COWI A/S

Parallelvej 2
2800 Kgs. Lyngby

Annual report 2021

Company reg. no. 44 62 35 28

The annual report was presented and adopted at the annual general meeting of the company on the 30 Mach 2022

Julie Ramhøj Meisner

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1 Statements on the annual report

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board considered and approved the annual report for the financial year 1 January – 31 December 2021 of COWI A/S. The annual report has been prepared in accordance with the Danish Financial Statements Act. In our opinion, the accounting policies applied are appropriate and the accounting estimates made are adequate.

Furthermore, we find the overall presentation of the financial statement to be true and fair. In our opinion, the annual report gives a true and fair view of the company's assets, liabilities, financial position and the activities and cash flow for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

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

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

Kongens Lyngby, 25 February 2022

Executive Board

Rasmus Ødum
Chief Executive Officer

Board of Directors

Lars-Peter Søbye
Chairman

Jens Højgaard Christoffersen
Vice Chairman

Rasmus Ødum

Carsten Fjorback*

Ulf Kjellerup Hansen*

*elected by the employees

Independent auditor's report

To the shareholder in COWI 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 2021, and of the results of the Company's operation and cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of COWI A/S for the financial year 1 January – 31 December 2021, which comprise a summary of significant accounting policies, profit and loss account, balance sheet, statements of changes in equity, cash flow statement 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 Boards for Accounts' 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 auditing 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 and 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 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 Statement
Management is responsible for the preparation of the 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 enable the preparation of the 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 cease operations, or has realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statement
Our objectives are to obtain reasonable assurance about whether the financial statements 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 no guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. 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 this financial statements.

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

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than of 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 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 exits related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exits, we are required to draw attention in our auditor's report to 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.

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

Hellerup, 25 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company Reg. no. 33 77 12 31

Jesper Møller Langvad State Authorised Public Accountant mne21328	Søren Alexander State Authorised Public Accountant mne42824

2 Company information

COWI A/S	Parallelvej 2 2800 Kongens Lyngby Telephone +45 56 40 00 00 www.cowi.com www.cowi.dk cowi@cowi.com Company reg. no. 44 62 35 28
Branches	Ethiopia Germany Greenland Kenya Kuwait Philippines Qatar Taiwan Tanzania Turkey
Board of Directors	Lars-Peter Søbye, Chairman Jens Højgaard Christoffersen, Vice Chairman Rasmus Ødum Carsten Fjorback Ulf Kjellerup Hansen
Executive Board	Rasmus Ødum Chief Executive Officer
Auditing	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Annual general meeting	The annual general meeting will be held online on 30 March 2022.
Ownership	The company is 100 per cent owned by COWI Holding A/S

3 Key figures and financial ratios

Key figures and financial ratios	2017 DKKm	2018 DKKm	2019 DKKm	2020 DKKm	2021 DKKm
Net turnover	**3,045**	**3,142**	**3,061**	**2,949**	**2,937**
Operating profit before interest, tax, depreciation, amortisation (EBITDA)	330	329	178	232	165
Operating profit before amortisation (EBITA)	290	283	133	194	127
Operating profit on ordinary activities	230	220	76	150	82
Operating profit (EBIT)	**230**	**219**	**73**	**148**	**81**
Net financials	-18	2	-10	-21	5
Profit before tax	**224**	**219**	**72**	**128**	**96**
Profit for the year	**169**	**165**	**40**	**85**	**65**
Goodwill	177	154	133	111	89
Other non-current assets	362	323	322	212	196
Cash and cash equivalents	424	60	61	65	26
Other current assets	1,385	1,450	1,154	1,429	1,138
Total assets	**2,348**	**1,987**	**1,670**	**1,817**	**1,449**
Share capital	27	27	27	27	27
Equity	**674**	**539**	**380**	**417**	**321**
Provisions	325	344	348	416	414
Long-term debt	0	2	67	173	1
Short-term debt	1,348	1,102	875	810	712
Cash flow from operating activities	379	206	153	482	24
Investment in property, plant and equipment	-45	-45	-56	-28	-33
Other investments, net	-9	-22	-35	45	-20
Cash flow from investing activities, net	-54	-65	-91	17	-53
Free cash flow	**325**	**141**	**62**	**499**	**-29**
Cash flow from financing activities	-207	-496	169	-496	-10
Cash flow for the year	**118**	**-355**	**231**	**4**	**-39**
Financial ratios					
EBITDA margin	11%	10%	6%	8%	6%
Operating margin (EBIT margin)	8%	7%	2%	5%	3%
Return on invested capital	59%	55%	16%	40%	30%
Equity ratio	29%	27%	23%	23%	22%
Return on equity	24%	27%	9%	21%	18%
Interest-bearing debt, net (- = asset)	-418	-277	-93	-464	-290
Liquidity	1.3	1.4	1.4	1.8	1.6
Average number of employees	2,618	2,624	2,627	2,545	2,534

Financial ratios

The financial ratios stated in "Key figures and financial ratios" have been calculated as follows:

EBITDA margin	Operating profit/loss excl. depreciation and amortisation x 100 / Net turnover
Operating margin (EBIT margin)	Operating profit/loss x 100 / Net turnover
Return on invested capital	Operating profit/loss x 100 / Average invested capital including goodwill
Equity ratio	Equity, end of year x 100 / Total assets, end of year
Return on equity	COWI's share of profit/loss for the year x 100 / Average equity
Liquidity ratio	Current assets / Short-term debt
Interest bearing debt	Interest bearing assets minus interest bearing debt
	Interest bearing assets Cash at bank and in hand and receivables from group companies
	Interest bearing debt External debt and payables to group companies

4 Management's review

In 2021, the COWI Group delivered another strong result in line with our financial guidance and an improvement from 2020 on several parameters. The very satisfactory performance was proof of our structured customer interaction, our project execution and dedicated employees, which all act as value creators with customers, COWI and shareholders.

As the COVID-19 pandemic continued to distress societies, we continued to make an extra effort to be close to our customers and understand their concerns and situation to identify how we can support them on their projects. Our customers acknowledged this effort, and customer satisfaction reached its highest level ever while our order book on group level reached close to DKK 5 billion, also the highest level ever.

Equally important, we dedicated more attention to project execution to strengthen our profitability. The impact of these efforts was best illustrated by improved project earnings and reduced write-downs as well as predictability in project execution, driving customer satisfaction. On top of this, our operational excellence processes and project management tools were further matured and embedded across the organisation. We now have plenty of valid data enabling us to carry out predictive analyses, which will improve our decision-making, allowing us to better forecast project outcomes and make the right decisions upfront. This will further strengthen our project execution and profitability.

COWI is a people business, and we would not have been able to deliver these remarkable results without dedicated employees, who have shown a tremendous willingness to go that extra mile for our customers and deliver on our promises. All in all, we are very pleased with both our performance and results in 2021.

Green transition accelerated
In 2021, investments in the green transition accelerated. Both public and private entities allocated significantly more resources to securing green energy and green infrastructure solutions. For example, the Danish parliament decided to initiate a DKK 200 billion investment in an artificial island and wind farms in the North Sea and to allocate DKK 850 million to the development of Power-to-X (green hydrogen) projects, in Denmark and in the EU.

COWI benefitted from the tail wind in our markets, and we also won many new projects driven by our expertise within the green transition. Among other things, COWI was awarded the contract for supporting the development of the first European gigawatt-scale Power-to-X facility in Esbjerg, Denmark. The facility will use renewable resources to produce up to 600,000 tonnes of green ammonia that can be used as feedstock for fertiliser production and as green fuel for shipping. COWI was also contracted to do pre-FEED (front end engineering and design) studies for a carbon capture solution to be installed in five energy-from-waste sites across the UK.

In the coming years, the high investment level in the green transition is expected to increase further: Both because the EU and governments will release more than EUR 1 trillion in funding to investments in the green transition, and because private entities, like pension funds, will refocus their investments towards green projects in order to honour their commitment to sustainability. This is promising for COWI. We have much to offer in terms of contributing to solving the biggest problems and challenges of our time in close collaboration with our customers and partners. Our market opportunities have never been better.

New values rooted
At the beginning of 2021, our updated values were launched, articulating how COWI conducts business, guiding our decision-making and clearly stating how we want to behave. To ensure a true commitment to the values, they are now part of the annual evaluation of any employee alongside the employee's performance and professional and personal development.

New vision
As part of our new strategy, COWI launched a new vision in late 2021 – *together, we shape a sustainable and liveable world*. The vision is our overall guiding star that sets the long-term direction for our entire business. The internal feedback from employees was overwhelmingly positive, sparking a high engagement in dialogues about what it takes to achieve this vision.

New growth strategy
In late 2021, a new company strategy was approved by the Board of Directors for COWI Holding A/S. The strategy lays out how we will accelerate our growth based on the green transition. With immediate effect, we refrain from entering new assignments within exploration and production of fossil energy as well as from assignments within transmission and storage facilities dedicated to fossil fuels. COWI will focus on assisting our customers in their journey and transition towards sustainability. Today, more than 50 per cent of our revenue from new projects comes from projects focusing on improved sustainability. A key target in the strategy is that within three to five years, 100 per cent of COWI's revenue must come from such projects, supporting the drive towards sustainability. Another cornerstone is to maintain our focus on with whom and where we do business. For instance, we have seen the positive financial impact of building even closer relationships with key customers and closing or scaling down our presence and activities in the Middle East and Africa where the risk of doing business is higher. This dedicated focus on key customers in Scandinavia, the UK and North America will become more notable going forward.

In addition, we have selected four market segments where we have the potential to be a leader within sustainable solutions:

- Sustainable energy
- Large infrastructure
- Large buildings
- Water and climate adaptation.

Being a market leader means that we are recognised by the market and are better positioned for upcoming tenders; we can build and utilise economies of scale across the organisation; and we are visible and attractive to talent.

Based on these market leader positions, we build a strong brand and reputation, develop innovative digital solutions and attract and retain the best people, and we expect that it will have a significant positive impact on our financial performance. In the mid-term horizon (three to five years), we aim at being a top quartile performer in our peer group. This means that on group level we aim at a total shareholder return exceeding 15 per cent annually; an EBITA margin exceeding ten per cent; an annual organic growth exceeding five per cent; as well as 80 per cent cash conversion.

At www.cowi.com, you can find more information about COWI's new strategy.

Attracting the right talent
In 2021, the fight for talent intensified significantly, and employee turnover increased to 16.3 per cent on average in the Group, up from 13.5 per cent in 2020. As for COWI A/S, employee turnover increased to 14.2 per cent on average, up from 12.2 per cent in 2020. This was not only related to COWI and the engineering consultancy business, rather a general trend. Fortunately, COWI had the strongest employer brand among its peers in Denmark in 2021, according to Universum, a leading research institute that ranks companies based on their employer brand attractiveness among graduates and professionals. The result was an outcome of our investments and strategic work to build a strong employer brand in our core markets and ensure that COWI is top of mind among candidates. These efforts, combined with offering exciting projects and a good working environment, meant that COWI was able to expand its workforce despite a heated job market.

Digitalisation on fast-track
The digitalisation of COWI took a leap step in 2021. The way we use BIM (building information modelling) on our projects is getting more and more advanced. We have developed several digital products, and our digital communities, working on new innovative ideas, have more than 1,800 unique members. For example, three digital sustainability tools (life-cycle assessment tools) are ready to be launched, and customers can now, from the first sketches to the final design, estimate the life-cycle carbon footprint of their buildings. These tools allow us to have a much more insightful dialogue with customers about the climate impact of various materials. 2021 also marked the third and final year of our sponsorship of Urbantech. Urbantech is a non-equity, pilot-focused accelerator programme, bringing together start-ups from around the world to accelerate the development of sustainable cities. In the three-year period, we collaborated with 12 start-ups, four of which we will continue to work with. This collaboration will most likely turn into a partnership, focusing on commercialising the solutions we have created together. For example, together with InfoTiles, we have developed Green Dash, a digital product that gives Danish municipalities real data insights into traffic patterns from 140,000 cars in Denmark. These insights are key in planning new infrastructure and moving people from cars to public and green transportation.

Strong EBIT and cash flow
We delivered a strong result in 2021. The turnover amounted to DKK 2,937 million, which was on par with DKK 2,949 million in 2020. The EBITDA margin was 10.3 per cent, compared to 9.0 per cent in 2020. EBIT for the year was DKK 219 million, up from DKK 180 million in 2020, corresponding to an EBIT margin of 7.5 per cent, up by 1.4 percentage points from 2020. The operating cash flow was DKK 162 million.

The result was negatively affected by DKK 138 million related to the ongoing arbitration case in Oman. The figures above are exclusive of these costs.

Business Line Denmark
Business Line Denmark delivered a robust performance, driven by a high level of activity across all business units. The productivity was, however, negatively impacted by increased employee turnover driven by the shortage in the labour market and a high level of short-term sickness in the second half of the year due to the pandemic. We did see a strong development of the order book during the year. This was an outcome of a more analytical approach to tenders and negotiated contracts.

The international business delivered a performance significantly above expectations in a buoyant market within transportation and energy. The renewable energy market was also developing very positively and drove organic growth as investments in the green transition started. The healthy development in profitability was positively impacted by the stepwise withdrawal from the Middle East and, not least, strong project execution.

Oman effect on results
COWI's result of the year continues to be negatively affected by costs related to the ongoing arbitration in Oman (DKK 138 million). In 2020, the effect was DKK 32 million.

The costs associated with the arbitration case are unrelated to daily operations, and our comments on the development of our results and operating cash flow in the above section are thus related to our performance, excluding these costs.

In 2018, the COWI-Larsen Joint Venture submitted its statement of claim, and in 2019, the Omani government (MOT) submitted its statement of defence and counter-claim. COWI expects the arbitration to be completed late 2022.

Process and quality
In 2021, we maintained our focus on project execution and adoption of project management tools. The Project Checklist, a project-specific overview of project management activities and standard tools, was launched and implemented in the second half of 2021 – marking a quantum leap in how project managers are supported. It is based on a risk-adaptive digital platform and aligned processes across the Group.

The COWI Risk Management Tool enjoys wide adoption throughout the Group, supporting project managers in active risk management, including mitigating risks related to OHS (occupational health and safety) and HSES (health, safety and environment) through the entire life-cycle of the project.

The audit function was centralised during 2021, so a dedicated team of lead auditors conducted audits across the business, facilitating knowledge sharing and improved pattern recognition regarding areas of improvements. This team was supplemented with group-wide desk audits enabling early response to work-process deviations.

In yet another year marked by the COVID-19 pandemic, OHS activities continued to ensure a working environment that both supports and reflects the employees' needs and ensures optimal service to our customers. The aim to have the entire COWI Group ISO 45001-certified progressed as planned.

Employee engagement
COWI's key resource is our employees. As the COVID-19 pandemic continued to impact our business, people and societies, we had to enter into lockdowns according to national guidelines in each country of permanent presence. Consequently, we had to practise hybrid work and reduce work-related socialising. However, our employees demonstrated outstanding commitment, and these challenging working conditions and new ways of working did not impact employee engagement, which remained high in Business Line Denmark with an engagement score of 78 (79 in 2020).

One reason for the continued high engagement was the strong efforts from leaders to manage the pandemic-related challenges such as isolation and working from home, and strike the right balance in a hybrid working environment to the benefit of customers, employees and COWI. This was further supported by a strong IT platform across the entire Group, enabling a virtual working environment and continued interaction with customers.

Developing leaders and employees
Investing in our leaders and employees is key to the future success of our business. In 2021, most of our training sessions were severely challenged by the pandemic, which forced us to turn classroom courses into online training sessions. The transition showed that while many courses can be conducted online, some training must remain physical to achieve the needed outcome.

COWI Academy provides training in a wide range of subjects, among other things customer centricity; leadership; project management (PM); digitalisation; green transition; and diversity and inclusion. In 2021, 403 (160 in 2020) employees completed the academy's PM courses. To reduce our carbon footprint and due to limited geographical accessibility, most of the PM courses are now executed as online classes combined with social learning through various applications and virtual learning videos.

Our courses are attended by participants from all parts of COWI. We firmly believe that networking across our business is a cornerstone in building our One COWI mindset, which is a prerequisite to being able to understand and meet customer needs. Therefore, we attach great importance to creating learning environments where employees from across the Group, regardless of the pandemic, can meet, learn and socialise virtually.

Talent development
Networking and social learning is at the heart of our top talent programme ACCELERATOR, and we managed to gather the participants in person for two training events in Denmark to transform learning matter into new energy for the participants. As with everything else in the 'new normal', participants, sponsors and mentors managed to participate with a sustainable response to the programme's building blocks, except the mobility element. Furthermore, COWI's executive vice presidents have supported ACCELERATOR by inviting participants to step up and join forces with top management on strategy, organisation and leadership. Finally, the programme has been evaluated and approved to commence generation four starting up in 2022.

Diversity steadily improving
It is COWI's aspiration to have a truly diverse workforce where all employees have equal opportunities regardless of gender, age, race, religion, nationality, ethnic and social origin, disability, political or sexual orientation. COWI views diversity as a competitive advantage. A

breadth in employees adds more perspectives to our business and organisation and leads to a better contribution to the development of services and solutions valued by customers and society. Today, the COWI Group numbers 82 different nationalities across all career levels. Within COWI A/S, we number 62 different nationalities.

It is COWI's ambition that the composition of management reflects the diversity of our business and markets.

Specifically, regarding gender diversity, we continued our efforts to have more women in senior positions. As regards COWI Holding's Board of Directors – excluding employee-elected board members – three out of six members were female. COWI has the overall target that the share of female managers should reflect the share of female employees. In 2021, we achieved the target, with a share of female managers of 27 per cent (28 per cent in 2020). However, the number varies greatly across business lines. For instance, in Business Line Denmark, 29 per cent of all managers were female. Therefore, we will continue to invest in and prioritise the development of more female managers.

Danish legislation introduced in 2013 a requirement for company boards to include female and male members alike. Companies are also obligated to set targets and prepare a policy to that end. COWI A/S has set the same target as COWI Holding A/S. Therefore, the target is that women should make up at least 33 per cent of the board members, and this should be achieved within 2024. At the end of 2021, all three board members elected at the general meeting were men. Since it was not possible to implement changes to the board composition during 2021, the target was not achieved in COWI A/S in that period.

Corporate social responsibility (CSR)
CSR, and sustainability in particular, is key to our vision. In many ways, they are integrated in the projects we carry out for our customers.

On the following pages, we present our business model, our CSR risk assessment (i.e. the CSR issues linked to the business model, explanations of how to apply mitigating actions) and, finally, the key performance indicators (KPIs) we use to follow up on various risks. In our Communication on Progress towards the UN Global Compact, we outline our policies, actions, results and KPIs within the above areas of corporate social responsibility. The report is available at www.cowi.com/about/corporate-governance/cop.

Cutting down the carbon emissions caused by COWI’s own activities remains a key priority. Our target is to become 100 per cent carbon neutral by 2050 (without the current use of off-setting) and to lower emissions by 70 per cent by 2030, compared to our 2008 baseline. The annual carbon report calculates emissions related to energy consumption, business travel, purchasing of goods, employee commuting and waste management and shows good progress towards the goal. Especially the decision to limit business travel is significantly impacting the carbon result in a positive way.

In 2021, our annual CO_2 emissions were 11,130 tonnes of CO_2-eq. covering all scopes, down by 82 per cent, compared to our 2008 baseline. In 2020, they amounted to 10,558 tonnes of CO_2-eq., and in 2008 (baseline year) they were estimated at 61,240 tonnes of CO_2-eq.

The five per cent increase from 2020 to 2021 can be explained by improved data collection for emissions related to purchasing of goods, including IT equipment for employees' home offices. More information about COWI's sustainability progress in 2021 is available at www.cowi.com.

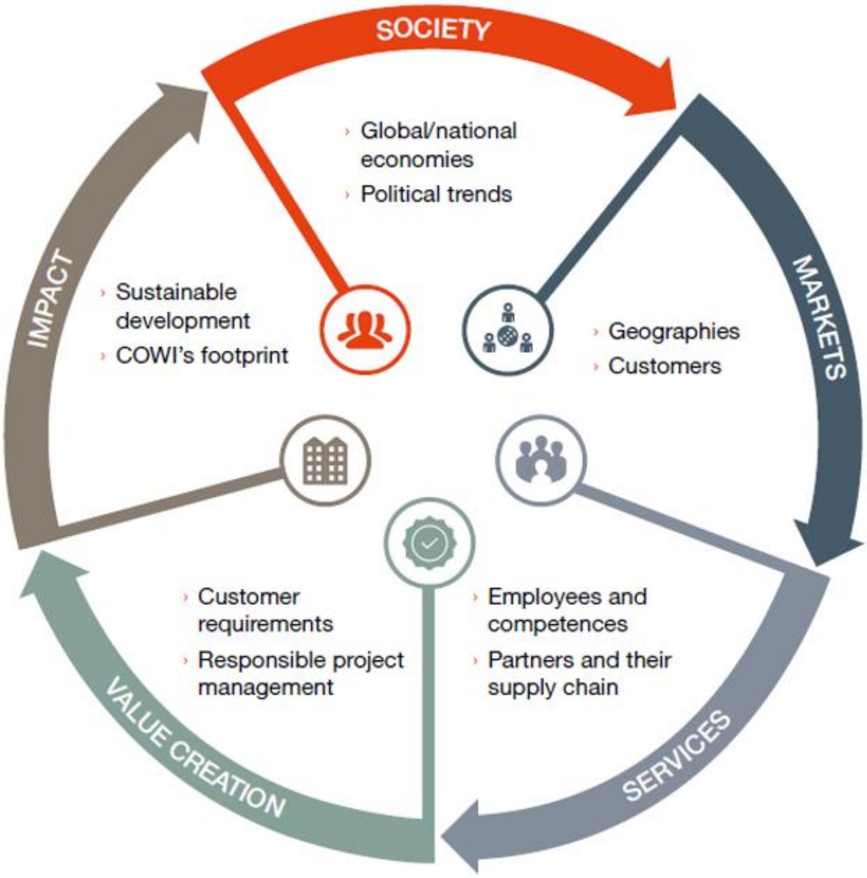
Data ethics
In COWI, we commit to using and processing data in an ethically acceptable way in all aspects of our business. Our work with data ethics is governed by our data ethics policy, as well as our internal policies and standard operating procedures. Our data ethics policy is available at www.cowi.com/about/csr-and-compliance/data-ethics-policy.

Remuneration of the Executive Board and the Board of Directors
At the end of 2021, the Board of Directors of COWI A/S consisted of three members from the Executive Board of COWI Holding A/S as well as two employee-elected board members. In COWI A/S, employee-elected board members are each paid an annual fee of DKK 65 thousand. The fee was approved at the annual general meeting in COWI A/S in March 2021. The members of the Executive Board of COWI Holding A/S who are part of the board of COWI A/S are not paid for their directorships in COWI Group companies.

Final remarks
In conclusion, we should be proud of the development of COWI in the last couple of years. The efforts in recent years to wind down activities outside our strategic focus and to improve our ability to execute with effect enable us to change our mindset from clean-up to investment. Today, we stand out as a company continuously delivering robust results thanks to our customer centricity, strong employer brand and high-quality project execution. With these fundamentals in place, we have created a strong platform for future growth where we, together with customers and business partners, will shape a sustainable and liveable world.

Rasmus Ødum, CEO, COWI A/S

COWI'S BUSINESS MODEL AND CSR RISK ASSESSMENT



SOCIETY

GLOBAL/NATIONAL ECONOMIES and POLITICAL ENVIRONMENTS constitute the framework conditions for all aspects of COWI's market presence. The CSR risks presented by the framework are MITIGATED by living COWI's vision and practising our values. This is key to navigating in a constantly changing political environment and ensureing a flexible and digitalised organisation which can adapt quickly to new project conditions.

HOW WE FOLLOW UP

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

MARKETS

As a global player in diverse GEOGRAPHIES and with diverse CUSTOMERS, COWI's employees face a number of CSR risks, ranging from their personal security to the customers' business environment and CSR approaches. These risks are MITIGATED by the Executive Board's approval of the geographical location of the projects and COWI's safety organisation. COWI is a signatory of the UN Global Compact, thus a responsible business environment, including anti-corruption, is a key focal point vis-à-vis customers.

HOW WE FOLLOW UP

- COWI's Executive Board applies the Transparency International Corruption Perception Index (CPI) to decision-making on geographic presence.
- In 2021, COWI launched an updated code of conduct for suppliers aligned with the UN Global Compact principles.

SERVICES

To supply our customers with state-of-the art sustainable solutions, we need to be able to recruit and retain highly COMPETENT EMPLOYEES and attract strong and responsible PARTNERS. We MITIGATE the risk of losing such employees through leadership and by creating a great place to work. We MITIGATE the risk of attracting inappropriate partners through our screening process and by making sure that our code of conduct is upheld.

HOW WE FOLLOW UP

- Ongoing efforts are made to ensure an inclusive working environment where the composition of management reflects the diversity of our business and markets.
- All training activities in COWI Academy are monitored regarding content and participants.

VALUE CREATION

COWI's success in the market depends on understanding and meeting our customers' needs and providing sustainable solutions through RESPONSIBLE PROJECT MANAGEMENT. The risks associated with this are MITIGATED by ensuring that COWI has a vibrant and strong professional environment, which always provides high-quality, innovative and sustainable solutions. Responsible project management entails that quality management is integrated in every phase of project execution and is therefore a strong mitigating factor.

HOW WE FOLLOW UP

- The Project Checklist and COWI Risk Management Tool support project managers in mitigating risks regarding projects, OHS and HSES throughout the entire life-cycle of the project.
- Quality management is ensured through ISO certification, recertification, and regular audits.
- Customer satisfaction is followed closely through the Net Promoter Score.

IMPACT

COWI's core business is to deliver projects based on the requirements of customers and society at large. As a business, COWI also makes a FOOTPRINT in the societies we operate in. In 2006, COWI signed the Global Compact. Since then, we have strived to MITIGATE our impact on society by reducing our footprint and contributing to the SDGs through actively working with and implementing the UN guiding principles and policies.

HOW WE FOLLOW UP

- COWI projects are classified according to their relevance and contribution to achieving the SDGs.
- Sustainability targets and tools are systematically integrated into projects.
- The SDG framework is widely used as a framework for our customer dialogue.
- We closely follow up on the KPIs to which our external suppliers for catering, facilities and transportation have committed themselves.

Further information about COWI's business model and CSR risk assessment is available in the COP report (Communication on Progress) for 2021.

COWI'S SERVICES

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

INDUSTRY
- Process industry
- Data centres
- Industrial buildings
- Forest industry
- Food industry
- Manufacturing industry
- Carbon capture and storage.

PLANNING
- Reality capture and surveying
- Urban development
- Area development and property rights
- Project management consultancy
- Traffic and transportation planning
- GIS and IT
- Economics and management.

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

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

INFRASTRUCTURE
- Bridges
- Tunnels
- Ports and marine structures
- Railways
- Metros
- Light rails
- Roads and highways
- Airports
- Digitalisation and technology.

ENERGY
- Wind energy
- Solar photovoltaic energy
- Biomass and waste-to-energy
- Green fuels, Power-to-X
- Carbon capture, storage and utilisation
- District heating and cooling
- Energy storage and transmission
- Climate change.

BUILDINGS
- Hospitals
- Residential buildings
- Cultural and educational buildings
- Commercial buildings
- Transport hubs
- Industrial buildings
- Data centres
- Project management consultancy
- Airports.

ARCHITECTURE
- Hospitals
- Housing
- Educational projects
- Domiciles
- Urban design
- Cultural projects
- Laboratories
- Commercial buildings
- Industrial buildings
- Historic and protected buildings.

Outlook for 2022

COVID-19 continued to affect our core markets in 2021. However, economies have – in general – bounced back from the pandemic faster than first expected, and today, labour shortage, bottlenecks in global supply chains and increasing inflation rates challenge the upswing.

Economic uncertainty remains, but with the European Green Deal, the Biden Bipartisan Infrastructure Deal as well as new national investments plans in Scandinavia and the UK, we expect that developments within energy, utility, transportation infrastructure and the green transition will continue to provide tail wind for customer demands.

The Danish economy recovered strongly from the COVID-19 crisis in 2021, seeing a rapid rebound of private consumption and an all-time high employment level. Growth is expected to continue, but a lack of labour might challenge economic activity. Still, a stable to positive growth is expected in all markets, especially within energy and transportation infrastructure as a result of the DKK 160 billion national transportation plan and continued investments in the green transition.

In 2021, a significant win was the Green Deal framework agreement, which will see COWI and partners supporting Energinet in strengthening the power grid and establishing new piping systems for the transportation of green gases. We also won framework agreements within the utility sector for both HOFOR and Novafos. Another significant win at the end of 2021 was the EU-funded Infrastructure Projects Facility IPF11 for Western Balkan. Our winning proposal included a climate change screening at the initiation of each infrastructure project to respond to the EU green agenda also governing the EU external collaboration.

As for the international part of COWI A/S, the construction outlook is positive for all market segments and moving forward. We expect growth, especially driven by investments in energy and transportation infrastructure in the US and the UK over the next decade.

The green transition will continue to drive business

Overall, the outlook for 2022 looks promising and stable, and we expect to see a modest growth in net turnover and an EBIT margin similar to that in 2021 – that is, at a stable, but high level.

Today, our order backlog of signed projects is up by five per cent in COWI A/S, compared to 2020, and our pipeline of identified future projects for COWI A/S is close to DKK 3.5 billion, considering each identified project's expected size and win probability. In 2021, more than half of our order intake came from projects contributing to the green transition, and by 2025, we aim for and expect that 100 per cent of our turnover will come from sustainable projects as both public and private investments in infrastructure and the green transition will continue to fuel customer demands across our core markets.

Financial review

As mentioned in the management's review on page 12, the result and the operating cash flow for the year were negatively affected by costs related to the ongoing Oman arbitration case (DKK 138 million in 2021, up from DKK 32 million in 2020). The arbitration case costs are unrelated to daily operations, and therefore the management's comments on the development of COWI's operational results in the following sections exclude these costs. However, the management's comments on the development of COWI's result for the year, before and after tax, and balance sheet items include the costs of the Oman arbitration proceedings.

Profit and loss account

Net turnover in 2021 was DKK 2,937 million, on par with 2020.

Own production increased by two per cent to DKK 2,322 million in 2021 from DKK 2,269 million in 2020.

Operating expenses excluding financial items were stable at DKK 2,299 million. Deprecations and amortisations amounting to DKK 84 million were primarily attributed to depreciations of property, plant and equipment, goodwill and software and licences.

Operating profit before interest, tax, depreciation and amortisation (EBITDA) was DKK 302 million. EBITDA margin was 10.3 per cent, up from 9.0 per cent in 2020.

Operating profit increased by DKK 39 million from DKK 180 million in 2020 to DKK 219 million in 2021.

EBIT margin, the operating profit as a percentage of net turnover, was 7.5 per cent in 2021, compared to 6.1 per cent in 2020.

Financial items with a net income of DKK 5 million increased by DKK 26 million, compared to 2020, primarily due to favourable foreign exchange rates.

Profit before tax was DKK 96 million, down from DKK 128 million in 2020. Tax on profit for the year in 2021 was DKK 31 million, corresponding to an effective tax rate of 32 per cent.

Profit for the year was DKK 65 million.

Balance sheet

At the end of 2021, the company's total assets amounted to DKK 1,449 million, a decrease of 20 per cent compared to 2020.

Equity as of 31 December 2021 was DKK 321 million, corresponding to an equity ratio of 22 per cent.

Long-term debt decreased by DKK 172 million, due to the payment of frozen holiday pay in accordance with the new Danish Holiday Act.

Cash flow
Cash flow from operating activities amounted to DKK 24 million, a decrease of DKK 458 million, compared to 2020.

Cash flow from investing activities amounted to a negative DKK 53 million in 2021 and related primarily to the acquisition of tangible and intangible assets.

Free cash flow was negative at DKK 29 million, a decrease of DKK 528 million, compared to 2020.

The cash flow was negatively affected by a DKK 147 million payment of postponed tax and VAT payments from public support initiatives in 2020 (the impact in 2020 was a positive DKK 147 million).

At 31 December 2021, the company's financial resources, which comprise cash and cash equivalents, as well as undrawn credit facilities, amounted to DKK 56 million, compared to DKK 95 million at the end of 2020.

Capital and share structure
The management finds that the current capital and share structure is appropriate for the shareholder and the company, and that it supports the company's strategy and long-term value creation.

The share capital amounts to DKK 26.5 million.

Uncertainty in respect of recognition and measurement

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

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

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

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

Risk and risk management
The company's risk exposure falls into market risks, operational risks, financial risks, liquidity risks and other risks.

Market risks
We endeavour to minimise risks resulting from changes in the political landscape and in economic trends by maintaining a balanced project portfolio. The balanced portfolio entails spreading risks across geographical markets, service areas, segments and public/private sectors. Changes in the political landscape is a diminishing risk due to COWI's geographical focus.

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

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

Financial risks
We endeavour to minimise foreign exchange risks related to our projects by matching, to the extent possible, the income and expenses in the same currency in the individual projects. In addition, significant net foreign exchange positions arising from business operations are hedged by currency hedging. The translation risk relating to investments in subsidiaries is not hedged. Interest rate risk is limited as a result of COWI's limited net interest-bearing debt.

Acquisitions are part of the COWI Group's growth strategy. We have developed a structured acquisition and divestment process as well as a valuation method and integration strategy to minimise acquisition-related risks and follow up on completed acquisitions systematically.

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

Other risks
COWI provides services to public and private customers in many parts of the world. Our reliability and trustworthiness as a consulting company depend heavily on our commercial integrity. We therefore adhere to our Business Integrity Management System, which sets out a code of conduct (including bribery, corruption, fraud, conflicts of interest etc.) defining best practices for all units, managers and employees.

Risk management
In addition to the above risk management activities, we have guidelines for risk management in our best practice code for corporate governance. Overall strategic risk management is based on a risk profile which we update once a year for the Board of Directors to assess, discuss and classify. We set 12-month goals for modifications to risk profiles within selected areas of risk. Furthermore, each project is subject to risk screening as part of the overall bid/no-bid process and the risk category defines downstream requirements to project management procedures.

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

Control environment
Responsibility and authorities are defined in the Board of Directors' instructions to the Executive Board and adopted policies. The Board of Directors approves COWI's communication and financial risk management policies, as well as the company's risk management. The Executive Board approves all other policies and procedures, and the responsible functions issue guidelines and monitor the use of all policies and procedures. Systems are in place to ensure adequate segregation of duties in the Finance department. The organisational structure and internal guidelines form the control environment.

Risk assessment
There is a relatively higher risk of error for the items in the financial statements that are based on estimates or generated through complex processes, compared to other items. A detailed risk assessment with the purpose of identifying these items and specifying the scope of the attached risks is coordinated by the Group's Internal Control function. The high-risk items include primarily work in progress, claims and tax liabilities concerning branches and permanent establishments abroad.

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

Information and communication
COWI maintains information and communication systems to ensure that the presentation of the financial statements is accurate and complete. The Group's accounting rules and procedures for the presentation of the financial statements are set out in specifications and instructions. Accounting and other reporting instructions, including procedures for budgets and monthly financial statements, are updated as needed. They are available – together with other policies which are relevant for internal control of financial reporting such as the policy on project budgeting – to finance employees and other relevant employees on the Group's corporate portal.

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

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

5 Financial statements

Accounting policies

The 2021 annual report of COWI A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for large enterprises in reporting class C.

The annual accounts have been prepared according to the same accounting policies as last year.

Recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the 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. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are measured at amortised cost to achieve a constant effective interest rate over the life of the asset or liability. Amortised cost is stated as original cost less any repayments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are amortised over the life of the asset or liability. Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency is Danish kroner (DKK). All other currencies are considered foreign currency.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of COWI Holding A/S, the company has not prepared consolidated financial statements. The consolidated financial statements for COWI Holding A/S can be found on the company website www.cowi.com.

Tax on profit for the year and deferred tax

The company is jointly taxed with the consolidated enterprises including foreign subsidiaries.

The tax effect of the joint taxation with the subsidiaries is distributed on the profit and loss-making enterprises in proportion to their taxable profits (full allocation with refund concerning tax losses).

Income tax for the year, consisting of current tax and deferred tax for the year, is recognised in the profit and loss account with the share attributable to profit for the year, and is recognised directly in equity with the share attributable to entries recognised directly in equity.

Current tax liabilities and current tax receivables are recognised net in the balance sheet as tax computed on taxable income for the year adjusted for tax on taxable income for previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities.

However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes as well as other items, apart from acquisition of enterprises, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income. In cases where the tax base can be determined according to alternative tax rules, deferred tax is recognised on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities. Deferred tax assets and liabilities are set off within the same legal tax entity.

Adjustment of deferred tax is made concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates legally effective in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax as a consequence of amendments to tax rates are recognised in the profit and loss account.

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

Translation policies
Transactions in foreign currencies are translated by applying standard rates approximating the foreign exchange rates ruling at the transaction dates. Exchange differences arising between the exchange rates ruling at the transaction date and the rates prevailing at the date of payment are recognised in the profit and loss account as financial income or financial expenses.

Accounts receivable and payable and other monetary items in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Unrealised exchange gains or losses arising from differences between the exchange rates ruling at the balance sheet date and the rates prevailing at the time when the receivable or payable arises are recognised in the profit and loss account under financial income or expenses.

Non-current assets acquired in foreign currencies are translated at the rates ruling at the transaction date. On recognition of foreign subsidiaries and associates that are separate legal entities, profit and loss accounts are translated at monthly average exchange rates, and balance sheet items are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates ruling at the balance sheet date and on translation of profit and loss accounts from average exchange rates to the rates ruling at the balance sheet date are recognised directly in equity.

On recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates ruling at the balance sheet date. Non-monetary items are translated at the rates prevailing at the time of acquisition or at the time of any subsequent revaluation or write-down for impairment of the asset.

Profit and loss account items are translated at the exchange rates ruling at the transaction date; however, items derived from non-monetary items are translated at historical rates for the nonmonetary item.

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

Financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivative financial instruments are included in prepayments under assets and in other accounts payable under liabilities, respectively.

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

Changes in the fair value of derivative financial instruments that are designated as and qualify as future asset and liability hedges are recognised in prepayments/other accounts payable or equity, respectively. Where the forecast transaction results in the recognition of an asset or a liability, amounts that have been deferred in equity are transferred from equity and included in the cost of the asset or the liability, respectively. Where the forecast transaction results in income or expenses, amounts that have been deferred in equity are transferred to the profit and loss account in the period during which the hedged item affects the profit and loss account.

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

Segment information

Information is provided on COWI's net turnover and own production, broken down on business areas and business lines. The information is based on the Group’s internal financial reporting system.

Incentive schemes

The fair value of short-term incentive schemes for the Executive Board and Group Management Board are recognised in “Remuneration, Executive Board” in the note “Employee expenses” and a liability is recognised.

The long-term incentive scheme where the company uses own shares as bonus payment are is recognised in the annual report.

Profit and loss account

Net turnover

Net turnover is determined on the basis of the selling price of work performed for the year. As the completion of the individual projects generally progresses over several accounting periods, the percentage-of-completion method is applied for turnover recognition. Accordingly, profits on work performed are recognised as income and in proportion to the stage of completion.

Project expenses

Project expenses include expenses directly attributable to projects, excluding salaries and including travel expenses, external expenses as well as other expenses.

External expenses

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

Other operating income and expenses

Other operating income and expenses include items of a secondary nature compared with the company’s core activities, including compensation as well as profits/loss from the disposal of non-current assets etc.

Financial income and expenses

Financial income and expenses include interest, realised and unrealised foreign exchange adjustments and value adjustments on securities as well as amortisation of long-term receivables.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the estimated economic life determined on the basis of the management’s experience with the individual business lines and the individual case in connection with the acquired enterprises. The economic life of goodwill is estimated based on an assessment of the market position and strength of the brand or operation and thus the estimated expected earnings profile.

Acquired enterprises in both a new market and new service/segment with a strong market position and an expected long earnings profile have an estimated economic life of 20 years and are thus amortised over a period of 20 years.

Acquired enterprises in both an existing market and existing service/segment that have a strong market position are estimated to have an economic life of 15 years and are thus amortised over a period of 15 years.

Acquired enterprises in both an existing market and existing service/segment that do not have a strong market position are estimated to have an economic life of ten years and are thus amortised over a period of ten years.

Small acquired enterprises are estimated to have an economic life of three years and are thus amortised over a period of three years.

Own-developed products
Own-developed products that are clearly defined and identifiable, where the technical utilisation rate, sufficient resources and a potential future market or development opportunity in the enterprise can be verified and where the intention is to market or use the project, are recognised as intangible assets. This applies if there is sufficient evidence that the value in use of future earnings can cover the expenses involved. Own-developed products that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the profit and loss account as incurred.

Own-developed products include salaries, amortisation and other expenses that are directly or indirectly attributable to the company's development activities. Capitalised own-developed products are measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

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

Software and licences
Software is measured at the lower of cost, less accumulated amortisation on a straight-line basis and impairment losses, and the value in use. The standard depreciation period is three to 13 years. Assets acquired during the year that are meant to be interoperable with already acquired assets are amortised over the remaining service life of the main asset.

Licences include software licences which are amortised over the contract period.

Summary of amortisation periods for intangible assets

Goodwill	3-20 years
Own-developed products	2-5 years
Software and licences	3-13 years

Property, plant and equipment

Technical installations, operating and other equipment

Technical installations, operating and other equipment, including leasehold improvements, are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over 3-12 years.

Assets held under finance leases

Leases involving property, plant and equipment where the individual group enterprises assume substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the fair value of the leased asset, if such value can be established. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value thereof.

Assets held under finance leases are depreciated and written down according to the same principles as for the Group's other property, plant and equipment.

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

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

Summary of amortisation periods for property, plant and equipment

Technical installations, operating and other equipment, including leasehold improvements	3-12 years

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

The basis of depreciation is determined by considering the asset's residual value after the end of the useful life of the asset, less any write-downs. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the asset's book value, the depreciation discontinues.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under other operating income or other operating expenses, respectively.

Write-down for impairment of non-current assets

The carrying amounts of intangible assets, as well as property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment exceeding the write-downs made in connection with general amortisation and depreciation. Where write-down for impairment is required, the asset is written down to the lower recoverable amount.

The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. Where it is not possible to determine the recoverable amount of the individual asset, the impairment requirement is assessed in respect of the smallest group of assets for which it is possible to determine the recoverable amount. Value in use is determined at the present value of the discounted future net cash flow from the group of assets to which it relates.

Financial assets
Investments are measured at the proportionate share of the equity value of the relevant subsidiary determined in accordance with the Group's accounting policies, subject to deduction or addition of unrealised intercompany profits and losses, and subject to addition or deduction of the remaining value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured according to the equity method so that the carrying amount of the investments constitutes the Group's proportional share of the assets of the enterprises.

Profit after tax of investments in subsidiaries and associates has been recognised in separate lines in the profit and loss account.

Investments are measured at the proportionate share of the equity value of the relevant subsidiary determined in accordance with the Group's accounting policies, subject to deduction or addition of unrealised intercompany profits and losses, and subject to addition or deduction of the remaining value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and any receivable from these enterprises is written down to the extent that the receivable is uncollectible. To the extent that the parent company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the remaining amount is recognised under provisions.

Other investments and securities
Other investments and securities include bonds and shares measured at fair value at the balance sheet date. Listed securities are measured at the official market price at the balance sheet date. Unlisted securities are measured at selling price based on a calculated value in use.

Current assets
Receivables
Receivables are measured at the lower of amortised cost and net realisable value corresponding to the nominal value of write-downs for bad and doubtful debts.

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

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

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

The stage of completion is measured by reference to the proportion that project expenses (in hours) incurred for work performed to date bear to the estimated total project expenses (in hours). Where total project expenses are likely to exceed the total turnover from a project, the expected loss is recognised as an expense in the profit and loss account. The share of work in progress etc. performed in working partnerships is included in work in progress.

Accruals
End-of-period adjustments required by accrual accounting and recognised as prepayments under assets include payments made in respect of subsequent financial years, typically prepaid rent, insurance premiums, subscriptions etc.

Equity
Reserve for development costs
Reserve for development costs include capitalised development costs. The reserve cannot be used for dividends or to cover losses. If the recognised development costs are sold or otherwise excluded from the company's operations, the reserve will be dissolved and transferred directly to retained earnings. The reserve is reduced by amortisation of capitalised development costs.

Dividends
Dividends expected to be distributed for the year are recorded in a separate item under equity.

Provisions
Provisions are recognised when, as a consequence of an event before or on the balance sheet date, the Group has a legal or constructive obligation and it is probable that economic benefits must be sacrificed to settle the obligation. Other provisions include potential legal obligations etc. on completed projects.

The Long Term Incentive Programme (equity-settled sharebased payments) is measured at grant date at fair value and recognized in the profit and loss statement over the vesting period.

The fair value of the granted performance share units takes into account the programme's conditions regarding the COWI share's performance. Conditions are included in assumptions about the number of units that are expected to vest. At the end of each reporting period, the estimated number of share units that are expected to vest are revised.

Net pension benefit liabilities

The company has made commitments to provide a number of former executive employees with defined benefit plans. These pension commitments are recognised concurrently with the pension benefits being earned. The calculation of the pension commitment is based on an actuarial calculation.

Debt

Financial debts

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

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

Cash flow statement

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

Cash flow from operating activities

Cash flows from operating activities are calculated as group operating profit adjusted for non-cash operating items such as amortisation, depreciation and impairment losses, provisions as well as net change in working capital with the addition of interest income and expenses and corporate income tax paid.

Working capital includes current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flow from investing activities

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

Cash flow from financing activities

Cash flows from financing activities include cash flows from the raising and repayment of long-term debt as well as purchase of treasury shares and payments of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash as well as marketable securities recognised as current assets.

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

Profit and loss account 1 January - 31 December

DKK'000	Note	2021	2020
Net turnover	1	2.937.043	2.949.381
Project expenses		-614.951	-680.571
Own production		**2.322.092**	**2.268.810**
Other operating income	2	195.760	214.500
External expenses		-491.333	-405.627
Employee expenses	3	-1.861.172	-1.843.912
Amortisation, depreciation and impairment losses	4	-83.526	-84.088
Operating profit on ordinary activities		**81.821**	**149.683**
Other operating expenses	5	-521	-1.973
Operating profit		**81.300**	**147.710**
Profit after tax in subsidiaries		9.975	1.442
Financial income	6	38.230	31.852
Financial expenses	7	-33.340	-52.926
Profit before tax		**96.165**	**128.078**
Tax on profit for the year	8	-31.198	-43.152
Profit for the year		**64.967**	**84.926**

Balance sheet at 31 December

DKK'000	Note	2021	2020
Goodwill		89.088	110.843
Software and licences		13.833	5.183
Own-developed products		8.414	13.416
Intangible assets in progress		1.507	7.137
Intangible assets	**9**	**112.842**	**136.579**
Technical installations, operating and other equipment		81.643	88.769
Property, plant and equipment	**10**	**81.643**	**88.769**
Investments in subsidiaries	**11**	57.950	63.789
Investments in associates	**12**	296	296
Other investments and securities		393	393
Deposits		31.438	33.168
Financial assets	**13**	**90.077**	**97.646**
Total non-current assets		**284.562**	**322.994**
Account receivable, services		581.045	524.321
Contract work in progress	**14**	138.449	175.508
Receivables from group enterprises		319.402	646.423
Tax receivables		11.544	12.986
Other receivables		29.332	26.748
Prepayments	**15**	58.310	42.883
Receivables		**1.138.082**	**1.428.869**
Cash at bank and in hand		**26.375**	**65.068**
Total current assets		**1.164.457**	**1.493.937**
TOTAL ASSETS		**1.449.019**	**1.816.931**

Balance sheet at 31 December

DKK'000	Note	2021	2020
Share capital	16	26.505	26.505
Reserve for capitalised own developed products		13.539	17.887
Reserve for hedging transactions		0	3.743
Retained earnings		181.214	308.950
Proposed dividend		100.000	60.000
Equity	17	**321.258**	**417.085**
Deferred tax	18	347.184	350.301
Provisions for incentive programmes and pension liabilities	19	6.134	5.871
Other provisions	20	61.020	60.084
Provisions		**414.338**	**416.256**
Leasing		979	1.265
Other debt		0	172.031
Long-term debt	21	**979**	**173.296**
Bank debt		48	0
Leasing		1.306	2.732
Contract work in progress	14	255.010	237.682
Accounts payable, suppliers		103.055	92.680
Amounts owed to group enterprises		48.441	31.893
Amounts owed to associates		11.788	18.152
Other accounts payable	22	292.796	427.155
Short-term debt		**712.444**	**810.294**
Total debt		**713.423**	**983.590**
TOTAL LIABILITIES AND EQUITY		**1.449.019**	**1.816.931**

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Statement of changes in equity

DKK'000	Share capital	Reserve for net revaluation according to the equity method	Reserve for capitalised developed products	Reserve for hedging transactions	Retained earnings	Dividend	Total
Equity at 1 January 2020	26.505	0	24.642	652	288.113	40.000	379.912
Distributed dividend						-40.000	-40.000
Profit for the year		1.442			83.484		84.926
Capitalised development projects			-6.755		6.755		0
Value adjustment of hedging instruments				3.091			3.091
Exchange rate adjustment, foreign subsidiaries		-8.594					-8.594
Proposed dividend					-60.000	60.000	0
Other equity movement in subsidiaries		-2.250					-2.250
Other transfers		9.402			-9.402		0
Equity at 1 January 2021	**26.505**	**0**	**17.887**	**3.743**	**308.950**	**60.000**	**417.085**
Distributed dividend						-60.000	-60.000
Distributed extraordinary dividend					-98.000		-98.000
Profit for the year		9.975			54.992		64.967
Capitalised development projects			-4.348		4.348		0
Value adjustment of hedging instruments				-2.921			-2.921
Exchange rate adjustment, foreign subsidiaries		2.527					2.527
Proposed dividend					-100.000	100.000	0
Other equity movement in subsidiaries		-2.400					-2.400
Other transfers		-10.102		-822	10.924		0
Equity at 31 December 2021	**26.505**	**0**	**13.539**	**0**	**181.214**	**100.000**	**321.258**

Cash flow statement

DKK'000

	Note	2021	2020
Operating profit		81.300	147.710
Amortisation and depreciation for the year		83.526	84.088
Value adjustments etc., net		-4.158	4.250
Other provisions for the year		17.201	71.841
Operating profit adjusted for non-cash movement		**177.869**	**307.889**
Net financial income received for the year		4.890	-21.074
Income taxes paid		-32.871	-24.979
Cash flow from operating activities before change in working capital		**149.888**	**261.836**
Change in work in progress		54.387	46.230
Change in deposits		1.730	701
Change in accounts receivable, services		-56.724	6.641
Change in accounts receivable, subsidiaries		-20.421	-44.868
Change in accounts payable, suppliers		10.375	-21.891
Change in accounts payable, subsidiaries		49.186	20.272
Change in other receivables and prepayments		-18.011	32.161
Change in other payables and deferred income		-146.471	181.310
Cash flow from operating activities		**23.939**	**482.392**
Acquisition of intangible fixed assets		-22.241	-33.436
Disposal of intangible fixed assets		462	53.409
Acquisition of property, plant and equipment		-32.598	-27.926
Disposal of property, plant and equipment		1.712	25.052
Acquisition of subsidiaries		-534	0
Cash flow from investing activities		**-53.199**	**17.099**
Free cash flow		**-29.260**	**499.491**
Raising of bank loan, net		-1.664	-4.371
Cash pool		314.803	-456.669
Payment to the Holiday Allowance Fund		-175.921	0
Distributed dividend		-158.000	-40.000
Loan from associates		-6.364	-14.413
Received dividend		17.541	19.598
Cash flow from financing activities		**-9.605**	**-495.855**
Cash flow for the year		**-38.865**	**3.636**
Cash and cash equivalents, beginning of year		65.068	61.432
Cash and cash equivalents, year-end	**28**	**26.203**	**65.068**

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

Notes

Note 1 Segment information

Below, COWI A/S' net turnover is broken down by the following business areas as well as by business lines, based on the company's internal reporting.

COWI A/S's net turnover by business area:

DKK'000	2021	2020
Transportation	1.152.815	1.209.022
Buildings	614.668	626.313
Industry and energy	420.794	339.769
Society and utilities	584.186	-
Global advisory	159.484	-
Water and environment	-	427.095
Planning and economics	-	318.289
Not distributed and eliminations	5.096	28.893
Total	**2.937.043**	**2.949.381**

Due to organisational changes, the internal reporting on business areas changed in 2021.

COWI A/S' net turnover by business lines:

DKK'000	2021	2020
Denmark	2.007.964	2.147.617
International	817.590	675.811
Other and eliminations	111.489	125.953
Total	**2.937.043**	**2.949.381**

Note 2 Other operating income

DKK'000	2021	2020
Profit from sale of fixed assets	119	0
Profit from sale of subsidaries	384	0
Group support services	195.086	200.991
Other operating income	171	13.509
Other operating income	**195.760**	**214.500**

Note 3 Employee expenses

DKK'000	2021	2020
Salaries and wages	-1.801.892	-1.793.379
Pensions	-2.207	-2.353
Social security	-23.695	-19.651
Other employee expenses	-33.378	-28.529
Employee expenses	**-1.861.172**	**-1.843.912**
Remuneration, former Executive Board and partners	-1.502	-1.683
Remuneration, Board of Directors	-123	-100

The Executive Board and the board members appointed at the General Meeting receive salary in COWI Holding A/S, where they are a part of the Group long-term incentive programme.

The two employee-elected members of the Board of Directors each received DKK 61,254 for their performance.

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

The group's long-term incentive share programme
The value of the granted remuneration is calculated as a percentage of the members' base salary depending on their role and the Group's performance. The granted shares will vest after three years from the date of granting.

Average number of employees	2.534	2.545
Number of employees at 31 December	**2.583**	**2.485**

Note 4 Amortisation, depreciation and impairment losses

DKK'000	2021	2020
Goodwill	-21.755	-21.754
Software and licences	-18.550	-19.924
Own-developed products	-5.211	-4.065
Technical installations, operating and other equipment	-38.010	-38.345
Amortisation, depreciation and impairment losses	**-83.526**	**-84.088**

Note 5 Other operating expenses

DKK'000	2021	2020
Loss from sale of fixed assets	-130	-798
Removal expenses	-391	-1.175
Other operating expenses	**-521**	**-1.973**

Note 6 Financial income

DKK'000	2021	2020
Interest, cash at bank and in hand, securities etc.	418	659
Interest, subsidiaries	4	408
Foreign exchange gains	37.808	30.785
Financial income	**38.230**	**31.852**

Note 7 Financial expenses

DKK'000	2021	2020
Interest, bank and mortgage debt etc.	-1.661	-3.441
Interest, group enterprises	-1.232	-1.861
Foreign exchange losses	-30.447	-47.624
Financial expenses	**-33.340**	**-52.926**

Note 8 Tax on profit for the year

DKK'000	2021	2020
Current tax, foreign project offices	-9.127	-6.943
Deferred tax	-19.691	-35.463
Adjustment of current tax in respect of prior periods	-24.365	-16.905
Adjustment of deferred tax in respect of prior periods	22.809	15.287
Total tax for the year	**-30.374**	**-44.024**
Broken down as follows:		
Tax on profit for the year	-31.198	-43.152
Tax on equity movements	824	-872
Total tax for the year	**-30.374**	**-44.024**
Tax on profit for the year can be broken down as follows:		
Tax calculated at 22% on profit before tax, excluding profit after tax in subsidiaries and amortisation of group goodwill	-20.457	-28.903
Current tax, foreign project offices	-9.127	-6.943
Tax effect from:		
Amortisation of goodwill disallowed for tax purposes	-1.739	-1.739
Other expenses/other income disallowed for tax purposes	227	-490
Adjustment of current tax in respect of prior periods	-24.364	-16.904
Adjustment of deferred tax in respect of prior periods	22.809	15.287
Other regulations	1.453	-3.460
	-31.198	**-43.152**
Effective tax rate	**32,4%**	**33,7%**

Note 9 Intangible assets

DKK'000	Goodwill	Software and licences	Own-developed products	Intangible assets in progress	Total
Cost at 1 January 2021	326.523	23.905	23.769	7.137	381.334
Foreign exchange adjustment	0	11	0	0	11
Additions	0	27.200	2.199	1.507	30.906
Disposals	0	-18.460	-11.698	-7.137	-37.295
Cost at 31 December 2021	**326.523**	**32.656**	**14.270**	**1.507**	**374.956**
Amortisation and impairment losses at 1 January 2021	-215.680	-18.722	-10.353	-	-244.755
Foreign exchange adjustment	0	-11	0	-	-11
Amortisation and impairment losses	-21.755	-18.550	-5.211	-	-45.516
Disposals	0	18.460	9.708	-	28.168
Amortisation and impairment losses at 31 December 2021	**-237.435**	**-18.823**	**-5.856**	**-**	**-262.114**
Carrying amount at 31 December 2021	**89.088**	**13.833**	**8.414**	**1.507**	**112.842**

Development projects concern the development of mapping products (update of map data: images and height survey data including Streetview), as well as the development of the existing ERP system, Maconomy.

Since the mapping products are produced every two years to ensure that customers are offered updated products, their economic life is estimated at two years, after which the products are replaced by updated versions.

Note 10 Property, plant and equipment

DKK'000	Technical installations, operating and other equipment	Total
Cost at 1 January 2021	185.616	185.616
Foreign exchange adjustment	123	123
Additions	32.598	32.598
Disposals	-32.952	-32.952
Cost at 31 December 2021	**185.385**	**185.385**
Amortisation and impairment losses at 1 January 2021	-96.847	-96.847
Foreign exchange adjustment	-113	-113
Amortisation and impairment losses	-38.010	-38.010
Disposals	31.228	31.228
Amortisation and impairment losses at 31 December 2021	**-103.742**	**-103.742**
Carrying amount at 31 December 2021	**81.643**	**81.643**
Of which assets held under finance leases amount to	**2.693**	

Note 11 Investments in subsidiaries

Name	Home	Ownership
COMAR Engineers A/S	Danmark	100%
COWI & Partners LLC	Oman	100%
COWI Belgium SPRL	Belgium	100%
COWI Consulting (Beijing) Ltd. Co.	China	100%
COWI India Private Ltd.	India	100%
COWI International AB	Sweden	100%
COWI Korea Co., Ltd.	South Korea	100%
COWI Lietuva UAB	Lithuania	100%
COWI Mozambique Lda.	Mozambique	100%
COWI Polska Sp. z o.o.	Poland	100%
COWI Tanzania Limited	Tanzania	100%
Studstrup og Østgaard A/S	Denmark	100%

All subsidiaries are separate entities.

Note 12 Investments in associates

Name	Home	Ownership
CAT Alliance Ltd.	UK	33%

Note 13 Financial assets

DKK'000	Investments in subsidiaries	Investments in associates	Other invest-ments and securities	Deposits	Total
Cost at 1 January 2021	162.774	401	116	33.168	196.459
Foreign exchange adjustment	0	0	0	55	55
Additions	534	0	0	191	725
Disposals	-45.351	0	0	-1.976	-47.327
Cost at 31 December 2021	**117.957**	**401**	**116**	**31.438**	**149.912**
Value adjustments 1 January 2021	-98.985	-105	277	-	-98.813
Foreign exchange adjustments	3.209	0	0	-	3.209
Disposals	45.351	0	0	-	45.351
Profit for the year	9.975	0	0	-	9.975
Received dividends	-17.541	0	0	-	-17.541
Other value adjustments, net	-2.016	0	0	-	-2.016
Value adjustments 31 December 2021	**-60.007**	**-105**	**277**	-	**-59.835**
Carrying amount at 31 December 2021	**57.950**	**296**	**393**	**31.438**	**90.077**

Note 14 Contract work in progress

DKK'000	2021	2020
Recognised in the balance sheet as:		
Contract work in progress (assets)	138.449	175.508
Amounts invoiced in advance (liabilities)	-255.010	-237.682
Contract work in progress, net	**-116.561**	**-62.174**

COWI A/S is a party to a number of working partnerships and joint ventures and has assumed joint and several liability for the liabilities of the working partnerships and joint ventures.

Note 15 Prepayments

DKK'000	2021	2020
Insurance premiums	11.834	6.414
Rent	901	2.769
IT licences / maintenance	34.139	32.072
Other	11.436	1.628
Prepayments at 31 December	**58.310**	**42.883**

Note 16 Share capital

The share capital consists of 20,000 shares of each DKK 1,000 and 65,052 shares of each DKK 100.

There have been no changes to the share capital for the last five years.

Note 17 Proposed distribution of profit for the year

DKK'000	2021	2020
Distributed extraordinary dividend	98.000	0
Proposed dividend	100.000	60.000
Retained earnings	-133.033	24.926
Proposed distribution of profit for the year	**64.967**	**84.926**

Note 18 Deferred tax

DKK'000	2021	2020
Deferred tax at 1 January	350.301	330.125
Change in deferred tax from prior years	-22.808	-15.287
Deferred tax for the year	19.691	35.463
Deferred tax at 31 December	**347.184**	**350.301**
Deferred tax concerns:		
Intangible assets	1.758	-3.873
Property, plant and equipment	-23.931	-44.783
Current assets	384.398	413.227
Provisions	-15.041	-14.270
	347.184	**350.301**

Note 19 Provisions for incentive programmes and pension liabilities

DKK'000	2021	2020
Benefit obligations to former members of management	4.260	5.871
Long-term incentive programme	1.874	0
Total provisions for incentive programme and pension liabilities at 31 December	**6.134**	**5.871**

Net pension benefit liabilities include benefit obligations to former members of management.

Note 20 Other provisions

DKK'000	2021	2020
Guarantees	7.561	9.811
Project related provisions	53.459	50.273
Total other provisions at 31 December	**61.020**	**60.084**

Note 21 Long-term debt

DKK'000	2021	2020
Long-term debt falling due after one year and not later than five years	979	1.265
Accrued holiday allowance falling due after five years	0	153.947
Accrued holiday allowance falling due after one year and not later than five years	0	18.084
Long-term debt at 31 December	**979**	**173.296**

Note 22 Other accounts payable

DKK'000	2021	2020
Accrued holiday allowance	81.048	70.152
Taxes and VAT payable	63.038	213.492
Other accounts payable	148.710	143.511
Other accounts payable at 31 December	**292.796**	**427.155**

Note 23 Fees to auditors

See note 24 to the group financial statements of COWI Holding A/S for information on fees to auditors.

Note 24 Financial instruments

Agreements have been made on derivative financial instruments in the form of currency forward contracts. On the balance sheet day, the total fair market value of the derivative financial instruments are:

DKK '000	**2021**	**2020**
Assets	0	3.238
Liabilities	7.026	0

Currency forward contracts are entered into in order to hedge selected balance sheet items and part of the expected future cash flow. The total fair market value of the derivative financial instruments is negative DKK 7 million. On the status day the duration of the currency forward contracts are between zero and five months.

The Group hedges large projects with currency exposure. Besides the project-based balance sheet items stated above, a part of expected future caseh flow is hedged. In total DKK 49 million of net future cash flow (accross currencies) was hedged as of 31 December 2021. The fair market value hereof was negative DKK 4 million. The gain is recognised in the equity.

Note 25 Related party transactions and ownership

COWI Holding A/S owns all shares in COWI A/S.

Apart from usual intercompany transactions and usual management remuneration, no transactions were made during the year with the Board of Directors, the Executive Board, managerial employees, principal shareholders, subsidiaries or other related parties.

Transactions with related parties at arm's length have not been disclosed in accordance with section 98 C(7) of the Danish Financial Statements Act.

Note 26 Contingencies and other financial commitments

DKK'000	2021	2020
Lease commitments		
Lease commitments (operating leases) due after less than one year	3.807	4.478
Lease commitments (operating leases) falling due later than one year and not later than five years	5.300	6.333
Lease commitments (operating leases) in total	**9.107**	**10.811**

DKK'000	2021	2020
Rental commitments		
Rental commitments in the period of termination due after less than one year	77.222	77.158
Rental commitments in the period of termination falling due later than one year and not later than five years	127.631	195.720
Rental commitments in the period of termination due after more than five years	0	1.871
Rental commitments (operating leases) in total	**204.853**	**274.749**

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

Major claims

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

Muscat and Salalah Airports (Oman)
COWI's work in connection with the establishment of the Muscat and Salalah airports in Oman was finished at the end of 2012. COWI A/S has material claims of outstanding payments and other claims against the Omani government. As the final account was rejected by the client, COWI A/S initiated arbitration proceedings against the client. Notice of arbitration was filed in November 2017 and an arbitral tribunal was constituted in April 2018. Later in 2018, COWI submitted its statement of claim, and during 2019, the client submitted its statement of defence and counterclaim. During 2020, COWI A/S submitted its reply and defence to counterclaim and the client its rejoinder. The client has, as expected, challenged COWI's claim in its entirety and raised a substantial counterclaim. However, the external legal assessment finds that the client will face serious difficulties in succeeding with its arguments since it, among other things, will need to establish that COWI A/S has been grossly negligent to exceed the agreed cap on liability of DKK 588 million (OMR 34.5 million) as well as several exclusions of liability in the contract. The client will also need to establish that COWI A/S is responsible for all delay and extra costs affecting the project — disregarding the cause of the cost, the time of the origin of the cost and whether or not the loss was suffered by the client or a third party. Since the size of the amounts and the probability that the amounts will be paid are surrounded by considerable uncertainty, neither COWI’s claims for outstanding payments and other claims, nor the client’s counterclaims have been recognised in the annual report. COWI expects the arbitration to be completed late 2022.

Note 26 Contingencies and other financial commitments, cont.

Bridges for the Lusail City project (Qatar)
In 2006-2007, acting under a sub-consultancy agreement with Halcrow Consulting Eng. & Arch. Ltd. ("Halcrow"), COWI A/S designed nine marine bridges for the Lusail City project in Qatar. In February 2017, Halcrow was presented with a substantial claim from Lusail Real Estate Development Company, a legal entity controlled by the Qatar state, based on alleged defects, among other things, in COWI's design, and in late 2018, Halcrow issued a request of arbitration against COWI A/S with a claim yet to be determined if and when Halcrow is found liable for damages under the court case with Lusail Real Estate Development Company. The arbitration case against COWI has since then been stayed until further notice or final resolution under the court case between Lusail Real Estate Development Company and Halcrow. However, ongoing discussions in this regard are at the moment pending between Halcrow and COWI. It is therefore possible that the arbitration between Halcrow and COWI will proceed even though Halcrow's court case with Lusail Real Estate Development Company is still pending. It should be noted that the agreed cap on liability is approximately DKK 65.8 million (QAR 36.5 million) in the contract between COWI A/S and Halcrow.

The Group's companies are jointly and severally liable for tax on the Group's jointly taxed income. The total amount appears in the annual report for COWI Holding A/S, which is the management company in the joint taxation.

DKK'000	2021	2020
Guarantees		
Guarantee facility at 31 December	**460.000**	**460.000**
Drawn for performance bonds relating to projects in progress	112.919	103.324
Drawn for other guarantees	120	0
Total drawn guarantees	**113.039**	**103.324**
Security to credit institutions	**943.586**	**1.280.000**

Note 27 The Board of Directors and the Executive Board

The company's directors and members of the Executive Board held the following directorships and executive positions in companies other than consolidated COWI companies, at the end of the financial year:

Board of Directors	Directorships and executive positions in other companies
Lars Peter Søbye, Chairman	The Confederation of Danish Industry (DI) (CB) BLOXHUB (CB)
Jens Højgaard Christoffersen	
Rasmus Ødum	DI's Udvalg for Offentlig-privat Samspil (OPS) (CB) Høiberg (MB)
Carsten Fjorback*	
Ulf Kjellerup Hansen*	
Management	
Rasmus Ødum, President, CEO	DI's Udvalg for Offentlig-privat Samspil (OPS) (CB) Høiberg (MB)

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

Note 28 Cash and cash equivalents

DKK'000	2021	2020
Cash at bank and in hand	26.375	65.068
Undrawn credit facilities at 31 December, not including guarantee facilities	29.952	30.000
Financial resources at 31 December	**56.327**	**95.068**

Note 29 Events after the balance sheet date

No events have occured since the balance sheet date that have a material impact on the company's financial position at 31 December 2021.