



P+W Denmark ApS

Njalsgade 17 A
2300 København S
CVR No. 39261502

Annual report 2021

The Annual General Meeting adopted the
annual report on 27.05.2022

Søren Hyllekvist

Chairman of the General Meeting

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Entity details

Entity

P+W Denmark ApS

Njalsgade 17 A

2300 København S

Business Registration No.: 39261502

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Philip Leonard Harrison, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of P+W Denmark ApS for the financial year 01.01.2021 - 31.12.2021.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

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

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 27.05.2022

Executive Board

Philip Leonard Harrison
CEO

Independent auditor's report

To the shareholders of P+W Denmark ApS

Opinion

We have audited the financial statements of P+W Denmark ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 27.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Tim Kjær-Hansen

State Authorised Public Accountant
Identification No (MNE) mne23295

Frederik Juhl Hestbæk

State Authorised Public Accountant
Identification No (MNE) mne47807

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures				
Gross profit/loss	(149)	(104)	(298)	(150)
Operating profit/loss	(149)	(104)	(298)	(150)
Net financials	(2)	(1)	0	0
Profit/loss for the year	(6,877)	(48,111)	(31.990)	(468)
Total assets	105,442	109,570	121.898	154.183
Equity	19,510	24,703	72.982	104.940
Ratios				
Equity ratio (%)	18.50	22.55	59.87	68.06

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

P+W Denmark ApS is a holding company and was established in January 2018 along with the global architecture firm Perkins+Will's decision to invest in a strategic partnership with SHL K/S.

SHL K/S is an architecture firm providing services within architecture and interior design with operations both in Denmark and internationally and with primary markets in Scandinavia, Europe, Asia and North America.

Development in activities and finances

In 2021, the Group realized revenue and profit for the year that are considered unsatisfactory as the expected growth was not achieved within the selected market segments during 2021, mainly due to the negative COVID-19 impact. The profit for the year is negative by DKK 6,877 thousand compared to DKK 48,111 thousand in 2020. Profit for the year is affected by amortisation of goodwill of DKK 11,305 thousand.

Profit/loss for the year in relation to expected developments

Management considers the profit for the year as expected as the focus has been to reduce costs and improve profitability.

Uncertainty relating to recognition and measurement

The main accounting areas where the recognition and measurement can be affected by estimates and subject to uncertainties are:

- Goodwill is measured at cost less accumulated amortisation and impairment. Management has assessed indication of impairment of goodwill based on expected earnings.

The expected earnings is based on estimates as well as expected future events and is thus subject to uncertainty.

Outlook

We expect that the partnership with Perkins+Will combined with continued focused market efforts will entail a significant development of the Group and that we will experience growth in the project portfolio, both nationally and internationally.

It is the Company's ambition and strategic objective that both revenue and profit should be increased over the coming years. Management expects a negative profit for 2022 in the level of DKK 4-6 million after amortisation of goodwill.

Use of financial instruments

The Company's revenue from international projects is relatively high. The need for currency hedging will be specifically assessed for each project, and forward exchange contracts will be made, if necessary, to cover any risks.

Statutory report on corporate social responsibility

The SHL Group works determinedly and strategically with CSR in the sense of social, environmental, and economic sustainability. SHL has acceded to UN's Global Compact for many years and is thus under an obligation to have a targeted focus on initiatives supporting four central areas: human rights, labor rights, environment, and anticorruption.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Other external expenses		(148,650)	(103,512)
Gross profit/loss		(148,650)	(103,512)
Income from investments in group enterprises		(6,717,932)	(39,561,082)
Other financial expenses	2	(1,598)	(1,415)
Profit/loss before tax		(6,868,180)	(39,666,009)
Tax on profit/loss for the year	3	(8,486)	(8,445,100)
Profit/loss for the year	4	(6,876,666)	(48,111,109)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		105,348,904	109,475,798
Financial assets	5	105,348,904	109,475,798
Fixed assets		105,348,904	109,475,798
Cash		92,718	94,316
Current assets		92,718	94,316
Assets		105,441,622	109,570,114

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		78,630	78,630
Translation reserve		1,515,500	(167,898)
Retained earnings		17,916,065	24,792,731
Equity		19,510,195	24,703,463
Provisions for investments in group enterprises	6	983,890	0
Provisions		983,890	0
Payables to group enterprises		84,818,387	84,616,651
Other payables		129,150	250,000
Current liabilities other than provisions		84,947,537	84,866,651
Liabilities other than provisions		84,947,537	84,866,651
Equity and liabilities		105,441,622	109,570,114

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Statement of changes in equity for 2021

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	78,630	(167,898)	24,792,731	24,703,463
Exchange rate adjustments	0	1,683,398	0	1,683,398
Profit/loss for the year	0	0	(6,876,666)	(6,876,666)
Equity end of year	78,630	1,515,500	17,916,065	19,510,195

Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(148,650)	(103,512)
Working capital changes	7	157,136	156,913
Cash flow from ordinary operating activities		8,486	53,401
Financial expenses paid		(1,598)	(1,415)
Taxes refunded/(paid)		(8,486)	(3,400)
Cash flows from operating activities		(1,598)	48,586
Free cash flows generated from operations and investments before financing		(1,598)	48,586
Increase/decrease in cash and cash equivalents		(1,598)	48,586
Cash and cash equivalents beginning of year		94,316	45,730
Cash and cash equivalents end of year		92,718	94,316
Cash and cash equivalents at year-end are composed of:			
Cash		92,718	94,316
Cash and cash equivalents end of year		92,718	94,316

Notes

1 Events after the balance sheet date

No events have happened after the balance sheet date that would significantly impact the financials in this annual report.

2 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	1,598	1,415
	1,598	1,415

3 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	0	8,445,100
Adjustment concerning previous years	8,486	0
	8,486	8,445,100

4 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	(6,876,666)	(48,111,109)
	(6,876,666)	(48,111,109)

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	189,731,661
Transfers	(76,250)
Cost end of year	189,655,411
Impairment losses beginning of year	(80,255,863)
Exchange rate adjustments	1,683,398
Amortisation of goodwill	(11,304,847)
Share of profit/loss for the year	4,586,915
Investments with negative equity value transferred to provisions	983,890
Impairment losses end of year	(84,306,507)
Carrying amount end of year	105,348,904

Goodwill recognised in investment in group enterprises amounts to DKK 69,027 thousand.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Schmidt Hammer Lassen K/S	Denmark	K/S	98.75	22,765,797	1,153,661
Komplementarselskabet SHL ApS	Denmark	ApS	100.00	80,812	(2,371)
Schmidt, Hammer, Lassen Architects Asia Ltd	Hong Kong	Ltd	100.00	(983,890)	0
Schmidt Hammer Lassen Architects China Ltd	Shanghai	Ltd	100.00	13,545,220	2,251,789

6 Provisions for investments in group enterprises

Provision relates to a negative investment in Schmidt Hammer Lassen Architects Asia Ltd.

7 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in trade payables etc	157,136	156,913
	157,136	156,913

8 Employees

The Entity has no employees other than the Executive Board.

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

A chattel mortgage registered to the mortgager of DKK 10,000 thousand has been provided as collateral for bank debt secured upon fixtures and fittings, operating equipment and goodwill. A charge has been provided as collateral for bank debt secured upon unsecured claims of DKK 13,000 thousand.

10 Related parties with controlling interest

Perkins + Will Inc., 410 North Michigan Avenue, Suite 1600, Chicago, IL 60611, USA owns the majority of the shares in the Entity, thus exercising control.

11 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Perkins + Will Inc., 410 North Michigan Avenue, Suite 1600, Chicago, IL 60611, USA .

Copies of the consolidated financial statements of Perkins & Will Inc may be ordered at the following address:
Perkins + Will Inc., 410 North Michigan Avenue, Suite 1600, Chicago, IL 60611, USA .

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for administration etc.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the

income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.