

# Annual Report

## 1 January - 31 December 2021

**DHI A/S**  
Agern Allé 5,  
DK-2970 Hørsholm

**CVR No 36 46 68 71**

The Annual Report was presented  
and adopted at the Annual General  
Meeting of the Company on 24/5 2022

Mikkel Esbjerg  
Chairman of the General Meeting

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DHI A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

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

Hørsholm, 24 May 2022

## Executive Board

Mette Vestergaard Jakobsen  
CEO

## Board of Directors

Jakob Bo Thomasen  
Chairman

Merete Søby  
Deputy Chairman

Michael Rosenvold

Helle Rootzén

Birgitte Nauntofte

Henrik Bo Christensen

Gunvor Tychsen Philip

Anders Christian Erichsen

# Independent Auditor's Report

To the Shareholder of DHI A/S

## Report on the Consolidated Financial Statements and the Parent Company Financial Statements

### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements of DHI A/S give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 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 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DHI A/S for the financial year 1 January - 31 December 2021, 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 as well as public auditing standards as the audit is performed on the basis of the Audit Instructions for Auditors of GTS Institutes. 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 Financials 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

# Independent Auditor's Report

accordance with the requirements of the Danish Financial Statements 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 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 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

## **Independent Auditor's Report**

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.

### **Reporting on other legal and regulatory requirements**

#### **Statement on compliance audit and performance audit**

Management is responsible for the transactions comprised by the financial reporting being in accordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for due financial consideration having been made in the administration of the funds and the operation of the Parent Company comprised by the Financial Statements. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the Financial Statements, it is our responsibility to perform a compliance audit and a performance audit of selected subject matters in accordance with public auditing standards. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with the relevant provisions relating to the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support due financial consideration made in the administration of the funds and the operation of the Parent Company comprised by the Financial Statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement.

We do not have any material critical comments to report in this respect.

# Independent Auditor's Report

Hellerup, 24 May 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jacob F Christiansen

State Authorised Public Accountant

mne18628

Søren Alexander

State Authorised Public Accountant

mne42824

## Company Information

### The Company

DHI A/S  
Agern Allé 5  
DK-2970 Hørsholm

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Facsimile: + 45 45169292  
E-mail: dhi@dhigroup.com  
Website: www.dhigroup.com

CVR No: 36 46 68 71  
Financial period: 1 January - 31 December  
Incorporated: 16 December 2014  
Financial year: 8th financial year  
Municipality of reg. office: Rudersdal

### Board of Directors

Jakob Bo Thomasen, Chairman  
Merete Søby, Deputy Chairman  
Michael Rosenvold  
Helle Rootzén  
Birgitte Nauntofte  
Henrik Bo Christensen  
Gunvor Tychsen Philip  
Anders Christian Erichsen

### Executive Board

Mette Vestergaard Jakobsen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### Bankers

Danske Bank  
Holmens Kanal 2  
DK-1090 Copenhagen C

Nordea  
Nicolai Eigtveds Gade 8  
DK-0900 Copenhagen C



# Group Chart



# Financial Highlights

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

	<b>Group</b>				
	2021	2020	2019	2018	2017
	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	113,644	110,031	115,365	115,500	112,390
Own production	89,992	84,940	90,972	91,170	91,210
Profit before amortisation and depreciation	1,618	3,347	2,158	6,632	5,776
Profit/loss before financial income and expenses	-676	1,204	177	4,577	2,430
Net financials	1,557	-319	842	-946	-610
Net profit for the year	314	501	844	2,591	1,087
<b>Balance sheet</b>					
Balance sheet total	96,972	94,862	93,950	90,163	82,690
Equity	50,028	48,635	48,940	47,850	41,052
<b>Cash flows</b>					
Cash flows from:					
- operating activities	3,761	8,545	8,749	-282	-939
- investing activities	-1,627	-4,432	-7,429	-307	-4,308
including investment in property, plant and equipment	-1,691	-2,616	-5,501	-2,293	-2,094
- financing activities	-156	-150	-200	-143	-203
Change in cash and cash equivalents for the year	1,978	3,963	1,120	-732	-5,450
Number of employees	1,027	1,014	1,055	1,030	1,061
<b>Ratios</b>					
Profit margin	-0.6 %	1.1 %	0.2 %	4.0 %	2.2 %
Return on assets	-0.7 %	1.3 %	0.2 %	5.1 %	2.9 %
Solvency ratio	51.6 %	51.3 %	52.1 %	53.1 %	49.6 %
Return on equity	0.6 %	1.0 %	1.7 %	5.8 %	2.6 %
Liquidity ratio	1.9	1.9	1.9	2.1	1.9
Own production per employee	88	84	86	89	86

# Management's Review

## Key activities

DHI is a leading, global advisory company that integrates deep domain knowledge and technology to help our clients manage and protect water in all its forms. Our credibility is built on more than 50 years of dedicated research and real-life experience in the global water industry.

We offer advisory services, modelling tools, laboratorial test, physical tests, field measurements and monitoring programs – all grounded in our research. DHI is an approved Advanced Technology Group (GTS) recognised by the Danish Ministry of Higher Education and Science.

DHI has more than 1,000 highly skilled employees in 27 countries around the world.

## Market overview

We work closely with our clients in several market segments to solve complex challenges within water and water environments. We are their trusted advisors, and professional integrity is fundamental for DHI. Our clients include:

- Public and state organizations
- Private industry e.g. manufacturing, infrastructure and ports
- Water supply companies, waste water treatment plants and energy companies
- Advisory companies and entrepreneurs

## Development in the year

Total revenue ended at EUR 113.6 million compared with EUR 110.0 million in 2020. Revenue from Denmark accounts for 24% of total revenue compared with 23% in 2020. Revenue from Europe accounts for 32%, Asia Pacific 32%, Americas 8% and Africa for 4%.

Profit before financial income and expenses ended at EUR -676 thousand compared with EUR 1.204 thousand in 2020.

Finance income increased compared with last year due to higher return on invested funds. Finance expenses decreased compared with last year due to lower exchange rate variances on DHI's trading currencies compared with 2020.

Net profit for the year ended at EUR 314 thousand compared with EUR 501 thousand in 2020. The result is negatively impacted by non-recurring costs of EUR 2.6 million related to developing and implementing a new market-oriented strategy and organization.

The overall financial performance for the year is acceptable considering COVID-19 and implementation of the strategy.

# Management's Review

## **Capital resources**

The financial position of the Group remains strong. Cash position including securities as of 31 December 2021 amounted to EUR 44.9 million compared with EUR 40.6 million as of 31 December 2020.

Cash flows from operations ended at EUR 3.8 million (2020: EUR 8.5 million), cash flows from investing activities ended at EUR -1.6 million (2020: EUR -4.4 million) and cash flow from financing activities ended at EUR -0.2 million (2020: EUR -0.2 million).

## **Special risks - operating risks and financial risks**

DHI operates in a highly competitive and rapidly changing global marketplace. We consider risk management and due diligence a necessity for sound business and have adopted a structured approach comprising four elements: risk identification, risk assessment, identification of mitigating actions and risk reporting. Our risk management and due diligence includes non-financial topics, including environment, social and governance (ESG) aspects.

### ***Operating risks***

DHI delivers +2,000 customer projects globally every year. Loss on projects is minimized by carefully evaluating risks, during the bidding and execution process. A thorough risk evaluation process is in place during the bidding process, and executing risks are evaluated as part of the daily project management process and the monthly follow-up process. Project resources are allocated between the DHI entities to the extent possible to minimise under or over capacity.

Staff are key to DHI's knowledge and project delivery. The group offers competitive salary and working conditions, and staff motivation is monitored monthly.

Risk of potential losses from claims from clients is mitigated by a thorough quality review of all projects delivered and by an international liability insurance program.

Potential risks from break-down of our central IT systems and from cyber security issues are mitigated by our internal IT policies and processes. The process is audited annually.

### ***Market risks***

As a global advisory company, DHI is impacted by the geopolitical development and economic situation. In addition, COVID-19 continues to be a market risk. These market risks are partly mitigated by the global presence and variety of products and services, offered to a wide span of both public and private customers.

# Management's Review

## ***Financial risks***

DHI's financial risks are managed centrally to ensure alignment of financial risk management with corporate objectives; optimize access to debt capital and to ensure that treasury operates within a controlled environment.

DHI's excess funds, which are not required to meet operational financial obligations, are placed in short term Bonds & Shares with a relative low risk profile.

## **Strategy**

DHI has implemented a new strategy focusing on water sustainability by offering digitally enabled advisory and digital solutions to selected global market segments. We will continue to invest in digital development of our products and services.

Collaboration and innovation are strategic elements in our endeavor to develop DHI in accordance with our mission and vision. It's an on-going journey and we continue learning new and better ways of managing our opportunities and challenges.

DHI's integrated management system fulfils the requirements of ISO 9001, ISO 14001 and OHSAS 18001 and covers all our key business process as well as business integrity, environment plus health and safety.

At DHI, we support the United Nations Global Compact – an initiative that encourages the adoption of sustainable and socially responsible policies. We subscribe to its ten principles in the areas of human rights, labor, the environment, and anti-corruption.

## **Targets and expectations for the year ahead**

In 2022, the focus for DHI is to continue the implementation of the new strategy to ensure digitally enabled advisory and digital solutions for our customers. As a result, DHI continues investing in innovation and services to support customers in all key market segments.

The financial outlook for 2022 is by nature associated with uncertainty due to the geopolitical impact of the war in Ukraine and the related consequential impacts. Despite this, DHI expect net revenue and the operating result to be above the level of 2021.

## **Research and development**

DHI is recognised by the Danish Government as an approved Technology Service Provider (GTS).

DHI is a not-for-profit organization and invests significantly in research and development to develop new knowledge, methods, and technologies to the benefit of our customers and the society. We cooperate with universities in Denmark and abroad and are recognized worldwide for our innovation and expertise within water and water environments.

# Management's Review

## Intellectual capital resources

DHI is based in Denmark, and our head office is in Hørsholm. We have local subsidiaries in 27 countries. Average number of employees was 1,027 in 2021 compared with 1,014 in 2020. Total number of headcounts as per end of December 2021 was 1,058, of which 326 was employed in Denmark.

DHI wants to attract the best employees within our field, irrespective of gender, religion, or ethnical background. DHI aims at creating a challenging international work environment, and we have a high share of international employees at our headquarters in Hørsholm.

## Statement of corporate social responsibility

Our commitment to sustainability remains consistent across all DHI A/S businesses. In everything we do within sustainability, we work from these principles:

- DHI A/S is committed to ensuring that our business practices are safe, responsible, and transparent, in accordance with our Core Values and the principles of the UN Global Compact on human rights, labor rights, environment and anti-corruption.
- We define corporate sustainability as working systematically to reduce negative and enhance positive impacts on people, society, and the environment, and as seeking to leverage these efforts for risk mitigation, competitive advantage, and business growth.
- We further aim to unlock growth for society and DHI A/S by leveraging the core strengths of our businesses to address global challenges through innovation.

## United Nations Global Compact

At DHI, we support the United Nations Global Compact – an initiative that encourages the adoption of sustainable and socially responsible policies. We subscribe to its ten principles in the areas of human rights, labor, the environment, and anti-corruption.

-The principles on Human Rights and Labor are supported by policies and specifications in our certified DHI Business Management System.

-The principles on Environment are at the heart of our mission and vision and are directly a part of our quest.

-The principle on Anti-Corruption is integrated with our business integrity policy and is a key CSR focus for us.

We subscribed to the United Nations Global Compact program in 2013 and have provided a yearly Communication on Progress (COP) since then.

We outline our policies, actions and results within relevant areas of corporate social responsibility in our communication progress toward the UN Global compact. The report is available at <https://www.dhigroup.com/about-us/corporate-social-responsibility>.

# **Management's Review**

## **Data Ethics Policy**

DHI has implemented a new Data Ethics Policy. The policy includes data classification, GDPR compliance, data storage and deletion policies, governance on access rights etc. The policy is implemented through existing processes and systems.

We encourage raising data ethical concerns through our reporting mechanisms, including the whistleblower system. We have performed global awareness training of staff to secure knowledge and insights to our data ethical standards.

## **Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statement Act**

DHI wants to attract the best employees within our field, irrespective of gender, religion or ethnical background. DHI aims at creating a challenging international work environment, and the share of international employees is 25% in Denmark.

DHI's target is, that the gender equality in the Executive Leadership Team and external Board of Directors globally reflects the gender balance among the staff. Women accounts for 38% of all staff globally, and the total number of women in the Executive Leadership Team and external Board of Directors accounts for 41%, so the target for gender equality has been obtained.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any material uncertainty.

## **Unusual events**

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	Group		DHI A/S	
		2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
<b>Revenue</b>	1	<b>113,644</b>	<b>110,031</b>	<b>54,689</b>	<b>55,134</b>
Disbursement and other direct costs		<u>-23,652</u>	<u>-25,091</u>	<u>-17,952</u>	<u>-18,396</u>
<b>Own production</b>		<b>89,992</b>	<b>84,940</b>	<b>36,737</b>	<b>36,738</b>
Other operating income		352	2,156	5,514	5,240
Other external expenses		-15,255	-14,710	-12,287	-11,685
Staff expenses	2	<u>-73,471</u>	<u>-69,039</u>	<u>-32,327</u>	<u>-30,671</u>
<b>Profit/loss before amortisation and depreciation</b>		<b>1,618</b>	<b>3,347</b>	<b>-2,363</b>	<b>-378</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-2,294</u>	<u>-2,143</u>	<u>-1,535</u>	<u>-1,474</u>
<b>Profit/loss before financial income and expenses</b>		<b>-676</b>	<b>1,204</b>	<b>-3,898</b>	<b>-1,852</b>
Income from investments in subsidiaries		0	0	2,295	1,897
Financial income	3	2,095	1,833	1,933	1,350
Financial expenses	4	<u>-538</u>	<u>-2,152</u>	<u>-476</u>	<u>-1,706</u>
<b>Profit/loss before tax</b>		<b>881</b>	<b>885</b>	<b>-146</b>	<b>-311</b>
Tax on profit for the year	5	<u>-567</u>	<u>-384</u>	<u>378</u>	<u>710</u>
<b>Net profit for the year</b>		<b>314</b>	<b>501</b>	<b>232</b>	<b>399</b>



## Balance Sheet 31 December

### Assets

	Note	Group		DHI A/S	
		2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
Acquired licenses		22	51	0	18
Goodwill		0	0	0	0
<b>Intangible assets</b>	6	<b>22</b>	<b>51</b>	<b>0</b>	<b>18</b>
Land and buildings		2,038	2,087	1,251	1,269
Other fixtures and fittings, tools and equipment		5,120	5,434	3,475	4,093
Leasehold improvements		810	907	693	762
<b>Property, plant and equipment</b>	7	<b>7,968</b>	<b>8,428</b>	<b>5,419</b>	<b>6,124</b>
Investments in subsidiaries	8	0	0	25,941	22,668
Other investments	9	20	20	0	0
Deposits	9	972	1,010	611	616
<b>Fixed asset investments</b>		<b>992</b>	<b>1,030</b>	<b>26,552</b>	<b>23,284</b>
<b>Fixed assets</b>		<b>8,982</b>	<b>9,509</b>	<b>31,971</b>	<b>29,426</b>
Raw materials and consumables		13	14	13	14
Finished goods and goods for resale		190	134	94	112
<b>Inventories</b>		<b>203</b>	<b>148</b>	<b>107</b>	<b>126</b>
Trade receivables		20,970	22,478	7,663	7,619
Contract work in progress	10	13,964	13,732	3,678	3,984
Receivables from group enterprises		0	0	9,489	11,390
Other receivables		383	1,144	38	1,299
Deferred tax asset	15	4,713	4,448	4,268	4,266
Corporation tax		1,132	1,102	796	793
Prepayments	11	1,692	1,661	1,294	1,252
<b>Receivables</b>		<b>42,854</b>	<b>44,565</b>	<b>27,226</b>	<b>30,603</b>
<b>Securities</b>	12	<b>14,192</b>	<b>13,066</b>	<b>12,997</b>	<b>11,986</b>
<b>Cash at bank and in hand</b>		<b>30,741</b>	<b>27,574</b>	<b>1,759</b>	<b>2,195</b>
<b>Currents assets</b>		<b>87,990</b>	<b>85,353</b>	<b>42,089</b>	<b>44,910</b>
<b>Assets</b>		<b>96,972</b>	<b>94,862</b>	<b>74,060</b>	<b>74,336</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		DHI A/S	
		2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
Share capital	13	1,344	1,344	1,344	1,344
Reserve for net revaluation under the equity method		0	0	5,010	3,401
Reserve for exchange rate conversion		394	-709	0	0
Retained earnings		47,195	46,963	42,579	42,853
<b>Equity attributable to shareholders of the Parent Company</b>		<b>48,933</b>	<b>47,598</b>	<b>48,933</b>	<b>47,598</b>
Minority interests		1,095	1,037	0	0
<b>Equity</b>		<b>50,028</b>	<b>48,635</b>	<b>48,933</b>	<b>47,598</b>
Mortgage loans		1,009	1,100	1,009	1,100
<b>Long-term debt</b>	16	<b>1,009</b>	<b>1,100</b>	<b>1,009</b>	<b>1,100</b>
Mortgage loans	16	92	92	92	92
Trade payables		5,458	3,864	4,083	2,234
Contract work in progress, liabilities	10	15,706	16,600	4,936	7,160
Payables to group enterprises		0	0	1,234	2,251
Corporation tax		360	506	0	0
Other payables		17,907	19,022	9,515	10,542
Deferred income	17	6,412	5,043	4,258	3,359
<b>Short-term debt</b>		<b>45,935</b>	<b>45,127</b>	<b>24,118</b>	<b>25,638</b>
<b>Debt</b>		<b>46,944</b>	<b>46,227</b>	<b>25,127</b>	<b>26,738</b>
<b>Liabilities and equity</b>		<b>96,972</b>	<b>94,862</b>	<b>74,060</b>	<b>74,336</b>
Distribution of profit	14				
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 revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	1,344	0	-709	46,963	47,598	1,037	48,635
Exchange adjustments	0	0	1,103	0	1,103	41	1,144
Ordinary dividend paid	0	0	0	0	0	-65	-65
Net profit/loss for the year	0	0	0	232	232	82	314
<b>Equity at 31 December</b>	<b>1,344</b>	<b>0</b>	<b>394</b>	<b>47,195</b>	<b>48,933</b>	<b>1,095</b>	<b>50,028</b>

### DHI A/S

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	1,344	3,401	0	42,853	47,598	0	47,598
Exchange adjustments	0	1,083	0	20	1,103	0	1,103
Dividend from group enterprises	0	-1,770	0	1,770	0	0	0
Net profit/loss for the year	0	2,296	0	-2,064	232	0	232
<b>Equity at 31 December</b>	<b>1,344</b>	<b>5,010</b>	<b>0</b>	<b>42,579</b>	<b>48,933</b>	<b>0</b>	<b>48,933</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TEUR	2020 TEUR
Net profit for the year		314	501
Adjustments	18	1,304	2,230
Change in working capital	19	2,905	6,331
<b>Cash flows from operating activities before financial income and expenses</b>		<b>4,523</b>	<b>9,062</b>
Financial items received/paid		218	-291
<b>Cash flows from ordinary activities</b>		<b>4,741</b>	<b>8,771</b>
Corporation tax paid		-980	-226
<b>Cash flows from operating activities</b>		<b>3,761</b>	<b>8,545</b>
Purchase of property, plant and equipment		-1,691	-2,616
Change in fixed asset investments etc.		57	-107
Sale of property, plant and equipment		7	0
Change in current asset investments		0	-1,709
<b>Cash flows from investing activities</b>		<b>-1,627</b>	<b>-4,432</b>
Repayment of mortgage loans		-91	-86
Dividends paid		-65	-64
<b>Cash flows from financing activities</b>		<b>-156</b>	<b>-150</b>
<b>Change in cash and cash equivalents</b>		<b>1,978</b>	<b>3,963</b>
Cash and cash equivalents at 1 January		27,574	23,640
Exchange adjustment of cash at bank and in hand		1,189	-29
<b>Cash and cash equivalents at 31 December</b>		<b>30,741</b>	<b>27,574</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		30,741	27,574
<b>Cash and cash equivalents at 31 December</b>		<b>30,741</b>	<b>27,574</b>

# Notes to the Financial Statements

1 Revenue	Group		DHI A/S	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
<b>Geographical segments</b>				
Denmark	27,085	24,942	24,728	23,488
Europe	35,972	36,883	11,472	12,370
Asia Pacific	36,779	34,192	11,471	12,867
Americas	9,401	10,390	3,237	3,287
Africa	4,407	3,624	3,781	3,122
	<b>113,644</b>	<b>110,031</b>	<b>54,689</b>	<b>55,134</b>
<b>Business segments</b>				
Marine & Coastal	29,941	26,192	16,136	13,864
Water Resources	23,604	23,948	7,119	9,082
Energy & Ports	22,317	22,523	15,673	16,494
Water in Cities	22,282	20,635	5,002	4,259
Other	15,500	16,733	10,759	11,435
	<b>113,644</b>	<b>110,031</b>	<b>54,689</b>	<b>55,134</b>

## Notes to the Financial Statements

	Group		DHI A/S	
	2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
<b>2 Staff expenses</b>				
Wages and salaries	66,351	63,121	31,703	30,174
Pensions	1,329	1,026	326	226
Other social security expenses	5,791	4,892	298	271
	<b>73,471</b>	<b>69,039</b>	<b>32,327</b>	<b>30,671</b>
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	1,747	1,680	1,747	1,680
Board of Directors	167	167	167	167
	<b>1,914</b>	<b>1,847</b>	<b>1,914</b>	<b>1,847</b>
<b>Average number of employees</b>	<b>1,027</b>	<b>1,014</b>	<b>306</b>	<b>310</b>
Remuneration to the Executive Board for 2020 and 2021 consist of remuneration to the current Executive Board and former members of the Executive Board, including one-time severance payments to former members of the Executive Board in 2020 and 2021.				
<b>3 Financial income</b>				
Interest received from group enterprises	0	0	83	84
Other financial income	2,095	1,833	1,850	1,266
	<b>2,095</b>	<b>1,833</b>	<b>1,933</b>	<b>1,350</b>
<b>4 Financial expenses</b>				
Interest paid to group enterprises	0	0	22	17
Other financial expenses	538	2,152	454	1,689
	<b>538</b>	<b>2,152</b>	<b>476</b>	<b>1,706</b>

## Notes to the Financial Statements

	Group		DHI A/S	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
<b>5 Tax on profit for the year</b>				
Current tax for the year	1,572	1,227	362	28
Deferred tax for the year	-265	-105	0	0
Tax income due to tax credit scheme	-740	-738	-740	-738
	<b>567</b>	<b>384</b>	<b>-378</b>	<b>-710</b>

## 6 Intangible assets

### Group

	Acquired licenses TEUR	Goodwill TEUR	Total TEUR
Cost at 1 January	366	664	1,030
Exchange adjustment	1	0	1
Cost at 31 December	<b>367</b>	<b>664</b>	<b>1,031</b>
Impairment losses and amortisation at 1 January	315	664	979
Exchange adjustment	(1)	0	(1)
Amortisation for the year	31	0	31
Impairment losses and amortisation at 31 December	<b>345</b>	<b>664</b>	<b>1,009</b>
<b>Carrying amount at 31 December</b>	<b>22</b>	<b>0</b>	<b>22</b>

### DHI A/S

	Acquired licenses TEUR	Total TEUR
Cost at 1 January	361	361
Cost at 31 December	<b>361</b>	<b>361</b>
Impairment losses and amortisation at 1 January	343	343
Amortisation for the year	18	18
Impairment losses and amortisation at 31 December	<b>361</b>	<b>361</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

### 7 Property, plant and equipment

#### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TEUR	TEUR	TEUR	TEUR
Cost at 1 January	4,954	19,487	2,197	26,638
Exchange adjustment	80	382	25	487
Additions for the year	0	1,465	226	1,691
Disposals for the year	0	-144	-12	-156
Cost at 31 December	<u>5,034</u>	<u>21,190</u>	<u>2,436</u>	<u>28,660</u>
Impairment losses and depreciation at 1 January	2,867	14,053	1,290	18,210
Exchange adjustment	36	319	20	375
Depreciation for the year	93	1,842	328	2,263
Reversal of impairment and depreciation on disposals	0	-144	-12	-156
Impairment losses and depreciation at 31 December	<u>2,996</u>	<u>16,070</u>	<u>1,626</u>	<u>20,692</u>
<b>Carrying amount at 31 December</b>	<b><u>2,038</u></b>	<b><u>5,120</u></b>	<b><u>810</u></b>	<b><u>7,968</u></b>



## Notes to the Financial Statements

### 7 Property, plant and equipment (continued)

#### DHI A/S

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TEUR	TEUR	TEUR	TEUR
Cost at 1 January	3,494	10,453	1,551	15,498
Exchange adjustment	1	5	1	7
Additions for the year	0	618	199	817
Disposals for the year	0	-78	0	-78
Cost at 31 December	<u>3,495</u>	<u>10,998</u>	<u>1,751</u>	<u>16,244</u>
Impairment losses and depreciation at 1 January	2,225	6,360	789	9,374
Exchange adjustment	1	2	0	3
Depreciation for the year	18	1,230	269	1,517
Reversal of impairment and depreciation on disposals	0	-69	0	-69
Impairment losses and depreciation at 31 December	<u>2,244</u>	<u>7,523</u>	<u>1,058</u>	<u>10,825</u>
<b>Carrying amount at 31 December</b>	<u><b>1,251</b></u>	<u><b>3,475</b></u>	<u><b>693</b></u>	<u><b>5,419</b></u>

## Notes to the Financial Statements

	DHI A/S	
	2021	2020
	TEUR	TEUR
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	15,347	15,284
Exchange adjustment	6	63
Cost at 31 December	15,353	15,347
Value adjustments at 1 January	3,401	6,221
Exchange adjustment	1,083	-875
Net profit/loss for the year	2,296	1,897
Dividends to the Parent Company	-1,770	-3,842
Value adjustments at 31 December	5,010	3,401
Equity investments with negative net asset value amortised over receivables	5,578	3,920
<b>Carrying amount at 31 December</b>	<b>25,941</b>	<b>22,668</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
DHI Sverige AB	Gothenburg, Sweden	SEK 1,000,000	100 %
DHI AS	Trondheim, Norway	NOK 210,000	100 %
DHI WASY GmbH	Berlin, Germany	EUR 2,740,000	100 %
DHI Vietnam	Hanoi, Vietnam	USD 50,000	100 %
DHI GRAS A/S	Hørsholm, Denmark	DKK 500,000	100 %
DHI Toxispot A/S	Hørsholm, Denmark	DKK 501,000	100 %
DHI SARL	Nantes, France	EUR 150,000	100 %
DHI S.r.l. a socio unico	Genova, Italy	EUR 200,000	100 %
<b>DHI WATER &amp; ENVIRONMENT</b>			
ESPAÑA, S.L.	San Sebastián, Spain	EUR 700,000	100 %
DHI WATER ENVIRONMENTS (UK) LTD	Southampton, United Kingdom	GBP 50,000	100 %
DHI Österreich GmbH	Vienna, Austria	EUR 35,000	100 %
DHI a.s.	Prague 10, Czech Republic	CZK 12,243,000	73 %
DHI Polska Sp. z. o. o.	Warsaw, Poland	PLN 1,110,000	100 %
DHI Water & Environment, Inc	Lakewood, CO, USA	USD 4,950,000	100 %
DHI Water & Environment, Inc	Cambridge, ON, Canada	CAD 100,000	100 %
DHI Water & Environment Pty Ltd	Brisbane, Australia	AUD 700,000	100 %
DHI Water & Environment Ltd	Takapuna, New Zealand	NZD 100,000	100 %
DHI Peru S.A.C.	Miraflores, Lima, Peru	PEN 500,000	100 %
Seaport OPX Pty Ltd	Southport, Australia	AUD 0	100 %

## Notes to the Financial Statements

### 8 Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Votes and ownership
DHI Water & Environment (S) Pte Ltd	Singapore, Singapore	SGD 2,250,000	100 %
DHI WATER & ENVIRONMENT (M) SDN. BHD.	Selangor, Malaysia	MYR 500,000	100 %
DHI (India) Water & Environment Private Limited	New Delhi, India	INR 49,804,492	100 %
PT DHI Water & Environment	Jakarta Selatan, Indonesia	USD 297,000	100 %
DHI Water & Environment (B) Sdn Bhd	Kg. Delima Satu, BSB, Brunei	BND 10,000	100 %
DHI China	Shanghai, China	CNY 3,070,186	100 %
DHI Invest ApS	Hørsholm, Denmark	DKK 200,000	100 %

### 9 Other fixed asset investments

	Group		DHI A/S
	Other investments TEUR	Deposits TEUR	Deposits TEUR
Cost at 1 January	20	1,010	616
Exchange adjustment	0	19	0
Additions for the year	0	131	5
Disposals for the year	0	-188	-10
Cost at 31 December	20	972	611
<b>Carrying amount at 31 December</b>	<b>20</b>	<b>972</b>	<b>611</b>

## Notes to the Financial Statements

	Group		DHI A/S	
	2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
<b>10 Contract work in progress</b>				
Selling price of work in progress	183,927	165,061	80,859	72,415
Payments received on account	(185,669)	(167,929)	(82,117)	(75,591)
	<b>(1,742)</b>	<b>(2,868)</b>	<b>(1,258)</b>	<b>(3,176)</b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	13,964	13,732	3,678	3,984
Prepayments received recognised in debt	(15,706)	(16,600)	(4,936)	(7,160)
	<b>(1,742)</b>	<b>(2,868)</b>	<b>(1,258)</b>	<b>(3,176)</b>
<b>11 Prepayments</b>				
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.				
<b>12 Current asset investments</b>				
Shares	4,010	3,741	4,010	3,742
Bonds	10,182	9,325	8,987	8,244
	<b>14,192</b>	<b>13,066</b>	<b>12,997</b>	<b>11,986</b>

## Notes to the Financial Statements

### 13 Equity

The share capital consists of 10,000,000 shares of a nominal value of TEUR 1,344. No shares carry any special rights.

The share capital has developed as follows:

	2021	2020	2019	2018	2017
	TEUR	TEUR	TEUR	TEUR	TEUR
Share capital at 1 January	1,344	1,344	1,344	672	672
Capital increase	0	0	0	672	0
Capital decrease	0	0	0	0	0
<b>Share capital at 31 December</b>	<b>1,344</b>	<b>1,344</b>	<b>1,344</b>	<b>1,344</b>	<b>672</b>

### 14 Distribution of profit

	Group		DHI A/S	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
Reserve for net revaluation under the equity method	0	0	2,296	(3,842)
Minority interests' share of net profit/loss of subsidiaries	82	102	0	0
Retained earnings	232	399	(2,064)	4,241
	<b>314</b>	<b>501</b>	<b>232</b>	<b>399</b>

## Notes to the Financial Statements

	Group		DHI A/S	
	2021 TEUR	2020 TEUR	2021 TEUR	2020 TEUR
<b>15 Deferred tax asset</b>				
Deferred tax asset at 1 January	4,448	4,379	4,266	4,250
Amounts recognised in the income statement for the year	265	105	0	0
Amounts recognised in equity for the year	0	(36)	2	16
<b>Deferred tax asset at 31 December</b>	<b>4,713</b>	<b>4,448</b>	<b>4,268</b>	<b>4,266</b>

The Company's deferred tax balances relates in all material matters to goodwill which arose as a result of the group-internal restructuring at 31 December 2018. The Group has chosen to recognise EUR 4,268k as a deferred tax asset based on the projected Danish taxable income for the next 3-5 years. The valuation of the deferred tax asset is especially dependent on DHI A/S being able to realise the projected growth in projects and achieving the necessary market shares to profit from the investments in development projects.

## 16 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:

### Mortgage loans

After 5 years	550	734	550	734
Between 1 and 5 years	459	366	459	366
Long-term part	1,009	1,100	1,009	1,100
Within 1 year	92	92	92	92
	<b>1,101</b>	<b>1,192</b>	<b>1,101</b>	<b>1,192</b>

## 17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

## Notes to the Financial Statements

	<b>Group</b>	
	2021	2020
	TEUR	TEUR
<b>18 Cash flow statement - adjustments</b>		
Financial income	-2,095	-1,833
Financial expenses	538	2,152
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,294	2,143
Tax on profit for the year	567	384
Other adjustments	0	-616
	<b>1,304</b>	<b>2,230</b>
<b>19 Cash flow statement - changes in working capital</b>		
Changes in inventories	(55)	11
Changes in receivables	2,006	5,103
Changes in trade payables, etc.	954	1,217
	<b>2,905</b>	<b>6,331</b>

# Notes to the Financial Statements

## 20 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the jointly taxed incomes etc. The total amount of corporation tax payable by the Group's Danish entities amounts to TEUR 0.

Moreover, the Danish entities 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.

### Rental obligations

At 31 December, the Group has a rental obligation of EUR 11.3 million, of which the Parent Company's obligation amounts to EUR 7.3 million. The present part of the Parent Company's leases may be terminated at 6 months, however the signing of the contract for the new Domicile in DK have terms of 10 years for the first 10 years and hereafter 12 months.

### Lease obligations

At 31 December, the remaining payments relating to leases amount to EUR 0.4 million for the Group. The remaining terms run from 6 to 60 months. The lease obligation of the Parent Company amounts to EUR 0.1 million of the total obligations.

### Guarantees

At 31 December, total guarantees of EUR 5.0 million have been provided by the Group in connection with project completion.

Guarantees provided by the Parent Company amount to EUR 3.5 million.

At 31 December, the Parent Company has issued a guarantee of EUR 0.3 million with respect to operating credits in DHI Sweden. DHI Sweden has moreover provided its outstanding invoices as security for the company's operating credit (EUR 0.2 million). The Parent Company has stated that it provides financial support to the Australian subsidiary DHI Water & Environment Pty Ltd.



# Notes to the Financial Statements

## 21 Related parties

### Basis

#### Controlling interest

DHI Fonden

Capital ownership

#### 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.

#### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

DHI Fonden, Hørsholm

	Group		DHI A/S	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
<b>PricewaterhouseCoopers</b>				
Audit fee	105	115	94	91
Other assurance engagements	34	33	34	33
Other services	33	104	33	104
	<b>172</b>	<b>252</b>	<b>161</b>	<b>228</b>
<b>Other</b>				
Audit fee	65	77	0	0
Other services	27	13	0	0
	<b>92</b>	<b>90</b>	<b>0</b>	<b>0</b>
	<b>264</b>	<b>342</b>	<b>161</b>	<b>228</b>

## 22 Fee to auditors

#### PricewaterhouseCoopers

Audit fee	105	115	94	91
Other assurance engagements	34	33	34	33
Other services	33	104	33	104
	<b>172</b>	<b>252</b>	<b>161</b>	<b>228</b>
<b>Other</b>				
Audit fee	65	77	0	0
Other services	27	13	0	0
	<b>92</b>	<b>90</b>	<b>0</b>	<b>0</b>
	<b>264</b>	<b>342</b>	<b>161</b>	<b>228</b>

# Notes to the Financial Statements

## 23 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TEUR.

### 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, DHI A/S, 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.

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.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### 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.

### *Business acquisitions carried through before 1 July 2018*

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

### *Business acquisitions carried through on or after 1 July 2018*

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

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

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

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.

### Segment information on revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business 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.

Performance contract funds and project grants are recognised as they are used at approved rates adjusted for any self-financing.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### **Disbursement and other direct costs**

Disbursement and other direct costs comprise the raw materials and consumables consumed to achieve revenue for the year.

### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as the Group's administration, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

### **Staff expenses**

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

### **Amortisation, depreciation and impairment losses**

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

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### *COVID-19 Government grants*

Government grants are recognised when it is virtually certain that the Group complies with the requirements to receive the grant and it is virtually certain that the Group will receive the grant. The grant is systematically recognised over the period it relates to or immediately if the grant is not dependent on the incurrence of future costs or investments. Government grants are recognised as Other operating income or in the balance sheet if the grant is given for investment in an asset.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes 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.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Tax on profit 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 Danish enterprises in proportion to their taxable incomes.

Taxes include corporation taxes, withholding taxes, taxes attributable to branches and permanent establishments etc.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### 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.

## 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:

Production buildings	30-50 years
Other buildings	30-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

#### 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

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

The item "Investments in subsidiaries" 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 intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries 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.

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

#### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Other fixed asset investments

Other fixed asset investments consist of deposits and other capital investments and are measured at the lower of cost and net realisable value at the balance sheet date.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### 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



# Notes to the Financial Statements

## 23 Accounting Policies (continued)

incurred.

### Prepayments

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

### Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### 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.

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

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

# Notes to the Financial Statements

## **23 Accounting Policies** (continued)

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

## **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".

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

## Notes to the Financial Statements

### 23 Accounting Policies (continued)

#### Financial Highlights

##### Explanation of financial ratios

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Own production per employee	$\frac{\text{Own production for the year}}{\text{Number of employees}}$