for the year and is recognised directly in equity with the share attributable to transactions recognised directly in equity. Current tax liabilities and current tax receivables are recognised net in the balance sheet as tax computed on taxable income for the year adjusted for tax on taxable income for previous years. Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes, as well as other items, apart from acquisition of entities, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income.

DKK '000	2022	2021
Current tax	(52,890)	(42,976)
Current tax, foreign project offices	(13,450)	(6,251)
Deferred tax	(16,846)	(9,853)
Tax adjustment in respect of prior periods	(18,798)	(3,082)
Tax adjustment in respect of deferred tax, prior periods	15,498	5,635
Total tax for the year	(86,486)	(56,527)
<i>Broken down as follows:</i>		
Tax on profit for the year	(87,314)	(68,461)
Tax on movements in equity	828	11,934
Total tax for the year	(86,486)	(56,527)
<i>Tax on profit for the year can be broken down as follows:</i>		
Tax calculated at 22 per cent on profit before tax	(54,316)	(47,161)
Adjustment in proportion to 22 per cent of tax calculated in foreign subsidiaries	(1,578)	(979)
Current tax, foreign project offices	(13,450)	(6,251)
<i>Tax effect from:</i>		
Amortisation of goodwill disallowed for tax purposes	(11,570)	(11,867)
Other expenses/other income disallowed for tax purposes	(3,100)	(4,756)
Tax adjustment in respect of prior periods, current tax	(18,798)	(3,082)
Tax adjustment in respect of prior periods, deferred tax	15,498	5,635
Tax on profit for the year	(87,314)	(68,461)
Effective tax rate	35.4%	31.9%

Note 10 Intangible assets

Accounting policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired company. Goodwill is amortised over the estimated useful life, determined on the basis of the management's experience, including an assessment of the market position and strength of the brand or operation and, thus, the estimated expected earnings profile:

- Acquired entities in both a new market and new service/segment with a strong market position and an expected long earnings profile have an estimated economic life of 20 years and are thus amortised over a period of 20 years.
- Acquired entities in both an existing market and existing service/segment that have a strong market position are estimated to have an economic life of 15 years and are thus amortised over a period of 15 years.
- Acquired entities in both an existing market and existing service/segment that do not have a strong market position are estimated to have an economic life of ten years and are thus amortised over a period of ten years.
- Small acquired entities are estimated to have an economic life of three years and are thus amortised over a period of three years.

Development projects

Development projects that are clearly defined and identifiable, where the technical utilisation rate, sufficient resources and a potential future market or development opportunity in the Group can be verified, and where the intention is to market or use the project, are recognised as intangible assets. This applies if there is sufficient evidence that the value in use of future earnings can cover the expenses involved. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the profit and loss account as incurred. Capitalised development projects include salaries, amortisation and other expenses that are directly attributable to the Group's development activities. Capitalised development projects are measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

On completion of the development work, development projects are amortised on a straight-line basis over the period in which the work is expected to generate economic benefits. The amortisation period is two to five years.

Software and licences

Software is measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount. The depreciation period is three to 13 years.

Software licences are amortised over the contract period.

Summary of amortisation periods for intangible assets

Goodwill: 3-20 years

Completed development projects: 2-5 years

Software: 3-13 years

Impairment losses

The carrying amounts of intangible assets, as well as property, plant and equipment, are reviewed on an annual basis to determine whether there is any indication of impairment. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. Value in use is determined at the present value of the discounted future net cash flow from the group of assets to which it relates.

DKK '000	Goodwill	Software and licences	Completed development projects	Development projects in progress	Total
Cost at 1 January 2022	1,441,081	218,369	19,459	51,779	1,730,688
Currency translation adjustment	(33,636)	(535)	(518)	(705)	(35,394)
Additions from acquisitions of enterprises	78,566	0	0	0	78,566
Additions	0	84,201	21,067	14,520	119,788
Transfers	0	50,117	0	(50,117)	0
Disposals	(4,621)	(85,582)	(645)	0	(90,848)
Cost at 31 December 2022	1,481,390	266,570	39,363	15,477	1,802,800
Amortisation and impairment losses at 1 January 2022	770,534	158,658	6,836	-	936,028
Currency translation adjustment	(19,129)	(1,986)	(51)	-	(21,166)
Amortisation	85,205	38,187	5,399	-	128,791
Disposals	(4,138)	(85,573)	(645)	-	(90,356)
Amortisation and impairment losses at 31 December 2022	832,472	109,286	11,539	-	953,297
Carrying amount at 31 December 2022	648,918	157,284	27,824	15,477	849,503

Development projects mainly concern the development of Denmark's Digital Street Imagery (DDG), an "on demand" service that produces high-density panoramas of Danish streets for professional use. Since the mapping products are produced every two years to ensure that customers are offered updated products, their economic life is estimated at two years, after which the products are replaced by updated versions.

Development projects in progress completed in 2022 concerned a full upgrade of the group-wide ERP and consolidation system, launched in January 2022.

Note 11 Property, plant and equipment

Accounting policies

Technical installations, operating and other equipment

Technical installations, operating and other equipment, including leasehold improvements, are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over three to 12 years.

Leases

Leases involving property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments at the inception of the lease. Net present value is calculated using the interest rate implicit in the lease as the discount rate or an approximated value thereof. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The lease obligation is recognised in the balance sheet as debt under liabilities, and the interest element of the lease payment is charged to the profit and loss account as incurred.

All other leases are considered to be operating leases. Lease payments under operating leases are recognised in the profit and loss account over the term of the lease.

Summary of depreciation periods for property, plant and equipment

Technical installations, operating and other equipment, including leasehold improvements: three to 12 years.

The cost of a total asset is divided into separate components, which are depreciated separately if the useful life of the individual components is different.

The basis of depreciation is determined by considering the asset's residual value after the end of the useful life of the asset, less any impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the asset's carrying amount, the depreciation discontinues. Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the carrying amount at the time of the sale. Profit or loss is recognised in the profit and loss account under other operating income or other operating expenses, respectively.

Impairment losses

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment. Reference is made to note 10.

DKK '000	Technical installations, operating and other equipment
Cost at 1 January 2022	444,294
Currency translation adjustment	(9,429)
Additions from acquisitions of entities	3,028
Additions	115,991
Disposals	(40,712)
Cost at 31 December 2022	513,172
Depreciation and impairment losses at 1 January 2022	277,859
Currency translation adjustment	(6,587)
Additions from acquisitions of entities	2,129
Depreciation	66,903
Disposals	(39,015)
Depreciation and impairment losses at 31 December 2022	301,289
Carrying amount at 31 December 2022	211,883
Of which assets held under finance leases amount to	944

Note 12 Investments in associates

Accounting policies

Associates are all entities over which the Group has significant influence, but not control. Investments in associates are recognised using the equity method, so that the carrying amount of the investments constitutes the Group's proportional share of the net assets of the entities. Investments in associates are initially recognised at cost and subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses and movements in equity. Profit after tax of investments in associates is recognised as a separate line in the profit and loss account.

Associates with negative net asset value are included without any value. Where the Group has a legal or constructive obligation to cover the associate's negative balance, the obligation is recognised under liabilities.

Name of associate	Home	Ownership	Capital ('000)
COWI A/S's (Denmark) investments in associates:			
CAT Alliance Ltd.	the UK	33% GBP	100
COWI AS's (Norway) investments in associates:			
Team Urbis AS	Norway	23% NOK	1,000
COWI North America Inc.'s (USA) investments in associates:			
Consorcio consultor R&Q	Chile	30% CLP	348,750

Note 13 Non-current financial assets

Accounting policies

Other investments and securities mainly comprise of unlisted securities and cash deposits tied up as security. Listed securities are measured at the official market price, and unlisted securities and deposits are measured at cost less any impairment loss.

DKK '000	Investments in associates	Other investments and securities	Deposits	Total
Cost at 1 January 2022	5,354	6,827	48,220	60,401
Currency translation adjustment	421	(7)	(74)	340
Additions from acquisitions of entities	0	0	210	210
Additions	57	21	5,825	5,903
Disposals	(576)	0	(2,730)	(3,306)
Cost at 31 december 2022	5,256	6,841	51,451	63,548
Value adjustments at 1 January 2022	739	(223)	-	516
Currency translation adjustment	(70)	(43)	-	(113)
Profit/loss for the year	(3)	0	-	(3)
Disposals	(185)	0	-	(185)
Value adjustments at 31 December 2022	481	(266)	-	215
	5,737	6,575	51,451	63,763

Note 14 Contract work in progress

Accounting policies

Contract work in progress is recognised in the balance sheet net of amounts invoiced on account.

Gross work in progress is measured at the selling price of the work performed. The selling price is stated in proportion to the stage of completion at the balance sheet date and the total expected profit on the individual projects (the percentage-of-completion method). Under this principle, the expected profit on the individual projects is recognised in the profit and loss account on a continuing basis by reference to the stage of completion.

The stage of completion is measured at the proportion of the project expenses (costs) related to the contract incurred relative to the estimated total project expenses. Where total project expenses are likely to exceed the total turnover from a project, the expected loss is recognised as an expense in the profit and loss account. The Group's share of work in progress performed in working partnerships is included proportionally in work in progress.

DKK '000	2022	2021
<i>Recognised in the balance sheet as:</i>		
Contract work in progress (assets)	419,435	332,227
Contract work in progress (liabilities)	(432,659)	(524,730)
Net contract work in progress at 31 December	(13,224)	(192,503)

COWI is a party to a number of working partnerships and joint operations and has assumed joint and several liability for the liabilities of the working partnerships and joint operations.

Note 15 Deferred tax

Accounting policies

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes as well as other items, apart from acquisition of entities, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income.

In cases where the tax base can be determined according to alternative tax rules, deferred tax is recognised on the basis of the planned use of the asset or settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to

be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities. Deferred tax assets and liabilities are set off within the same legal tax entity. Adjustment of deferred tax is made concerning elimination of unrealised intercompany gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates legally effective in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax as a consequence of amendments to tax rates are recognised in the profit and loss account.

As part of international joint taxation, the retaxation liability is recognised at the full retaxation amount or the limited retaxation amount, whichever is smaller, based on the profit expected to be achieved by the sale of assets and debt at market values on cessation of the joint taxation. Furthermore, provision is not made for retaxation of deficits from permanent establishments where the deficit is expected to be reearned through current operation.

DKK '000	2022	2021
Deferred tax at 1 January	(396,169)	(393,543)
Currency translation adjustment	990	2,360
Deferred tax related to equity movements	828	11,933
Deferred tax due to disposal/acquisition of entities	(215)	(767)
Deferred tax adjustment in respect of prior periods	15,498	5,635
Deferred tax for the year	(17,673)	(21,787)
Deferred tax at 31 December	(396,741)	(396,169)
<i>Recognised in the balance sheet as:</i>		
Deferred tax assets	28,371	30,200
Deferred tax liabilities	(425,112)	(426,369)
Deferred tax at 31 December	(396,741)	(396,169)
<i>Deferred tax concerns:</i>		
Intangible assets	(25,738)	(6,819)
Property, plant and equipment	31,652	26,560
Current assets	(393,208)	(382,668)
Provisions	20,421	17,736
Claw-back from international joint taxation and debt	(63,941)	(64,209)
Tax-loss carryforward, deductible for tax purposes	34,073	13,231
Deferred tax at 31 December	(396,741)	(396,169)

As of 31 December 2022, the Group recognised deferred tax assets of DKK 28.4 million. The deferred tax assets are made up of deferrable tax losses of DKK 34 million and unused tax deductions by way of timing differences. On the basis of budgets, management considers it likely that future taxable income will be available, and considers it more than likely that capitalised tax losses and unused tax deductions can be utilised.

Note 16 Prepaid expenses

Accounting policies

Prepaid expenses consist of expenses paid relating to subsequent financial years and consist primarily of prepaid rent, insurance premiums and subscriptions.

DKK '000	2022	2021
Insurance premiums	33,221	22,631
Rent	22,539	23,571
Other	71,262	72,821
Prepaid expenses at 31 December	127,022	119,023

Note 17 Cash and marketable securities

Accounting policies

Marketable securities include listed bonds and shares measured at fair value. Listed securities are measured at market price. Unlisted securities are measured at fair value based on a calculated value in use.

DKK '000	2022	2021
Cash	240,933	305,514
Cash at 31 December	240,933	305,514
Marketable securities		
Shares	155,894	174,330
Bonds	383,607	435,163
Marketable securities at 31 December	539,501	609,493
Undrawn committed credit facilities at 31 December not including guarantee facilities	533,137	508,489
Financial resources at 31 December	1,313,571	1,423,496

Note 18 Share capital

DKK '000

The share capital consists of:

A shares:

2,000,000 shares of each DKK 100

B shares:

865,937 shares of each DKK 100

Share capital in total

2022

200,000

86,594

286,594

Each class A share of DKK 100 carries ten votes, whereas each class B share of DKK 100 carries one vote. All class A shares are held by COWIfonden, and class B shares may be held by COWIfonden and employees and will as a main rule be sold back to the company when the employee leaves the company.

DKK '000

Specification of movements in share capital:

	2022	2021	2020	2019	2018
Share capital at 1 January	286,594	286,594	286,594	282,201	282,201
Capital increase	0	0	0	4,393	0
Share capital at 31 December	286,594	286,594	286,594	286,594	282,201

Note 19 Treasury shares

Accounting policies

Treasury shares are defined as COWI Holding A/S shares owned by the COWI Group. Purchase and sales of treasury shares are recognised directly in equity.

DKK '000	Nominal value	Share capital percentage
Portfolio at 1 January	24,259	8.5%
Additions for the year	2,464	0.9%
Portfolio at 31 December	26,723	9.3%

Treasury shares consist of B shares with a nominal value of DKK 24,259 thousand. Additions for the year is due to the Group's repurchasing of shares under the Group's employee programme.

Note 20 Provisions for incentive programmes and pensions

Accounting policies

The Group has established a share-based incentive programme under which it awards COWI shares to members of the Executive Board as well as certain key employees in the COWI Group.

The fair value of the employee services received in exchange for the issuance of shares or corresponding cash settlement is measured at fair value of the share units granted. The value adjustments are recognised in employee expenses in the profit and loss account over the vesting period. The fair value of restricted share units is determined based on book value per share. Account is taken of the number of employees expected to gain entitlement to the share units as well as the number of share units the employees are expected to gain. Subsequently, this estimate is revised at the end of each reporting period so that the total expense recognised is based on the actual number of share units vested or settled in cash.

The Group's Swedish subsidiary, COWI AB, has entered into a defined benefit plan, but as the pension fund cannot determine the current net pension obligation, the plan is recognised as an ordinary-defined contribution plan. The costs are expensed when payment requests are received from the pension fund. This procedure is compliant with generally accepted accounting principles, including IFRS.

The Group's Danish subsidiary, COWI A/S, has made commitments to provide a number of former executive employees with defined benefit plans. These pension commitments are recognised when the pension benefits are being earned. The calculation of the pension commitment is based on an actuarial calculation.

DKK '000

	2022	2021
Pension liabilities for defined benefit plans	4,100	4,260
Long-term incentive programme	21,258	6,801
Provisions for incentive programmes and pensions at 31 December	25,358	11,061

Note 21 Other provisions

Accounting policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Other provisions include provisions for loss-making contracts, potential legal obligations and claims.

DKK '000

	2022	2021
Guarantees	200	7,561
Provisions	48,291	73,261
Other provisions at 31 December	48,491	80,822

Note 22 Non-current liabilities

Accounting policies

Loans from credit institutions intended to be held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, loans are recognised at amortised cost corresponding to the capitalised value using the effective interest method. The difference between the proceeds and the nominal value (the capital loss) is recognised in the profit and loss account over the term of the loan.

Other debt is measured at amortised cost, materially corresponding to nominal value.

DKK '000	2022	2021
Lease liabilities falling due later than one year and not later than five years	241	979
Other non-current liabilities falling due later than five years	2,873	866
Other non-current liabilities falling due later than one year and not later than five years	6,640	8,259
Non-current liabilities at 31 December	9,754	10,104

Note 23 Other accounts payable

Accounting policies

Other accounts payable is measured at amortised cost, materially corresponding to nominal value.

DKK '000	2022	2021
Accrued holiday allowance	242,475	235,933
Taxes and VAT payable	245,257	306,590
Other accounts payable	457,005	417,672
Other accounts payable at 31 December	944,737	960,195

Note 24 Fees to auditors

DKK '000	2022	2021
Fee, statutory audit	(4,361)	(3,831)
Assurance engagements	(473)	(265)
Tax consultancy	(1,760)	(1,931)
Services other than audit	(10,276)	(3,237)
Total fees, PricewaterhouseCoopers	(16,870)	(9,264)

DKK '000	2022	2021
Fee, statutory audit	(215)	(204)
Assurance engagements	(65)	(337)
Tax consultancy	(3,463)	(1,853)
Services other than audit	(2,727)	(2,283)
Total fees, other accountancy firms	(6,470)	(4,677)

Note 25 Derivative financial instruments

Accounting policies

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at their fair value. Positive and negative fair values of derivative financial instruments are included in prepaid expenses under assets and in other debt under liabilities, respectively.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or liability are recognised in the profit and loss account together with any changes arising in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments that are designated as and qualify as future cash flow hedges are recognised in prepaid expenses/other debt and equity. Upon realisation of the hedged items, any amount deferred in equity are transferred to the profit and loss account in the same item and period as the hedged transaction.

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised in financial items in the profit and loss account.

Agreements are made on derivative financial instruments in the form of currency forward contracts.:

DKK '000	2022	2021
Liabilities	6,891	7,026

Currency forward contracts are entered into in order to hedge selected balance sheet items and part of the expected future cash flow. The total fair market value of the derivative financial instruments was negative DKK 7 million at 31 December 2022. The duration of the currency forward contracts is between one and 18 months.

The Group hedges large projects with currency exposure. Besides the project-based balance sheet items, a part of expected future cash flow is hedged. In total, DKK 85 million of net future cash flow (across currencies) was hedged as of 31 December 2022. The fair value of cash flow hedges was negative DKK 5 million, before tax. The loss is recognised in the equity.

Note 26 Contingencies and other financial commitments

DKK '000	2022	2021
<i>Lease commitments</i>		
Lease commitments (operating leases) due after less than one year	8,736	7,719
Lease commitments (operating leases) falling due later than one year and not later than five years	9,529	9,978
Lease commitments (operating leases) at 31 December	18,265	17,697
<i>Rental commitments</i>		
Rental commitments in the period of termination due after less than one year	235,966	187,817
Rental commitments in the period of termination falling due later than one year and not later than five years	488,119	471,050
Rental commitments in the period of termination due after more than five years	123,056	150,194
Rental commitments at 31 December	847,141	809,061

By virtue of its business operations, the COWI Group is a party to legal disputes that can be expected in the course of its business operations. The management keeps all such involvement under constant review and makes provisions accordingly.

Major claims

The COWI Group is regularly involved in both major and minor legal processes and disputes, and there is a risk that pronouncement of judgments and/or rulings, including imposition of liability to pay damages, fines etc., may have a negative impact on the COWI Group's business, results, cash flows and financial position.

Muscat and Salalah airports (Oman)

COWI's work in connection with the establishment of the Muscat and Salalah airports in Oman was finished at the end of 2012. COWI A/S has material claims of outstanding payments and other claims against the Omani government. As the final account was rejected by the client, COWI A/S initiated arbitration proceedings against the client. Notice of arbitration was filed in November 2017, and an arbitral tribunal was constituted in April 2018. Later in 2018, COWI submitted its statement of claim, and during 2019, the client submitted its statement of defence and counterclaim. During 2020, COWI A/S submitted its reply and defence to counterclaim and the client its rejoinder. The client has, as expected, challenged COWI's claim in its entirety and raised a substantial counterclaim. However, the external legal assessment finds that the client will face serious difficulties in succeeding with its arguments since it, among other things, will need to establish that COWI A/S has been grossly negligent to exceed the agreed cap on liability of approximately DKK 625 million (OMR 34.5 million) as well as several exclusions of liability in the contract. The client will also need to establish that COWI A/S is responsible for all

delay and extra costs affecting the project – disregarding the cause of the cost, the time of the origin of the cost and whether or not the loss was suffered by the client or a third party. Since the size of the amounts and the probability that the amounts will be paid are surrounded by considerable uncertainty, neither COWI's claims for outstanding payments and other claims nor the client's counterclaims have been recognised in the annual report. The final hearing took place late 2022, and COWI expects the award to be issued in 2023.

Bridges for the Lusail City project (Qatar)

In 2006-2007, acting under a sub-consultancy agreement with Halcrow Consulting Eng. & Arch. Ltd. ("Halcrow"), COWI A/S designed nine marine bridges for the Lusail City project in Qatar. In February 2017, Halcrow was presented with a substantial claim from Lusail Real Estate Development Company, a legal entity controlled by the Qatar state, based on alleged defects, among other things, in COWI's design, and in late 2018, Halcrow issued a request of arbitration against COWI A/S with a claim yet to be determined if and when Halcrow is found liable for damages under the court case with Lusail Real Estate Development Company. The arbitration case against COWI has since then been stayed but was by decision of the arbitral tribunal resumed in June 2022, regardless that no final resolution under the court case between Lusail Real Estate Development Company and Halcrow is envisaged in near future. Halcrow and COWI are preparing themselves for the arbitration planned to take place in February 2024. It should be noted that the agreed cap on liability is approximately DKK 69.9 million (QAR 36.5 million) in the contract between COWI A/S and Halcrow.

Note 26 Contingencies and other financial commitments, continued

DKK '000	2022	2021
Guarantees		
Guarantee facility at 31 December	1,367,220	1,278,284
Drawn for performance bonds relating to projects in progress	331,297	315,275
Drawn for other guarantees	105,142	95,609
Total drawn guarantees at 31 December	436,439	410,884

For guarantees, the following assets have been provided as security to credit institutions:

Cash at a carrying amount of	1,964	2,243
Securities at a carrying amount of	268,670	303,898
Total securities at 31 December	270,634	306,141

COWI's securities to credit institutions in cash and securities can be terminated by the company from day to day.

The Group operates a share ownership programme for present and former employees, and the Group is obliged to repurchase the employee shares at book value per share. Terms and conditions for the Group's obligation are stated in the Shareholder terms for possession of shares in COWI Holding A/S. As at 31 December 2022, the employees held shares at a nominal value of DKK 35 million. COWIfonden has signed a letter of indemnity in favour of the Group in order that the Group will be able to honour its duty to repurchase employee shares at book value per share at any time in accordance with the Shareholder terms for possession of shares in COWI Holding A/S.

As part of a joint operation, COWI A/S has signed a consultancy agreement with a client. The consultancy agreement requires each joint operation member, including COWI A/S, at the client's request, to provide a parent company guarantee. If such guarantee is requested, it must cover each joint operation member's obligations towards the client. As the parent company of COWI A/S, this contingent obligation for a parent company guarantee is imposed on COWI Holding A/S.

Note 27 Related party transactions

COWIfonden owns all A shares in COWI Holding A/S and exercises a controlling influence on the company. No other shareholders own more than five per cent of the shares individually.

COWIfonden does not carry out any independent business, and no material transactions are conducted between COWIfonden and the company.

Apart from usual intercompany transactions and usual management remuneration, no transactions were made during the year with the Board of Directors, the Executive Board, managerial employees, principal shareholders, subsidiaries or other related parties. Transactions with related parties at arm's length have not been disclosed in accordance with section 98 C(7) of the Danish Financial Statements Act.

Note 28 The Board of Directors and the Executive Board

The company's directors and members of the Executive Board own the following nominal shareholdings in COWI Holding A/S and held the following directorships and executive functions in companies other than consolidated COWI entities as of 31 December 2022:

Board of Directors	Directorships and executive positions in other companies	Shares in COWI Holding A/S nominal holding
Jukka Pekka Pertola, Chairman	Siemens Gamesa Renewable Energy (CB) GomSpace (VCB) GomSpace Group (VCB) Asetek (CB) Tryg (CB) Tryg Forsikring (CB) GN Store Nord (VCB) GN Hearing (VCB) GN Audio (VCB)	200,000
Carsten Bjerg, Vice Chairman	Rockwool International (VCB) TCM Group (MB) Dansk Smede- og Maskinteknik (MB) Agrometer (MB) Guldager (CB) Robco Engineering (CB) Hydrema (CB) Bogballe (CB) Bjerringbro-Silkeborg EliteHåndbold (VCB) Arminox (CB) Aarhus University (VCB) Scandinavian Airlines (MB)	
Birgit Farstad Larsen		12,600
Pierre Stefan Olofsson	Specialfastigheter (MB) Envix Nord AB (CB)	
Henrik Andersen		240,200
Anne Marit Harris	Statkraft (Chief Financial Officer) Aker BioMarine (MB)	
Niels Fog*		63,200
Jasper Kyndi*	ErhvervAarhus (MB) Aarhus Katedralskole (MB)	142,300
Eva Sara Kristin Sandberg*		90,000

Note 28 The Board of Directors and the Executive Board, continued

Executive Board

Jens Højgaard Christoffersen, President, CEO	Confederation of Danish Industry (DI), Committee on Business Policy (MB)	638,900
Natalie G. Shaverdian Riise-Knudsen, Executive Vice President, CFO	Confederation of Danish Industry (DI), Advisory Board on Energy Efficiency (CB)	
Rasmus Ødum, Executive Vice President, COO	Confederation of Danish Industry (DI), Committee for Private-Public Cooperation (CB) Høiberg P/S (MB)	794,000

(CB) = chairman of the board of directors
(VCB) = vice chairman of the board of directors
(MB) = member of the board of directors
* = elected by the employees

Note 29 Events after the balance sheet date

No events have occurred since the balance sheet date that have a material impact on the company's financial position at 31 December 2022.

Note 30 Entities in the COWI Group

Name of entity	Domicile	Ownership
COWI Holding A/S	Denmark	
COWI Invest A/S	Denmark	100%
COWI A/S	Denmark	100%
Comar Engineers A/S	Denmark	100%
Flux AD A/S	Denmark	100%
COWI & Partners LLC	Oman	100%
COWI Belgium SPRL	Belgium	100%
COWI Consulting (Beijing) Ltd. Co.	China	100%
COWI India Private Limited	India	100%
COWI Korea Co., Ltd	Korea	100%
COWI Lietuva UAB	Lithuania	100%
COWI Polska Sp. z o.o.	Poland	100%
COWI Tanzania Ltd	Tanzania	100%
Studstrup & Østgaard A/S Rådgivende Ingeniørfirma	Denmark	100%
COWI International AB	Sweden	100%
COWI AS	Norway	100%
Aquateam COWI AS	Norway	100%
COWI Holding AB	Sweden	100%
COWI AB	Sweden	100%
AEC Advanced Engineering Computation Aktiebolag	Sweden	100%
COWI Projektbyrå AB	Sweden	100%
PB-Teknik Aktiebolag	Sweden	100%
Vinga Elprojektering Aktiebolag	Sweden	100%
COWI International A/S	Denmark	100%
Flint & Neill Limited	The UK	100%
COWI GULF A/S	Denmark	100%
COWI Hong Kong Limited	Hong Kong	100%
COWI North America Holding, Inc.	USA – Delaware	100%
COWI Consulting Inc.	USA – New York	100%
COWI North America, Inc.	USA – Delaware	100%
COWI North America Ltd.	Canada	100%
Finley Engineering Group, Inc	USA – Florida	100%
COWI Czech Republic, s.r.o.	Czech Republic	100%
COWI Singapore Pte. Ltd.	Singapore	100%
COWI UK Limited	The UK	100%
COWI Architecture A/S	Denmark	100%
Anpartsselskabet 03.03.03.	Denmark	100%
Arkitema K/S	Denmark	100%
Arkitema AB	Sweden	100%
KUB Arkitekter AB	Sweden	100%
Arkitema AS	Norway	100%

COWI Holding A/S financial statements

Parent company

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Profit and loss account for the parent company

1 January-31 December

DKK '000	Note	2022	2021
Other operating income		76,531	58,601
External expenses		(15,839)	(13,889)
Employee expenses	2	(48,169)	(40,097)
Amortisation, depreciation and impairment losses	3	(32,417)	(16,990)
Operating profit		(19,894)	(12,375)
Profit after tax in subsidiaries		207,350	143,958
Financial income	4	94,212	63,334
Financial expenses	5	(132,668)	(55,501)
Profit before tax		149,000	139,416
Tax on profit for the year	6	10,577	6,489
Profit for the year		159,577	145,905

Balance sheet for the parent company

at 31 December

DKK '000	Note	2022	2021
Software		128,475	26,992
Development projects in progress		155	50,272
Intangible assets	7	128,630	77,264
Technical installations, operating and other equipment		763	1,858
Property, plant and equipment	8	763	1,858
Investments in subsidiaries		884,441	860,537
Non-current financial assets	9	884,441	860,537
Total non-current assets		1,013,834	939,659
Receivables from subsidiaries		166,034	133,882
Tax receivables		3,391	2,220
Loans to subsidiaries		657,204	609,255
Other receivables		4,468	5,418
Prepaid expenses		2,024	1,500
Total receivables		833,121	752,275
Marketable securities		539,500	609,493
Cash		131,542	150,016
Total current assets		1,504,163	1,511,784
Total assets		2,517,997	2,451,443

Balance sheet for the parent company

at 31 December

DKK '000	Note	2022	2021
Share capital	10	286,594	286,594
Treasury shares		(26,723)	(24,259)
Retained earnings		1,180,466	1,138,441
Proposed dividend		72,764	68,207
Equity		1,513,101	1,468,983
Deferred tax liabilities	12	51,106	60,351
Provisions for incentive programmes and pension liabilities		11,346	3,884
Total provisions		62,452	64,235
Financial debt		0	22,304
Amounts owed to subsidiaries		879,777	874,176
Trade payables		47,692	5,605
Tax liabilities		0	4,011
Other accounts payable		14,976	12,129
Total current liabilities		942,445	918,225
Total liabilities		942,445	918,225
Total equity and liabilities		2,517,997	2,451,443
Proposed distribution of profit for the year	11		
Fees to auditors	13		
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Statement of changes in equity for the parent company

DKKt	Share capital	Treasury shares	Reserve for net revaluation according to the equity method	Retained earnings	Dividend	Total
Equity at 1 January 2021	286,594	(19,456)	0	1,100,297	66,784	1,434,219
Distributed dividend				5	(66,784)	(66,779)
Profit for the year			149,829	(3,924)		145,905
Currency translation adjustment, foreign subsidiaries			29,067			29,067
Equity movements in subsidiaries			(39,388)			(39,388)
Other adjustments				(8,264)		(8,264)
Purchase of treasury shares		(4,803)		(20,974)		(25,777)
Other transfers			(139,508)	139,508		0
Proposed dividend*				(68,207)	68,207	0
Equity at 1 January 2022	286,594	(24,259)	0	1,138,441	68,207	1,468,983
Distributed dividend				7	(68,207)	(68,200)
Profit for the year			213,221	(53,644)		159,577
Currency translation adjustment, foreign subsidiaries			(31,353)			(31,353)
Equity movements in subsidiaries			(2,113)			(2,113)
Purchase of treasury shares		(2,464)		(11,329)		(13,793)
Other transfers			(179,755)	179,755		0
Proposed dividend*				(72,764)	72,764	0
Equity at 31 December 2022	286,594	(26,723)	0	1,180,466	72,764	1,513,101

*Equivalent to DKK 28 per share (2021: DKK 26 per share)

Notes for the parent company

Note 1 Accounting policies

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act for large entities in reporting class C.

The accounting policies are the same as those applied to the group financial statements, apart from the following policies:

Investments in subsidiaries

Investments in subsidiaries are recognised using the equity method so that the carrying amount of the investments constitutes the parent company's proportional share of the net assets of the entities. Investments in associates are initially recognised at cost and subsequently adjusted to recognise the company's share of the post-acquisition profits or losses and movements in equity.

Investments in subsidiaries with negative net asset value are included without any value. Where the company has a legal or constructive obligation to cover the associate's negative balance, the obligation is recognised under liabilities.

Equity

Reserve for equity method

In the parent company, the net revaluation reserve, according to the equity method, includes net revaluation of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investment or a change in accounting policies. The reserve cannot be recognised with a negative amount.

Cash flow statement

No separate cash flow statement has been prepared for the parent company in accordance with section 86(4) of the Danish Financial Statements Act – reference is made to the group cash flow statement.

Note 2 Employee expenses

See note 4 to the group financial statements.

The company had four employees during the financial year, the same as 2021.

DKK '000	2022	2021
Salaries and wages	(43,378)	(35,967)
Pensions	(4,604)	(3,961)
Social security	(187)	(169)
Employee expenses	(48,169)	(40,097)

Note 3 Amortisation, depreciation and impairment losses

DKK '000	2022	2021
Software and licences	(31,322)	(13,756)
Technical installations, operating and other equipment	(1,095)	(3,234)
Amortisation, depreciation and impairment losses	(32,417)	(16,990)

Note 4 Financial income

DKK '000	2022	2021
Interest, subsidiaries	17,195	12,066
Interest, bank accounts	1,815	826
Foreign exchange gains	34,709	12,302
Capital gain on marketable securities	40,493	38,140
Financial income	94,212	63,334

Note 5 Financial expenses

DKK '000	2022	2021
Interest, subsidiaries	(6,125)	(165)
Interest, cash, securities etc.	(4,748)	(4,478)
Foreign exchange losses	(13,122)	(25,346)
Capital loss on marketable securities	(108,673)	(25,512)
Financial expenses	(132,668)	(55,501)

Note 6 Tax on profit for the year

DKK '000	2022	2021
Current tax	-	(4,011)
Withholding taxes paid abroad	(152)	(254)
Deferred tax	12,731	5,054
Tax adjustment in respect of prior periods	1,484	5,700
Tax adjustment in respect of deferred tax, prior periods	(3,486)	0
Total tax for the year	10,577	6,489

Broken down as follows:

Tax on profit for the year	10,577	6,489
Total tax for the year	10,577	6,489

Tax on profit for the year can be broken down as follows:

Tax calculated at 22 per cent on profit before tax, excluding profit after tax in subsidiaries	14,129	2,291
Current tax, foreign project offices	(152)	(254)
Amortisation of goodwill disallowed for tax purposes	(1,292)	(1,292)
Other expenses/other income disallowed for tax purposes	(106)	44
Tax adjustment in respect of prior periods, current tax	1,484	5,700
Tax adjustment in respect of prior periods, deferred tax	(3,486)	0
Tax on profit for the year	10,577	6,489

Note 7 Intangible assets

DKK '000	Software and licences	Development projects in progress	Total
Cost at 1 January 2022	51,594	50,272	101,866
Additions	82,688	0	82,688
Transfers	50,117	(50,117)	0
Disposals	(13,584)	0	(13,584)
Cost at 31 December 2022	170,815	155	170,970
Amortisation and impairment losses at 1 January 2022	24,602	-	24,602
Amortisation	31,322	-	31,322
Disposals	(13,584)	-	(13,584)
Amortisation and impairment losses at 31 December 2022	(42,340)	-	(42,340)
Carrying amount at 31 December 2022	128,475	155	128,630

Note 8 Property, plant and equipment

DKK '000	Technical installations, operating and other equipment
Cost at 1 January 2022	6,254
Disposals	(3,127)
Cost at 31 December 2022	1,179
Depreciation and impairment losses at 1 January 2022	4,396
Depreciation	1,095
Disposals	(3,127)
Depreciation and impairment losses at 31 December 2022	2,364
Carrying amount at 31 December 2022	763

Note 9 Financial assets

Accounting policies

Investments in subsidiaries are recognised using the equity method so that the carrying amount of the investments constitutes the Group's proportional share of the net assets of the entities. Investments in associates are initially recognised at cost and subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses and movements in equity.

Investments in subsidiaries with negative net asset value are included without any value. Where the Group has a legal or constructive obligation to cover the associate's negative balance, the obligation is recognised under liabilities.

DKK '000	Investments in subsidiaries
Costs at 1 January 2022	1,524,962
Additions	13,602
Costs at 31 December 2022	1,538,564
Value adjustments 1 January 2022	(664,425)
Currency translation adjustment	(33,468)
Profit for the year	213,221
Dividends	(163,580)
Amortisation of goodwill	(5,871)
Value adjustments at 31 December 2022	(654,123)
Carrying amount at 31 December 2022	884,441

See note 30 to the group financial statements for information on investments in subsidiaries.

Note 10 Share capital

See note 18 to the group financial statements for information on share capital.

Note 11 Proposed distribution of profit for the year

DKK '000	2022	2021
Proposed dividend	72,764	68,207
Retained earnings	86,813	77,698
Proposed distribution of profit for the year	159,577	145,905

The proposed dividend is 28 per cent of the share capital excluding treasury shares.

Note 12 Deferred tax

DKK '000	2022	2021
Deferred tax at 1 January	(60,351)	(55,872)
Deferred tax adjustment in respect of prior periods	(3,486)	(9,533)
Deferred tax for the year	12,731	5,054
Deferred tax at 31 December	(51,106)	(60,351)
<i>Recognised in the balance sheet as:</i>		
Deferred tax liabilities	(51,106)	(60,351)
Deferred tax at 31 December	(51,106)	(60,351)
<i>Deferred tax concerns:</i>		
Intangible assets	(28,264)	(5,938)
Property, plant and equipment	962	721
Provisions	2,496	1,747
Debt	(60,367)	(56,881)
Tax-loss carryforward, deductible for tax purposes	34,067	0
Deferred tax at 31 December	(51,106)	(60,351)

Note 13 Fees to auditors

DKK '000	2022	2021
Fee, statutory audit	(50)	(50)
Assurance engagements	-	-
Tax consultancy	-	-
Services other than audit	-	-
Total fees, PricewaterhouseCoopers	(50)	(50)

Note 14 Contingencies and other financial commitments

The Danish entities in the Group are jointly and severally liable for taxes on the Group's jointly-taxed income etc. COWI Holding A/S functions as the management company in terms of joint taxation, and the total amount is stated in the annual report. COWI Holding A/S is liable for taxes on the Group's jointly-taxed profit.

COWI Holding A/S has signed a letter of intent to a subsidiary committing not to require repayment of a DKK 9 million loan until the subsidiary is able to generate sufficient cash flow.

DKK '000	2022	2021
Guarantees		
Guarantee facility at 31 December	821,825	771,825
Drawn for performance bonds relating to projects in progress	162,432	192,438
Drawn for other guarantees	61,205	63,357
Total drawn guarantees at 31 December	223,637	255,795

For guarantees, the following assets have been provided as security to credit institutions:

Cash at a carrying amount of	1,483	895
Securities at a carrying amount of	268,670	303,898
Total securities at 31 December	270,153	304,793

Guarantees through cash and securities can be terminated by COWI Holding A/S from day to day. See note 26 to the group financial statements for further information on contingencies and other financial commitments.

Note 15 Related party transactions

See note 27 to the group financial statements for information on related party transactions.

Note 16 The Board of Directors and the Executive Board

See note 28 to the group financial statements for information on the Board of Directors and the Executive Board.

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board considered and approved the annual report for the financial year 1 January-31 December 2022 of COWI Holding A/S. The annual report has been prepared in accordance with the Danish Financial Statements Act. In our opinion, the accounting policies applied are appropriate and the accounting estimates made are adequate.

Furthermore, we find the overall presentation of the financial statements and the consolidated financial statements to be true and fair. In our opinion, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities,

equity, financial position and the results of the Group's and the parent company's activities and the Group's cash flows for the financial year 1 January-31 December 2022 in accordance with the Danish Financial Statements Act.

In our opinion, the management's review gives a fair presentation of the issues covered and describes the Group's most material risks and uncertainties.

The annual report is recommended for approval at the annual general meeting.

Kongens Lyngby, 27 February 2023

Board of Directors:



Jukka Pekka Pertola
Chairman



Carsten Bjerg
Vice Chairman



Pierre Stefan Olofsson



Henrik Andersen



Anne Marit Harris




Niels Fog*

Executive Board:



**Jens Højgaard
Christoffersen**

Chief Executive Officer



**Natalie G. Shaverdian
Riise-Knudsen**

Chief Financial Officer



Jasper Kyndi*



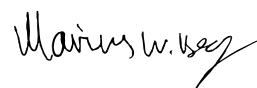
Eva Sara Kristin Sandberg*

*Elected by the employees.



Rasmus Ødum

Chief Operating Officer



Marius Weydahl Berg

Chief Business Development Officer

Independent Auditor's Report

To the Shareholders of
COWI Holding A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of COWI Holding A/S for the financial year 1 January-31 December 2022, which comprise profit and loss account, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated cash flow statement ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and

the Parent 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 Group and the Parent Company to cease to continue as a going concern.

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

Hellerup, 27 February 2023
PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 CVR no 33 77 12 31



Jesper Møller Langvad
 State Authorised
 Public Accountant
 mne21328



Søren Alexander
 State Authorised
 Public Accountant
 mne42824

COWI Holding A/S

company information

Company information

COWI Holding A/S
Parallelvej 2
2800 Kongens Lyngby
Denmark
Tel. +45 56 40 00 00
Fax +45 46 40 99 99
www.cowi.com
www.cowiholding.com
cowi@cowi.com
Company registration number
32 89 29 73

Board of Directors

Jukka Pertola, Chairman
Carsten Bjerg, Vice Chairman
Pierre Olofsson
Henrik Andersen
Anne Harris
Niels Fog
Jasper Kyndi
Kristin Sandberg

Executive Board

Jens Højgaard Christoffersen, Chief Executive Officer
(from 1 October 2022)
Natalie G. Shaverdian Riise-Knudsen, Chief Financial Officer
Rasmus Ødum, Chief Operating Officer
Marius Weydahl Berg, Chief Business Development Officer
(from 1 January 2023)

External auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark
State Authorised Public Accountants
Jesper Møller Langvad and Søren Alexander

Annual general meeting

The annual general meeting will be held
on 15 March 2023 at the company address and online.

