NIRAS A/S

Sortemosevej 19

3450 Allerød
Denmark

Central Business Register (CVR) No. 37 29 57 28

Annual Report for the period

1 January - 31 December 2020

The Annual Report was approved at the Company's Annual General Meeting on 13 April 2021.

Chairman of the meeting

Contents

Company information

Company	NIRAS A/S Sortemosevej 19 3450 Allerød Denmark Municipality of registered office: Allerød Tel.: +45 4810 4200 www.niras.dk niras@niras.dk Central Business Register (CVR) No. 37 29 57 28 Financial year 1 January – 31 December
Board of Directors	Jens Maaløe, Chairman Carsten Toft Boesen Mads Søndergaard Kresten Kloch Thomas Rolskov Christiansen* Susanne Lyngberg Nilsson* *) elected by the employees
Executive Board	Carsten Toft Boesen
Auditors	PricewaterhouseCoopers Strandvejen 44 2900 Hellerup Denmark

Management's statement

Today the Board of Directors and Executive Board have considered and adopted the Annual Report for NIRAS A/S for the financial year 1 January to 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and the financial performance of the Company for 2020.

In our opinion, the Management's review contains a true and fair statement in accordance with the Danish Financial Statements Act.

We recommend that the Annual report be approved by the Annual General Meeting.

Allerød, 18 March 2021

Executive Board

Carsten Toft Boesen
CEO

Board of Directors

Jens Maaløe Chairman	Carsten Toft Boesen	Mads Søndergaard
Kresten Kloch	Thomas Rolskov Christiansen*	Susanne Lyngberg Nilsson*

*) elected by the employees

Independent Auditor's Report

To the Shareholder of NIRAS A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NIRAS A/S for the financial year 1 January - 31 December 2020, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

Independent Auditor's Report (continued)

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.

Copenhagen, 18 March 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen State Authorised Public Accountant mne18628	Kaare von Cappeln State Authorised Public Accountant mne11629

Key figures and financial ratios

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016* DKK '000
5-year key figures					
Gross revenue	1.434.550	1.525.776	1.524.033	1.506.483	1.043.762
Value of own production	1.276.117	1.341.696	1.337.575	1.327.465	855.819
EBITDA	87.349	72.994	66.876	41.702	52.676
EBITA	75.964	59.754	56.472	32.158	48.721
EBIT	73.265	56.858	53.838	29.428	47.776
Financial income and expenses, net	(4.439)	2.601	2.279	(3.753)	376
Net profit for the year	53.111	47.348	43.613	18.623	38.921
Contract work in progress	133.041	152.067	135.882	129.200	105.344
Trade receivables	263.157	356.043	368.380	433.299	223.170
Prepayments received	213.478	175.511	212.873	236.933	164.363
Contract work in progress, receivables and prepayments, net	182.720	332.599	291.389	325.566	164.151
Net working capital	460.030	366.696	294.401	267.826	193.514
Cash and cash equivalents and securities	257.198	45.929	70.356	82.913	187.213
Equity	283.023	269.912	253.564	209.951	130.511
Balance sheet total	1.021.391	877.029	887.077	869.513	592.374
Investments in property, plant and equipment	2.195	5.934	18.355	5.143	6.403
Number of employees, average	1.575	1.684	1.716	1.708	1.095
Financial ratios					
EBITA/FTE	48,2	35,5	32,9	18,8	44,5
EBITDA margin (%)	6,8	5,4	5,0	3,1	6,2
EBITA margin (%)	6,0	4,5	4,2	2,4	5,7
EBIT margin (%)	5,7	4,2	4,0	2,2	5,6
Current ratio	1,9	1,8	1,6	1,5	1,5
Return on equity (%)	19,2	18,1	18,8	11,1	30
Equity ratio (%)	27,7	30,8	28,6	24,1	22

*As of 1 January 2017, the Company merged with Alectia A/S. The merger was effected using the book value method. In consequence, the comparative figures for 2016 have not been restated.

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the accounting policies.

Management's review

Principal activity

NIRAS offers consultancy services from its regional offices in Allerød, Aalborg, Aarhus and Odense and the affiliated local offices.

Activities and financial position

The Company's own production was DKK 1,276 million, while operating profit grew from DKK 56.9 million to DKK 73.3 million, up by DKK 16.4 million or 28.8%.
Profit before tax increased by DKK 9.3 million to DKK 68.8 million, mainly driven by an improved utilisation of the Company's resources and costsavings.

Overall, the result were higher than expected and the Management considers the financial results satisfactory.

Uncertainty in connection with recognition and measurement

Contract work in progress is measured including estimates of the stage of completion. In the course of a project, positive or negative variances may occur compared with the estimates applied.

Goodwill impairment test is based on estimated future cash flows, discount rates and growth rates. Such estimates are subject to uncertainty and changes may have a major impact.

No significant uncertainties other than those described above exist in respect of the Annual Report.

Exceptional circumstances

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.
As the demand for the majority of the Company's products are unaffected by the outbreak of COVID-19, the outbreak has not had, and is not expected to have, any significant impact on the Company.

Risk management

The Group uses a risk management system to systematically identify and implement measures to prevent particular risks relating to projects and IT security. Furthermore three additional risk areas has been identified as significant and measures are being established to manage and prioritise preventive actions. The five areas are being documented including underlying risk drivers and assessed with the aim of having a global risk overview, which is assessed by the management, and approved by the NIRAS board. The five risk areas are 1) Project delivery 2) IT & data 3) Market & reputation 4) Finance 5) People and facilities

Management's review (continued)

Project delivery risks:

The key operational risks of the Group relate to the ability to maintain a high level of activity by securing project inflow and fair earnings on the individual projects by professional project management. Furthermore ensure competent and knowledgeable staff. The group operates with a risk model within project delivery where every project is evaluated prior to contracts signing based on six risk drivers; Market, Organization, Delivery, Contract terms, Timeline and Project economy.
As part of NIRAS Fundamentals, all issues and challenges are addressed openly across functions and professions. Identified risks are assessed by the project owner and project manager, and projects are categorized in four categories, where category four are projects with highest risk. End of December 2020 were 13 projects categorized as category four projects.

IT & Data risks:

During the last two years, the Group has established several new measures to reduce the risk within IT Security and GDPR. Within IT security, seven overall risk drivers has been identified and preventive actions has been taken. The desired level of security has been defined, considering user friendliness and implementation cost, and there has been a satisfactory progress on the specified activities. The target is moving constantly and therefore the need for new and more extensive preventive actions are changing as well.
GDPR is managed through a newly implemented GDPR tool, where all policies and "databehandler-" agreements are stored. Awareness campaigns has been performed and updated policies will be published within NIRAS accordingly.

Market & Reputation risks:

As a central risk driver for the Groups reputation in the market is the compliance and Integrity management. This is referred to in next section; Statement on corporate social responsibility.
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Market & Reputation risks:

Financial risks:

As a consequence of its operating activities, the Group is exposed to exchange rate and interest rate fluctuations, with the most significant exchange rate, interest rate and credit risks being attributable to commercial factors. The Group seeks to minimise exchange-rate risks by issuing invoices and paying costs in the same currency. However, as this is not always possible, operational exchange-rate risks exist. No forward exchange contracts were in effect at the end of the financial period.
Other risk rivers within Finance are balance sheet exposure, fraud and errors, ERP and related system performance and credit risk. It is Group policy to maximise cash resources and reduce credit risk, by receiving prepayments, etc., where possible.

Management's review (continued)

People and Facilities risks:

The combination of professional skills and the ability to translate knowledge into relevant solutions are key to the Company's value creation and innovative performance as well as to the continued development of the individual employees. Targeted efforts are made to ensure accumulation and internal sharing of both existing and new knowledge for the benefit of the individual projects, the well-being of employees and, ultimately, customer satisfaction.

We continue our commitment to attract, retain and develop highly skilled employees and to invest in their professional and personal development. Overall, our employees are highly skilled, and employees holding a degree longer than three years constitute 82% of our staff.

Risks related to travel, working abroad and work environment are assessed as part of the groups global travel policy and Duty of Care processes. The working environment (HSE) are regulated and monitored locally by individual HSE-bodies based on local legal requirements. Inspections and incidents are recorded and reported and, if applicable, corrective actions are taken.

Management's review (continued)

Statement on corporate social responsibility and sustainability

The Group is a signatory to and supports the UN Global Compact and is committed to corporate social responsibility in connection with the execution of projects. Moreover, corporate social responsibility is a key focus area of our HR policies. In accordance with section 99a(7) of the Danish Financial Statements Act, reference is made to the UN Global Compact – NIRAS' Communication on Progress 2020 for a more detailed description. The Communication on Progress is available on the corporate website at http://www.niras.com/about-niras/csr/global-compact.aspx

NIRAS is also committed to its ethical responsibility as regards both ordinary business ethics and anti-corruption measures. The Group's policies in this field appear from NIRAS' Business Integrity and Ethics Policy which forms an integral part of NIRAS' Integrity Management System, together with specific procedures. All employees are required to comply with the Group's policies and to follow the procedures outlined in the management system. The Integrity Management System and the Business Integrity and Ethics Policy are in compliance with the international anti-corruption measures defined by the OECD, FIDIC, Transparency International and the United Nations.

In addition to a description of NIRAS' Ethics Policy and the related procedures, NIRAS' Integrity Management System provides due diligence procedures for the screening of partners and subcontractors as well as templates and declarations to be filled in and signed by partners and subcontractors. The management system also contains a whistleblowing function and an online anti-corruption tutorial. All executive officers, heads of business units, new employees and existing employees working outside Western Europe are required to complete the tutorial.

NIRAS's ethical policies are united in a statement signed by the Chairman of the Board of Directors and the CEO. The statement and the manual for NIRAS' Integrity Management System are available on the corporate websites, including at https://www.niras.com/about-niras/corporate-social-responsibility/

NIRAS' Integrity Management System is regularly reviewed and updated, most recently in December 2020 when, for instance, NIRAS' Principles on Safeguarding were elaborated and uploaded to the corporate website and when NIRAS' quality control, including anti-corruption procedures within financial management, was strengthened.

Further, two new employees have been added to NIRAS' compliance unit. The unit is divided into two sub-units dealing with compliance issues inside and outside the Nordic countries, respectively.

In 2020, we continued the development and expansion of NIRAS' anti-corruption training programmes. By the end of 2020, about 500 employees had been enrolled as participants.

There is no doubt that NIRAS' employees are much more observant of corruption issues now than in the past, resulting in an increased number of reported cases for further investigation. Fortunately, we did not experience any severe internal violations of our Business Integrity and Ethics Policy in 2020.

If there are indications to suspect that corruption has taken or is taking place in publicly funded or donor-funded projects, NIRAS is obliged to report such incidents to the anti-corruption/fraud office of

Management's review (continued)

the respective donor or public organisation, who then initiates its own investigation if the suspicion is well-founded. In 2020, NIRAS was approached three times by government agencies asking for bribes. NIRAS immediately reported the matters to the donor organisations funding the relevant projects.

At NIRAS, we strive to prevent UN human rights violations, both in the choice of projects undertaken by the Company, the execution of the project and the choice of any partners and subcontractors. Our Ethics Policy ensures that all projects are screened for any human rights issues before the Company undertakes to perform them. By being a signatory to the UN Global Compact, the Company is committed to actively promoting an understanding of the importance of human rights compliance. The Company's human rights efforts are detailed in its annual report, the *Communication on Progress*, to the UN Global Compact.

NIRAS is concerned about the environment and continuously strives to reduce the environmental footprint of the Company's own operating and consultancy activities. The UN's 17 Sustainable Development Goals (SDGs) have been integrated into NIRAS' strategies and services. The Company prepares annual climate accounts, which are available on the corporate website at: https://www.niras.com/about-niras/corporate-social-responsibility/

Quality management systems

We operate a quality management system to ensure the use of timely and relevant skills and to enable the delivery of high-quality services. Our quality management system can be certified according to the ISO 9001:2000 standard, and part of the business has been certified.

Research and development activities

We focus on continuous development and innovation for the purpose of promoting NIRAS' position within the various areas of expertise.

In keeping with this aim, we regularly take on PhD students who work with specific issues and development projects.

Representation of underrepresented gender

In 2016, the Board of Directors decided that a 25% target for the representation of the underrepresented gender on the Board would be acceptable within 2022. At end of 2020, no women served on the Board. Accordingly, efforts will be made to increase the proportion of women in connection with future elections of new members for the Board.

The target for the remaining management levels is a gender ratio that reflects the general gender ratio at NIRAS A/S. At NIRAS A/S, the proportion of women is 33% while the proportion of women at management level is 23%, an increase on the previous year. Despite the higher proportion, the target has not

Management's review (continued)

yet been achieved. In order to increase the proportion of female managers, the gender balance will be supported by a number of initiatives. To enable a more independent daily routine for our employees and their families, flexible working hours has been introduced and working from home has been made possible by providing sufficient communication tools and IT infrastructure. NIRAS want to attract new female managers and develop existing female employees to become managers. Attention will be focused on this issue in the year to come.

Qualities and skills are still the most important criteria when appointing members for the Board of Directors, managers and employees.

Outlook

The productivity in the project delivery is expected to improve in 2021. The expectations is a 5-10% increase in fee earnings with a lesser increase in production cost. In 2020, the company was able to save costs due to the COVID-19 situation, but we do not expect, that the company will be able to continue with the same level of cost saving in 2021. Some costs are postponed to 2021 and other costs, especially within facility, will go back to same level as before the COVID-19 situation.

The expected growth in 2021 is based on a combination of organic growth and smaller acquisitions. This, together with a continued focus on productivity improvements, will not be enough to secure improved profit performance compared to 2020 due to the expected cost-increase. In 2021, the company therefore expects a small decline in profit before financial items of 10-20%.

Accounting policies

Basis of preparation

The Annual Report of NIRAS A/S for 2020 has been presented 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.

Danish kroner (DKK) is NIRAS A/S's functional and presentation currency. The financial statements are presented in DKK thousand.

Recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting policies (continued)

Business combinations

Business combinations are accounted for using the book value method, which is a variant of the uniting-of-interests method. In consequence, business combinations are effected at the carrying amounts and no balance is identified. Any consideration exceeding the carrying amount of the acquired enterprise is recognised directly in equity. A business combination is deemed to have been completed at the date of acquisition and the comparative figures are not restated.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised as financial income and expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange rate differences between the exchange rate at the balance sheet date and the exchange rate at the date of the transaction are recognised in the income statement under financial income and expenses in the income statement.

Segment information

Information is provided for business segments (primary segment) and geographical markets (secondary segment). The segment information follows NIRAS' accounting policies and internal financial reporting.

Income Statement

Gross revenue

Revenue from fixed price contracts is recognised based on the stage of completion, entailing that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). This method is used when all income and expenses relating to the contract and the stage of completion at the balance sheet date can be reliably determined, and it is probable that economic benefits, including payments, will flow to the company.

Revenue is shown net of value-added tax, returns, rebates and discounts.

Other external expenses

Other external expenses comprise advertising, administration, rent of leasehold, provisions for bad debt other leases etc.

Accounting policies (continued)

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised foreign currency translation adjustments, market value adjustment of securities and surcharges and allowances under the tax prepayment scheme.

Tax on profit or loss for the year

Tax on profit or loss for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement by the portion attributable to profit or loss for the year, and directly in equity by the portion attributable to equity transactions. Tax recognised in the income statement is classified as either tax on income or loss from ordinary activities or as other taxes.

Any change in deferred tax as a result of changes in tax rates is recognised in the income statement.

NIRAS A/S is jointly taxed with NIRAS Gruppen A/S, which acts as the administration company. The tax effect of the joint taxation with subsidiaries is allocated to profitable as well as loss-making enterprises in proportion to their taxable income (fully allocated with a refund for tax losses). Jointly taxed entities are included in the joint taxation scheme.

Accounting policies (continued)

Balance Sheet

Goodwill

Goodwill is amortised on a straight-line basis over the estimated economic life determined on the basis of Management's experience in the relevant business areas. The amortisation period is 5-20 years and is based on the Company's experience in and assessment of the useful life of the individual investment. Acquired enterprises with strong market positions and long-term earnings profiles have the longest amortisation period.

The carrying amount of goodwill is tested for impairment on an ongoing basis and any impairment loss is recognised in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which the goodwill is allocated.

Trademarks, know-how and software

Trademarks, know-how and software are measured at cost less accumulated amortisation and impairment losses. Trademarks and know-how are amortised over a maximum of 10 years, and software is amortised over a maximum period of 5 years. Amortisation is made on a straight-line basis over the amortisation period.

Property, plant and equipment

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

Cost comprises purchase price and any costs directly attributable to the acquisition plus costs for preparing the asset until the date when the asset is available for use.

The basis of depreciation is calculated based on cost less estimated residual value after the end of useful life. Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets:

Property	100 years
Leasehold improvements	5-10 years, maximum over the actual lease term
Operating equipment, fixtures and fittings	3-5 years

Depreciation period and residual value are reassessed annually.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the selling prices less cost of sales and the carrying amount at the time of sale. Gains or losses are recognised in the income statement as amortisation and impairment losses or under other operating expenses when the selling price exceeds the original cost.

Accounting policies (continued)

Impairment losses relating to non-current assets

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

Where there is evidence of impairment, an impairment test is conducted to determine whether the recoverable amount of the asset is lower than the carrying amount. In that case, the asset is written down to the lower recoverable amount.

An impairment test is carried out annually of ongoing development projects, whether or not there is an indication of impairment.

The recoverable amount of an asset is determined as the higher of net selling price and value in use. Where it is not possible to determine the recoverable amount of the individual asset, the impairment is assessed in respect of the smallest group of assets for which it is possible to determine a reliable recoverable amount.

Where the independent value in use of goodwill, trademarks, know-how, software and other assets cannot be determined because the asset does not generate future cash flows, the asset will be reviewed for impairment together with the group of assets to which the asset belongs.

Receivables

Receivables comprise trade receivables and other receivables. On initial recognition, receivables are measured at the transaction price and subsequently at amortised cost, which usually equals the nominal value less any loss allowance for bad debts.

Write-down for bad debt is calculated based on an assessment of the individual receivable and, for trade receivables, an additional general provision based on the Company's experience from previous years.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed based on the stage of completion. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised in the income statement.

Accounting policies (continued)

Where it is not possible to determine a reliable selling price, the selling price is measured at the lower of costs incurred and net realisable value.

Prepayments and payments received on account are deducted from the selling price. Each individual contract is recognised in the balance sheet in receivables or liabilities, depending on whether the net asset value, calculated as the selling price less amounts invoiced on account, is positive or negative.

Costs related to sales work and contract negotiations are recognised in the income statement as incurred.

Prepayments and accrued income (assets)

Prepayments and accrued income recognised under assets comprise prepaid expenses incurred concerning subsequent financial years. Prepayments and accrued income are measured at amortised cost, usually equivalent to nominal value.

Securities

Securities recognised as current assets comprise listed bonds and shares, which are measured at fair value at the balance sheet date. Fair value is calculated using the most recently quoted selling price.

Equity

Dividends proposed for the financial year are recognised as a separate item under equity.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of an event occurring on or before the balance sheet date, and it is probable that economic benefits will be required to settle the obligation.

The Company has recognised costs for warranty commitments for cases involving warranty claims related to projects. The costs comprise insurance policy excess and warranty commitments for cases in which the Company expects to have to pay costs of remediation, etc.

Deferred tax assets and liabilities

Deferred tax is recognised for all temporary differences between the carrying amounts and the tax base of assets and liabilities. However, deferred tax is not recognised for temporary differences relating to the amortisation of goodwill disallowed for tax purposes and other items if, except in the case of acquisitions, they arose at the date of acquisition without any impact on net profit or loss or taxable income.

Accounting policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates applicable when the deferred tax becomes current tax according to the legislation in force at the balance sheet date. In cases where the tax base can be determined under alternative taxation rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the obligation.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at their anticipated net realisable value, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet as calculated tax on taxable income for the year, adjusted for tax on taxable income for previous years and tax paid on account. Surcharges and allowances under the tax prepayment scheme are recognised in the income statement under financial income and expenses.

Financial liabilities

Other liabilities are measured at amortised cost, which is essentially equivalent to nominal value.

Cash flow statement

In accordance with section 86(4) of the Financial Statements Act, the Company has not prepared a cash flow statement as such statement is contained in the cash flow statement of the consolidated financial statements of NIRAS Gruppen A/S.

Consolidated financial statements

The company is included in the Consolidated Annual Report of the parent company:

NIRAS Gruppen A/S
Sortemosevej 19,
3450 Allerød, Denmark

Central Business Register (CVR) No. 73 43 22 19

Accounting policies (continued)

Segment information

Information is provided for geographical markets (primary segment) and business segments (secondary segment). The segment information follows the Group's accounting policies and internal financial control.

Financial ratios

The financial ratios have been prepared in accordance with the guidelines set out by Danish Finance Society (Den Danske Finansanalytikerforening (DDF)).

$$\text{EBITA/FTE} = \frac{\text{Operating profit excl. amortisation x 100}}{\text{Average number of employees}}$$

$$\text{EBITDA margin} = \frac{\text{Operating profit excl. depreciation and amortisation x 100}}{\text{Value of own production}}$$

$$\text{EBITA margin} = \frac{\text{Operating profit excl. amortisation x 100}}{\text{Value of own production}}$$

$$\text{EBIT margin} = \frac{\text{Operating profit x 100}}{\text{Value of own production}}$$

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

$$\text{Equity ratio} = \frac{\text{Equity x 100}}{\text{Total assets}}$$

Income statement

	Note	2020 DKK '000	2019 DKK '000
Gross revenue		1.434.550	1.525.776
Project costs		(158.433)	(184.080)
Value of own production	1	1.276.117	1.341.696
Other external expenses		(142.452)	(169.149)
Staff expenses	2	(1.046.316)	(1.099.553)
Depreciation and amortisation	3	(14.084)	(16.136)
Operating profit		73.265	56.858
Financial income	4	1.406	4.592
Financial expenses	5	(5.845)	(1.991)
Profit before tax		68.826	59.459
Tax on net profit/(loss) for the year	6	(15.715)	(12.111)
NET PROFIT FOR THE YEAR	7	53.111	47.348

Balance sheet – Assets

	Note	2020 DKK '000	2019 DKK '000
Goodwill	8	5.151	6.550
Software	8	13.767	14.059
Intangible assets		18.918	20.609
Property	9	123	129
Leasehold improvements	9	12.528	14.851
Operating equipment, fixtures and fixtures	9	7.367	9.376
Property, plant and equipment, total		20.018	24.356
Other securities	10	2.059	2.491
Deposits	10	11.612	12.009
Total financial assets		13.671	14.500
TOTAL FIXED ASSETS		52.607	59.465
Trade receivables		263.157	356.043
Contract work in progress	11	133.041	152.067
Receivables from group enterprises		272.451	228.967
Other receivables		15.103	11.183
Prepayments and accrued income		27.834	23.375
Total receivables		711.586	771.635
Securities and equity investments	12	-	3.004
Cash and cash equivalents		257.198	42.925
TOTAL CURRENT ASSETS		968.784	817.564
TOTAL ASSETS		1.021.391	877.029

Balance sheet – Liabilities

	Note	2020 DKK '000	2019 DKK '000
Share capital	13	20.000	20.000
Retained earnings		238.023	209.912
Proposed dividend for the year		25.000	40.000
TOTAL EQUITY	7	283.023	269.912
Deferred tax	14	115.941	106.990
Other provisions	15	11.904	9.636
TOTAL PROVISIONS		127.845	116.626
Other Payables	16	101.769	39.623
Long term debt		101.769	39.623
Prepayments received from customers	11	213.478	175.511
Trade payables		74.098	86.169
Payables to group enterprises		1.241	4.391
Other payables	17	219.937	184.797
Current liabilities		508.754	450.868
TOTAL LIABILITIES		610.523	490.491
TOTAL EQUITY AND LIABILITIES		1.021.391	877.029

Mortgages, contractual obligations, lease commitments, recourse guarantee commitments and contingent liabilities are presented in Notes 18-20.

Remuneration for auditors elected by the annual general meeting is presented in Note 21.

Information about related parties and shareholder information is provided in Notes 22-23.

Subsequent events are disclosed in Note 24.

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2020	20.000	209.912	40.000	269.912
Dividends distributed	-	-	(40.000)	(40.000)
Net profit for the year	-	28.111	25.000	53.111
Equity at 31 December 2020	20.000	238.023	25.000	283.023

Notes

	2020 DKK '000	2019 DKK '000
1. Segment information		
Activities – primary segment, Own production:		
Building	505.443	540.040
Infrastructure	189.942	178.057
Utilities	243.767	234.523
Environment, Water & Energy	122.261	149.591
Process Industry	128.970	145.889
Development Consulting	34.987	48.661
Informatics	50.747	44.935
	1.276.117	1.341.696
Geographical – secondary segment, Own production:		
Denmark	1.276.117	1.341.696

The Company's geographical segmentation is based on the office affiliation of project participants.

Notes

	2020	2019
	DKK '000	DKK '000
2. Staff expenses		
Wages and salaries	922.381	970.144
Pension contributions	112.192	115.961
Other social security costs	11.743	13.448
	1.046.316	1.099.553
Remuneration for registered members of the Executive Board and the Board of Directors	5.771	4.916
Average number of employees	1.575	1.684

Incentive schemes

The members of the Company's Executive Board and other executive officers are paid bonuses based on the Group's operating profit. Part of the bonus is paid by way of shares in NIRAS Gruppen A/S.

Notes

	2020	2019
	DKK '000	DKK '000
3. Depreciation and amortisation		
Goodwill	2.699	2.773
Trademarks and know-how	-	123
Software	5.750	6.661
Property	6	6
Leasehold improvements	2.323	2.881
Fixtures, fittings, tools and equipment	3.775	4.127
Gain/(loss) on sale of operating equipment	28	69
Depreciation transferred to project costs	(497)	(504)
	14.084	16.136
4. Financial income		
Interest on bank deposits and market value adjustment of bonds	186	166
Dividends on securities	228	298
Interest from group enterprises	992	4.128
	1.406	4.592
5. Financial expenses		
Interest on bank loans, etc.	1.119	1.108
Non-deductible interest	2	43
Foreign currency adjustments	4.724	840
	5.845	1.991

Notes

	2020	2019
	DKK '000	DKK '000
6. Tax		
Current tax	6.950	4.114
Change in deferred tax	8.951	8.760
Tax on net profit/(loss) for the year	15.901	12.874
Adjustment relating to previous years	(186)	(763)
	15.715	12.111

The Company is subject to joint taxation, with tax being paid by the parent company.

7. Proposal for the distribution of net profit		
Dividend for the financial year	25.000	40.000
Carried forward to next year	28.111	7.348
	53.111	47.348

Notes

8. Intangible assets

	Goodwill DKK '000	Software DKK '000
Cost at 1 January 2020	50.843	51.364
Additions	1.300	6.006
Disposals	(38.212)	(13.749)
Cost at 31 December 2020	13.931	43.621
Depreciation and amortisation at 1 January 2020	44.293	37.305
Depreciation and amortisation	2.699	5.750
Depreciation and amortisation relating to disposals during the year	(38.212)	(13.201)
Depreciation and amortisation at 31 December 2020	8.780	29.854
Carrying amount at 31 December 2020	5.151	13.767
Carrying amount at 1 January 2020	6.550	14.059
Depreciated/amortised over	5-20 years	3-5 years

Notes

	Property	Leasehold improve-ments	Operating equipment, fixtures and fittings
	DKK '000	DKK '000	DKK '000
9. Property, plant and equipment			
Cost at 1 January 2020	565	24.778	40.446
Additions	-	-	2.195
Disposals	-	(30)	(10.090)
Cost at 31 December 2020	565	24.748	32.551
Depreciation and amortisation at 1 January 2020	436	9.927	31.070
Depreciation and amortisation	6	2.323	3.775
Depreciation and amortisation relating to disposals during the year	-	(30)	(9.661)
Depreciation and amortisation at 31 December 2020	442	12.220	25.184
Carrying amount at 31 December 2020	123	12.528	7.367
Carrying amount at 1 January 2020	129	14.851	9.376
Depreciated/amortised over	100 years	5-10 years	3-5 years

Notes

	Other securities DKK '000	Deposits DKK '000
10. Financial assets		
Cost at 1 January 2020	3.127	12.009
Additions	(432)	(397)
Disposals	-	-
Cost at 31 December 2020	2.695	11.612
Value adjustments at 1 January 2020	(636)	-
Value adjustments for the year	-	-
Value adjustments at 31 December 2020	(636)	-
Carrying amount at 31 December 2020	2.059	11.612
Carrying amount at 1 January 2020	2.491	12.009

Notes

	2020	2019
	DKK '000	DKK '000
11. Contract work in progress		
Selling price of work performed	2.149.009	2.302.614
Invoiced on account	(2.229.446)	(2.326.058)
	(80.437)	(23.444)
Net value is recognised in the balance sheet as follows:		
Contract work in progress	133.041	152.067
Prepayments received from customers	(213.478)	(175.511)
	(80.437)	(23.444)
12. Securities and equity investments		
Listed bonds, etc.	-	3.004
13. Share capital		
The share capital consists of:		
1 share of DKK 5,000,000	5.000	5.000
10 shares of DKK 1,000,000 each	10.000	10.000
28 shares of DKK 100,000 each	2.800	2.800
2,200 shares of DKK 1,000 each	2.200	2.200
Share capital, total	20.000	20.000

The shares are not divided into classes.

During the last 5 years the Company's capital was increased by DKK 2,200,000 in 2017 in connection with a merger.

Notes

	2020 DKK '000	2019 DKK '000
14. Deferred tax		
Provision for deferred tax at 1 January	106.990	98.230
Deferred tax recognised in the income statement	8.951	8.760
Provision for deferred tax at 31 December	115.941	106.990
Deferred tax relates to the following items:		
Intangible assets	5.045	3.093
Property, plant and equipment	(2.824)	(1.939)
Contract work in progress	198.261	199.585
Goodwill	-	(300)
Receivables, etc.	(2.526)	(2.565)
Other provisions for liabilities	(5.390)	(4.247)
Tax loss	(76.625)	(86.637)
	115.941	106.990
Net value is recognised in the balance sheet as follows:		
Deferred tax liabilities	115.941	106.990
	115.941	106.990

The provision for deferred tax is made at the tax rate at which the temporary differences are expected to be realised.

Notes

	2020	2019
	DKK '000	DKK '000
15. Other provisions		
Other provisions at 1 January	9.636	9.578
Provisions made during the year	4.468	3.163
Provisions used during the year	(2.200)	(3.105)
Reversal of unused provisions	-	-
	11.904	9.636

The Company has recognised costs for warranty commitments involving warranty claims at 31 December 2020. The costs comprise insurance policy excess and warranty commitments for projects in which the Company expects to have to pay costs of remediation, etc.

The Company makes provisions for restoration liabilities for all leases during the non-cancellable period of the leases. Further, provisions have been made for rent of premises not used up to the expiry of the cancellation period.

16. Long term debt

The long term debt consist of Holdiay pay compensation, not due until employees retires.

The debt obligations are due according to the order below

Long term debt		
Due 1-5 years	48.849	-
Due after 5 years	52.920	39.623
Long term debt	101.769	39.623

17. Other payables		
Payroll liabilities, PAYE tax, social security contributions, etc.	144.458	50.533
Holiday pay obligations	41.106	98.664
VAT and duties	34.013	33.349
Other payables	360	2.251
	219.937	184.797

Notes

	2020	2019
	DKK '000	DKK '000

18. Payment guarantees and deposits

Payment guarantees issued to third parties	65.521	82.418

19. Rental and lease commitments

Operating leases for rent of office premises, vehicles and photocopying machines have been entered into for the period 2020-2028.

Less than 1 year, external	22.253	24.924
Less than 1 year, Intercompany	2.488	-
Between 1 and 5 years, external	38.136	55.481
Between 1 and 5 years, Intercompany	4.977	-
More than 5 years	3.655	19.473
Rent commitments, total	71.509	99.878
Less than 1 year	2.668	3.222
Between 1 and 5 years	3.213	5.059
More than 5 years	-	-
Lease commitments, total	5.881	8.281

The Company and the other Group enterprises are jointly and severally liable for tax payable on the Group's income subject to joint taxation, etc. The total income tax payable appears from the annual report of NIRAS Gruppen A/S, which acts as the administration company of the joint taxation scheme. Any subsequent adjustments to the income tax may increase the liabilities of the Company.

The Company and other jointly registered enterprises of the Group are jointly and severally liable for the total VAT liability.

The VAT liability of the Group amounts to	33.906	33.349

Notes

20. Recourse guarantee commitments and contingent liabilities

The Company is a stakeholder in the owners' association 'Hotel Tannishus' (title No. 38-i), Tannishus, Denmark. The Company has a 1:73 share.

The Company makes a provision under Other provisions corresponding to the expected insurance excess for projects in which there is a risk of exposure to liability. In addition, the Company is involved in a few legal proceedings. The outcome of the legal proceedings is not expected to have any significant impact on the Company's financial position.

The Company regularly enters into partnerships and joint ventures subject to joint and several liability. NIRAS A/S is the lead partner of five joint ventures with a total contract amount of DKK 119,138,000. NIRAS A/S owns different shares in the joint ventures.

21. Remuneration for auditors elected by the Annual General Meeting

The note on remuneration for auditors elected by the Annual General Meeting has been omitted in accordance with section 96(3) of the Financial Statements Act. NIRAS A/S is included in the consolidated financial statements of NIRAS Gruppen A/S.

22. Related parties

Related parties exercising control of NIRAS A/S:

NIRAS ALECTIA Fonden, Sortemosevej 19, 3450 Allerød, Denmark	Principal shareholder
NIRAS Gruppen A/S, Sortemosevej 19, 3450 Allerød, Denmark	Principal shareholder
Carsten Toft Boesen, Dronning Margrethes Vej 44, 4000 Roskilde, Denmark	Executive Board and Board of Directors
Jens Maaløe, Vinrankevej 5, 2900 Hellerup, Denmark	Board of Directors (Chairman)
Kresten Kloch, Skovvej 16, 2930 Klampenborg, Denmark	Board of Directors
Mads Søndergaard, Stubbevang 50, 3400 Hillerød, Denmark	Board of Directors
Thomas Rolskov Christiansen, Fyrreskoven 1, 8600 Silkeborg, Denmark	Board of Directors
Susanne Nilsson, Vingen 73, 3140 Ålsgårde, Denmark	Board of Directors

Transactions with related parties have been made on market terms.

Information about remuneration of Management, etc., is provided in Note 2, Staff expenses.

Notes

23. Shareholder information

The share capital is owned by NIRAS Gruppen A/S, Allerød, Denmark, whose main objective is to act as the holding company of a number of companies providing consulting services from offices in Denmark, Greenland, Sweden, Finland, Norway, the UK, Germany, Poland, etc. The Annual Report of NIRAS Gruppen A/S can be obtained at the Company's offices.

24. Subsequent events

No subsequent events affecting the assessment of the Annual Report have occurred after 31 December 2020.

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Kaare von Cappeln
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Carsten Toft Boesen
Bestyrelsesmedlem
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Jacob Fromm Christiansen
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Jens Maaløe
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Susanne Nilsson
Bestyrelsesmedlem
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Mads Søndergaard
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Kresten Kloch
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