
COBE Holding ApS

Orientkaj 4, DK-2150 Nordhavn

Annual Report for 1 January - 31 December 2019

CVR No 34 05 27 86

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2020

Dan Stubbergaard Hansen
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	13
Balance Sheet 31 December	14
Statement of Changes in Equity	16
Cash Flow Statement 1 January - 31 December	17
Notes to the Financial Statements	18

Management's Statement

The Executive Board has today considered and adopted the Annual Report of COBE Holding ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 May 2020

Executive Board

Dan Stubbergaard Hansen

Independent Auditor's Report

To the Shareholder of COBE Holding ApS

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 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of COBE Holding ApS for the financial year 1 January - 31 December 2019, which comprise income statement, 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 statement of cash flows ("the 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. 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 Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 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 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 judgement and maintain professional scepticism throughout the audit. We also:

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

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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, 28 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen

statsautoriseret revisor

mne18628

Company Information

The Company

COBE Holding ApS
Orientkaj 4
DK-2150 Nordhavn

Telephone: + 45 32544300
E-mail: kho@cobe.dk

CVR No: 34 05 27 86
Financial period: 1 January - 31 December
Municipality of reg. office: København

Executive Board

Dan Stubbergaard Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2019	2018
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	121.748	105.779
Operating profit/loss	10.039	9.599
Profit/loss before financial income and expenses	10.039	9.599
Net financials	222	-500
Net profit/loss for the year	7.972	6.984
Balance sheet		
Balance sheet total	52.634	42.658
Equity	18.539	13.035
Cash flows		
Cash flows from:		
- operating activities	6.022	10.883
- investing activities	-2.693	-4.392
including investment in property, plant and equipment	-2.442	-4.372
- financing activities	-1.341	-485
Change in cash and cash equivalents for the year	1.988	6.006
Number of employees	134	111
Ratios		
Gross margin	74,1%	67,6%
Profit margin	8,2%	9,1%
Return on assets	19,1%	22,5%
Solvency ratio	35,2%	30,6%
Return on equity	50,5%	107,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The Company has not previously prepared consolidated financial statements, which is why the key figures only comprise two years.

Management's Review

Consolidated and Parent Company Financial Statements of COBE Holding ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year. During the financial year, the Company changed its accounting class, which resulted in additional disclosure requirements in the annual report, as well as preparation of consolidated financial statements for the Group. Recognition and measurement have not changed.

Principal activity

The Group is a knowledge-based community of architects dedicated to development of and consultancy on buildings, urban planning, public space designs and landscape architecture primarily in Denmark, Scandinavia, Northern Europe and Canada.

Ownership and Executive Board

COBE Holding ApS is owned by Founder Dan Stubbergaard Hansen, who is executive board.

Financial development of the year

The year was characterized by growth and a high level of activity. Gross revenue (revenue including fees for sub-contractors) stood at DKK 121.748.205 compared to DKK 105.778.820 in 2018. This constitutes an increase in revenue of 15 pct. Cobe also experienced an increase in profitability and in the number of employees that grew by 25 to a total of 155 in headcount.

The Group focused on expansion in international markets. Projects outside Denmark represented 50% of consolidated revenue compared with 40% in the previous financial year. In 2018 and 2019, the Group opened companies in Canada, UK and Belgium.

In the past year, the Group has made contributions to a large number of prestigious architecture competitions in Denmark and abroad.

The income statement of the Group for 2019 shows a profit of DKK 7.972.124, and at 31 December 2019 the balance sheet of the Group shows equity of DKK 18.538.524

Uncertainties regarding recognition and measurement

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date and the estimated total contract expenses. The total contract expenses are calculated on the basis of budgets. Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Management's Review

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Assignments and projects in 2019

In 2019, the Group had a large number of projects under construction with related project follow-up and expert supervision. These included the new Ultra-Fast Charging Stations, Frederiksberg Allé 41, two metro stations in Nordhavn, Paper Island, Kronløb Island and Europahafenkopf Bremen.

The Group has completed the large landscape project Karen Blixens Plads - a new 21.500 m² urban plaza at the University of Copenhagen, the new traffic hub Køge Nord Station connecting high-speed trains and local trains across the busiest motorway in Denmark, a new Ultra-fast Charging Station for electric cars in Fredericia (mentioned also above), and finally Roskilde Festival Højskole - the first newly built folk high school in Denmark in more than 50 years.

The Group has worked intensely on detailed design for many international projects such as the new plaza in front of the European Union, Robert Schuman Plein in Brussels, Belgium, a new office building for Skanska in Hyllie in Malmö, Sweden, as well as three large-scale housing developments in Toronto, Canada.

Currency risks

A significant share of the Group's activities take place abroad. The Group makes every effort to enter into contracts denominated in either Euro or Danish kroner. However, contracts in North America are entered in currencies that are pegged to the US dollar. This means that the Group is exposed to foreign exchange risks.

Markets

The Group has ongoing projects in Denmark, Germany, Belgium, UK, Sweden, Norway, Finland and Canada. These projects include execution of major design projects for the construction of residential, commercial, cultural, educational and urban developments.

The Group has strengthened its market position in Canada with new large projects such as the residential development of West Village in the city of Mississauga, Ontario. This contributes to consolidating the Group's position in the Province of Ontario, where the mixed-use development of West Don Lands 8 is under construction and other developments such as West Don Lands 347 and Scrivener Square in Toronto are getting closer to construction. We will continuously focus on building awareness of the Cobe brand in Canada and USA while entering the North American market.

Activity in the Scandinavian home market includes competition wins like: The Opera Park (DK), new headquarters for FLSmidth (DK) and Science Center (SE). All three represent key projects within sectors of landscape architecture, office, culture and sustainable design.

Management's Review

The European market has also been fruitful in 2019, especially within urban planning of large scale urban developments in Germany, Belgium and the UK. France, Switzerland, Austria and Benelux are emerging markets where the Group is working on building a network through competitions, sketch proposals and collaborations. This has among other things resulted in the winning proposal for the Alzette district, including the former site of the Esch-Schifflange factory in Luxembourg.

Intellectual Capital and Management Culture

At the Group's core is a flat organizational structure in which work is performed in project-based teams and where individual employees are given both mandate and responsibility as well as recognition for unique skills and expertise.

The Group has intellectual capital that include expertise in architectural typologies such as city development & transformation, cultural institutions, education, office and housing.

Employee development takes place through continuous further training, professional challenges and a focus on results, collaboration, and a well-functioning social work environment.

Research and Development Activities

The Group has used 2019 to further invest in developing intellectual capital within sustainability, building materials, research, urbanism, landscape architecture and product design.

Expertise within social, environmental and economic sustainability is a strong competitive parameter and our new division for sustainability and research has increased the Group's intellectual capacity. It is our aim to weave this thinking into all our processes to make the Group a leader in the areas of integrated and evidence-based design solutions. To this end, the Group has created a team of employees with extensive knowledge of sustainable solutions that works cross-disciplinarily to incorporate sustainable solutions in all projects.

Furthermore, the Group has chosen to focus on design by forming a unit that has special knowledge of building materials, product design, space planning, interior design and graphic design. These services are provided in connection with architectural projects or through independently acquired projects.

The Group is also in the process of strengthening one of its core competences, urban planning. Taking advantage of Copenhagen as a brand and the Group's deep knowledge and experience in how to build sustainable urban neighbourhoods, the Group is pursuing urban planning projects internationally to a much larger extent than previously. The Group collects, analyses and communicates the knowledge it has gained over the past ten years and combines it with new innovation to tap into international business opportunities within urban planning. This has resulted in a number of projects, especially in the German market. It is the Group's goal to break through in the North American markets using the same approach.

Management's Review

Business Areas

The Group's core business is centred on a unique way of perceiving architecture, a process and a method. This recipe can be applied to any typology, and thus, the Group continues to focus on a mix of typologies including culture, housing, urban planning, landscape design and urban space design.

In 2019 the Group has focussed on using the momentum gained from the completion of the HALFTIME conference, showroom and employee restaurant building for Adidas, to enter the market of company headquarters and brand-related buildings. This has resulted in high-profile projects such as a new headquarters for FLSmidth and the design center for the automobile company Geely, among others.

Sustainability policies at Cobe

It is our mission to create surroundings that actively contribute to extraordinary everyday urban life. The Group strives for long-lasting quality in the cities, buildings and landscapes it shapes. Incorporating sustainability into building processes has never been more important. The building industry generates almost 40% of CO₂ emissions and 30% of waste. Exchanging the planet's resources into resilient, long-term solutions that are made to outlast our generation is an integral part of the way the Group works.

In an effort to not only focus on sustainability within the projects the Group develops, but to also look at the Group as an organization, 2019 marked the first year we completed a climate report as part of the Group's systematic work with environmental and climate management. The purpose of the report is to get an overview of the organization's greenhouse gas emissions (GHG emissions), as an integral part of an overall climate strategy. The climate report is an important tool in identifying concrete measures to reduce the Group's own energy consumption and associated GHG emissions.

The analysis is based on the international standard "A Corporate Accounting and Reporting Standard" developed by "the Greenhouse Gas Protocol Initiative" - the GHG protocol. This is the most widely used method in the world for measuring greenhouse gas emissions. ISO standard 14064-1 is based on this.

The report pointed especially to two areas where the Group will work to reduce GHG emissions in the future: air travel and food & beverage, which together accounted for 83.2% of the Group's total emissions for 2018.

Management's Review

Working environment policies and initiatives

As a part of the Group's strategy, we are continuously working to improve employee relations and the Group's internal working environment. We want all employees to feel inspired, challenged and appreciated for the work they do. This is done by offering challenging high-profile projects, excellent working conditions and development opportunities within numerous career paths. One of many tools used to further this during 2019 has been to work with the results of the mandatory workplace assessment (APV), which was completed in the fall of 2019. Overall the response was positive, but we identified especially two areas that we need to have more focus on; 1) developing the psychological working environment, and 2) improving the ergonomic working conditions.

Ad 1) We are very aware of the often-heavy work pressure that all our employees are met with, and Management are continuously working on giving the right support and optimizing the processes of planning and staffing the projects. During 2019 we have also held an internal mandatory further education for all our Project Managers and Project Directors, and a key point in the education was coping with work pressure and giving the right support to the team members. The work on developing the psychological working environment is considered a core value at the Group and is something that we take very seriously.

Ad 2) Since almost all our employees are using a computer as their main working tool, we understand that it can be a challenge to avoid e.g. neck, shoulder and back tensions, headaches and RSIs.

Human rights

The Group supports and respects the protection of internationally proclaimed human rights act and will, to the extent our capacity allows, prevent any violation of human and fundamental rights.

In our current business areas, we have not identified any risks of violation of human rights in 2019, and we follow local legislation where we operate. The Group has adhere to the European Convention of Human Rights and have not found it necessary to formulate a policy on the matter, however Management will continue to monitor the business.

Anti-corruption and bribery

As a professional, international organization, the Group supports the United Nations' Convention Against Corruption and fully comply with Danish and local legislation where we operate. We do not tolerate corruption and fraud, and we are committed to fight corruption and will engage in collaborations and relations that share the same mission.

The Group has not registered any attempts at corruption or bribery in 2019 and has therefore not found it necessary to formulate a policy on the matter, however Management will continue to monitor the situation.

Management's Review

Future outlook

The Group will continue to develop its interdisciplinary competencies to both high quality and aesthetics, as well as resilient and sustainable solutions to the challenges the world faces related to the built environment.

As a business partner and consultant, the Group is known for its collaborative approach. Investments will be aimed towards further developing the Group's professionalism.

The Group expects a quieter 2020 in number of employees, revenue and profit. The Group will therefore focus on furthering its efforts within business development and improving its core services: sketches, competitions, concept development, detailed design, follow up and site supervision during execution and construction administration.

The Group's expectations for the future will be adversely affected by the Covid-19 outbreak and the measures taken by governments in Denmark and most of the world to mitigate the effects of the disease, cf. also the discussion of events after the balance sheet date in note 1.

Although many of the Group's customers have indicated that they will maintain ongoing projects and orders, we foresee that revenue and earnings will be realised at a lower level in 2020 compared to 2019.

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Revenue	2	121.748.205	105.778.820	0	0
Expenses for raw materials and consumables		-15.983.645	-20.038.380	0	0
Other external expenses		-15.497.256	-14.264.505	-13.350	-13.350
Gross profit/loss		90.267.304	71.475.935	-13.350	-13.350
Staff expenses	3	-78.549.718	-60.957.585	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-1.678.643	-918.935	0	0
Profit/loss before financial income and expenses		10.038.943	9.599.415	-13.350	-13.350
Income from investments in subsidiaries		0	0	7.578.280	6.693.395
Income from investments in associates		-4.621	-19.736	-4.621	-19.736
Financial income	5	865.445	0	0	925.179
Financial expenses	6	-638.757	-479.968	-17.986	-30.161
Profit/loss before tax		10.261.010	9.099.711	7.542.323	7.555.327
Tax on profit/loss for the year	7	-2.288.886	-2.115.890	0	-55.823
Net profit/loss for the year		7.972.124	6.983.821	7.542.323	7.499.504

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Software		220.504	251.442	0	0
Intangible assets	8	220.504	251.442	0	0
Other fixtures and fittings, tools and equipment		4.057.486	3.233.538	0	0
Leasehold improvements		1.781.326	1.644.210	0	0
Property, plant and equipment	9	5.838.812	4.877.748	0	0
Investments in subsidiaries	10	0	0	17.916.094	12.709.074
Investments in associates	11	34.689	39.310	34.689	39.310
Deposits	12	1.650.000	1.650.000	0	0
Fixed asset investments		1.684.689	1.689.310	17.950.783	12.748.384
Fixed assets		7.744.005	6.818.500	17.950.783	12.748.384
Trade receivables		28.788.098	22.777.553	0	0
Contract work in progress	13	3.656.415	2.192.293	0	0
Receivables from group enterprises		0	0	40.270	1.120.270
Other receivables		326.945	1.275.942	0	0
Deferred tax asset	16	0	16.699	0	0
Prepayments	14	1.956.455	1.402.439	0	0
Receivables		34.727.913	27.664.926	40.270	1.120.270
Cash at bank and in hand		10.161.870	8.174.317	20.489	1.801.657
Currents assets		44.889.783	35.839.243	60.759	2.921.927
Assets		52.633.788	42.657.743	18.011.542	15.670.311

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Share capital		200.000	200.000	200.000	200.000
Reserve for net revaluation under the equity method		0	0	15.256.182	10.053.783
Retained earnings		17.323.327	11.668.053	2.067.145	2.072.231
Equity attributable to shareholders of the Parent Company		17.523.327	11.868.053	17.523.327	12.326.014
Minority interests		1.015.197	1.166.848	0	0
Equity		18.538.524	13.034.901	17.523.327	12.326.014
Provision for deferred tax	16	7.771.324	5.497.289	0	0
Provisions		7.771.324	5.497.289	0	0
Other payables		2.242.358	0	0	0
Long-term debt	17	2.242.358	0	0	0
Trade payables		8.776.762	8.161.998	12.500	12.500
Contract work in progress, liabilities	13	2.612.561	2.690.486	0	0
Payables to group enterprises		0	0	449.620	1.531.787
Payables to owners and Management		112.103	1.345.839	26.095	1.314.010
Other payables	17	12.580.156	11.927.230	0	486.000
Short-term debt		24.081.582	24.125.553	488.215	3.344.297
Debt		26.323.940	24.125.553	488.215	3.344.297
Liabilities and equity		52.633.788	42.657.743	18.011.542	15.670.311
Subsequent events	1				
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Accounting Policies	23				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	200.000	0	11.668.053	11.868.053	1.166.848	13.034.901
Exchange adjustments	0	0	4.990	4.990	259	5.249
Ordinary dividend paid	0	0	0	0	-123.750	-123.750
Extraordinary dividend paid	0	0	-2.350.000	-2.350.000	0	-2.350.000
Other equity movements	0	0	457.961	457.961	-457.961	0
Net profit/loss for the year	0	0	7.542.323	7.542.323	429.801	7.972.124
Equity at 31 December	200.000	0	17.323.327	17.523.327	1.015.197	18.538.524

Parent

Equity at 1 January	200.000	10.053.783	2.072.231	12.326.014	0	12.326.014
Exchange adjustments	0	4.990	0	4.990	0	4.990
Extraordinary dividend paid	0	0	-2.350.000	-2.350.000	0	-2.350.000
Dividend from group enterprises	0	-2.376.250	2.376.250	0	0	0
Net profit/loss for the year	0	7.573.659	-31.336	7.542.323	0	7.542.323
Equity at 31 December	200.000	15.256.182	2.067.145	17.523.327	0	17.523.327

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 DKK	2018 DKK
Net profit/loss for the year		7.972.124	6.983.821
Adjustments	18	3.713.103	4.948.451
Change in working capital	19	-5.889.921	-569.206
Cash flows from operating activities before financial income and expenses		5.795.306	11.363.066
Financial income		865.445	0
Financial expenses		-638.757	-479.968
Cash flows from operating activities		6.021.994	10.883.098
Purchase of intangible assets		-166.910	-66.795
Purchase of property, plant and equipment		-2.441.859	-4.371.963
Fixed asset investments made etc		-84.294	-206.049
Sale of fixed asset investments etc		0	252.572
Cash flows from investing activities		-2.693.063	-4.392.235
Raising of other long-term debt		1.008.622	1.315.196
Dividend paid		-2.350.000	-1.800.000
Cash flows from financing activities		-1.341.378	-484.804
Change in cash and cash equivalents		1.987.553	6.006.059
Cash and cash equivalents at 1 January		8.174.317	2.168.258
Cash and cash equivalents at 31 December		10.161.870	8.174.317
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10.161.870	8.174.317
Cash and cash equivalents at 31 December		10.161.870	8.174.317

Notes to the Financial Statements

1 Subsequent events

The consequences of Covid-19 are of great importance to the world economy. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date (December 31, 2019) and therefore constitutes a non-regulatory event for the Company.

Although only few of the Group's projects have been postponed or stopped due to the Covid-19 outbreak and the lockdown of countries, there is a risk that Covid-19 will have a negative impact on the Group's revenue and earnings in 2020, as it is too early to assess investors continued willingness to invest in new projects.

Management is following the developments closely, and expect a decrease in revenue on approximately 15% from 2019 revenue for the Group. Management will obviously try to catch up lost revenue later in the year.

However, Management expects the development to be affected.

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
2 Revenue				
Geographical segments				
Revenue, Denmark	70.760.380	72.672.747	0	0
Revenue, exports	50.987.825	33.106.073	0	0
	121.748.205	105.778.820	0	0
3 Staff expenses				
Wages and salaries	67.839.756	51.766.014	0	0
Pensions	5.325.429	4.175.111	0	0
Other social security expenses	490.613	384.370	0	0
Other staff expenses	4.893.920	4.632.090	0	0
	78.549.718	60.957.585	0	0
Average number of employees	134	111	0	0

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	197.848	209.616	0	0
Depreciation of property, plant and equipment	1.480.795	709.319	0	0
	1.678.643	918.935	0	0
5 Financial income				
Income from fixed asset investments	0	0	0	925.179
Other financial income	80.550	0	0	0
Exchange adjustments	784.895	0	0	0
	865.445	0	0	925.179
6 Financial expenses				
Interest paid to group enterprises	0	0	17.833	30.035
Other financial expenses	66.061	49.657	153	126
Exchange adjustments, expenses	572.696	430.311	0	0
	638.757	479.968	17.986	30.161
7 Tax on profit/loss for the year				
Current tax for the year	14.851	55.823	0	55.823
Deferred tax for the year	2.274.035	2.060.067	0	0
	2.288.886	2.115.890	0	55.823

Notes to the Financial Statements

8 Intangible assets

Group

	Software
	DKK
Cost at 1 January	1.034.457
Additions for the year	166.910
Disposals for the year	-425.823
Cost at 31 December	775.544
Impairment losses and amortisation at 1 January	783.015
Amortisation for the year	197.848
Reversal of amortisation of disposals for the year	-425.823
Impairment losses and amortisation at 31 December	555.040
Carrying amount at 31 December	220.504
Amortised over	3 years

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	5.582.359	1.725.598	7.307.957
Additions for the year	2.383.669	58.190	2.441.859
Disposals for the year	-1.264.009	0	-1.264.009
Transfers for the year	-365.413	365.413	0
Cost at 31 December	6.336.606	2.149.201	8.485.807
Impairment losses and depreciation at 1 January	2.348.821	81.388	2.430.209
Depreciation for the year	1.205.518	275.277	1.480.795
Reversal of impairment and depreciation of sold assets	-1.264.009	0	-1.264.009
Transfers for the year	-11.210	11.210	0
Impairment losses and depreciation at 31 December	2.279.120	367.875	2.646.995
Carrying amount at 31 December	4.057.486	1.781.326	5.838.812
Depreciated over	3-10 years	3-10 years	

Parent

10 Investments in subsidiaries

	2019	2018
	DKK	DKK
Cost at 1 January	2.654.902	1.680.000
Additions for the year	0	1.142.902
Disposals for the year	0	-168.000
Cost at 31 December	2.654.902	2.654.902
Value adjustments at 1 January	10.054.172	6.330.770
Disposals for the year	0	-1.169.993
Exchange adjustment	4.990	0
Net profit/loss for the year	7.578.280	6.693.395
Dividend to the Parent Company	-2.376.250	-1.800.000
Value adjustments at 31 December	15.261.192	10.054.172
Carrying amount at 31 December	17.916.094	12.709.074

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
COBE A/S	Copenhagen	DKK 500.000	90%
Pakhus Holding ApS	Copenhagen	DKK 125.000	51%
COBE-BRUT	Brussels	EUR 35.000	60%
COBE Architects Inc.	Toronto	CAD 10.000	100%
COBE UK	London	GBP 10.000	100%

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
11 Investments in associates				
Cost at 1 January	40.000	40.000	40.000	40.000
Cost at 31 December	40.000	40.000	40.000	40.000
Value adjustments at 1 January	-690	19.046	-690	19.046
Net profit/loss for the year	-4.621	-19.736	-4.621	-19.736
Value adjustments at 31 December	-5.311	-690	-5.311	-690
Carrying amount at 31 December	34.689	39.310	34.689	39.310

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
COBE-MVRDV ApS	Copenhagen	DKK 80.000	50%

12 Other fixed asset investments

	Group
	Deposits
	DKK
Cost at 1 January	1.650.000
Cost at 31 December	1.650.000
Carrying amount at 31 December	1.650.000

Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
13 Contract work in progress				
Selling price of work in progress	79.065.463	38.466.624	0	0
Payments received on account	-78.021.609	-38.964.817	0	0
	1.043.854	-498.193	0	0
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	3.656.415	2.192.293	0	0
Prepayments received recognised in debt	-2.612.561	-2.690.486	0	0
	1.043.854	-498.193	0	0

14 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

15 Distribution of profit

Extraordinary dividend paid	2.350.000	1.800.000	2.350.000	1.800.000
Reserve for net revaluation under the equity method	0	0	7.573.659	6.673.660
Minority interests' share of net profit/loss of subsidiaries	429.801	-57.722	0	0
Retained earnings	5.192.323	5.241.543	-2.381.336	-974.156
	7.972.124	6.983.821	7.542.323	7.499.504

Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
16 Provision for deferred tax				
Provision for deferred tax at 1 January	5.480.590	3.381.399	0	-55.823
Amounts recognised in the income statement for the year	2.274.035	2.060.067	0	0
This year's regulations for deferred tax in previous years	16.699	39.124	0	55.823
Provision for deferred tax at 31 December	7.771.324	5.480.590	0	0

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	2.242.358	0	0	0
Long-term part	2.242.358	0	0	0
Other short-term payables	12.580.156	11.927.230	0	486.000
	14.822.514	11.927.230	0	486.000

18 Cash flow statement - adjustments

	Group	
	2019	2018
	DKK	DKK
Financial income	-865.445	0
Financial expenses	638.757	479.968
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.678.643	918.935
Income from investments in associates	4.621	19.736
Tax on profit/loss for the year	2.288.886	2.115.890
Other adjustments	-32.359	1.413.922
	3.713.103	4.948.451

Notes to the Financial Statements

	Group	
	2019 DKK	2018 DKK
19 Cash flow statement - change in working capital		
Change in receivables	-7.157.611	-7.847.661
Change in trade payables, etc	1.267.690	7.278.455
	-5.889.921	-569.206

20 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Debtors, tangible assets and immaterial rights have been placed as security with mortgage credit institutes, DKK 5,000k.

Contingent liabilities

The Group has entered into a tenancy agreement concerning the Company's domicile. The tenancy agreement is non-terminable until 15 February 2028. The rent obligation amounts to DKK 22,375k.

The Group has also entered into an agreement regarding leasing assets. The agreement is non-terminable until 1 October 2023. The obligation amounts to DKK 166k.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

COBE Holding ApS has provided a surety (primary liability) in respect of the group company Cobe A/S bank facility. On the balance date, Cobe A/S' debt to Jyske Bank A/S amounts to DKK 0.

Notes to the Financial Statements

21 Related parties

Basis

Controlling interest

Dan Stubbergaard Hansen

Beneficial owner

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
22 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	140.000	136.000	8.000	8.000
Other services	26.000	140.000	2.000	2.000
	166.000	276.000	10.000	10.000

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of COBE Holding ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

During the financial year, the Company changed its accounting class, which resulted in additional disclosure requirements in the annual report, as well as preparation of consolidated financial statements for the Group. Recognition and measurement have not changed.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, COBE Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

23 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

23 Accounting Policies (continued)

Revenue

Information on geographical segments based on the Group's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

23 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Software is measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised over the remaining patent period; however not exceeding 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

23 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	3-10	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of Deposits.

Notes to the Financial Statements

23 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

23 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

Notes to the Financial Statements

23 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$