COWI A/S

Parallelvej 2
2800 Kgs. Lyngby

Annual report 2022

Company reg. no. 44 62 35 28

The annual report was presented and adopted at the annual general meeting of the company on
15 March 2023

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 2022 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 2022 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, 6 March 2023

Executive Board

Rasmus Ødum
Chief Executive Officer

Board of Directors

Jens Højgaard Christoffersen
Chairman

Natalie G. Shaverdian Riise-Knudsen
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 2022, and of the results of the Company's operation and cash flows for the financial year 1 January – 31 December 2022 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 2022, 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, 6 March 2023

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 Iceland Germany Greenland Kenya Kuwait Philippines Qatar Taiwan Tanzania Turkey Uganda
Board of Directors	Jens Højgaard Christoffersen, Chairman Natalie G. Shaverdian Riise-Knudsen, 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 on 15 March 2023 at the company address.
Ownership	The company is 100 per cent owned by COWI Holding A/S, Company reg. no. 32 89 29 73 The consolidated financial statements for COWI Holding A/S can be obtained at the following address: COWI Holding A/S, Parallelvej 2, 2800 Kongens Lyngby

3 Key figures and financial ratios

Key figures and financial ratios	2018 DKKm	2019 DKKm	2020 DKKm	2021 DKKm	2022 DKKm
Net turnover	**3,142**	**3,061**	**2,949**	**2,937**	**3,276**
Operating profit before interest, tax, depreciation, amortisation (EBITDA)	329	178	232	165	204
Operating profit before amortisation (EBITA)	283	133	194	127	169
Operating profit on ordinary activities	220	76	150	82	141
Operating profit (EBIT)	**219**	**73**	**148**	**81**	**140**
Net financials	2	-10	-21	5	-22
Profit before tax	**219**	**72**	**128**	**96**	**142**
Profit for the year	**165**	**40**	**85**	**65**	**102**
Goodwill	154	133	111	89	76
Other non-current assets	323	322	212	196	253
Cash and cash equivalents	60	61	65	26	30
Other current assets	1,450	1,154	1,429	1,138	1,084
Total assets	**1,987**	**1,670**	**1,817**	**1,449**	**1,443**
Share capital	27	27	27	27	27
Equity	**539**	**380**	**417**	**321**	**317**
Provisions	344	348	416	414	385
Non-current liabilities	2	67	173	1	0
Current liabilities	1,102	875	810	712	740
Cash flow from operating activities	206	153	482	24	168
Investment in property, plant and equipment	-45	-56	-28	-33	-68
Other investments, net	-22	-35	45	-20	-22
Cash flow from investing activities, net	-52	-74	37	-53	-90
Free cash flow	**154**	**79**	**519**	**-29**	**78**
Cash flow from financing activities	-509	152	-516	-10	-74
Cash flow for the year	**-355**	**231**	**4**	**-39**	**4**
Financial ratios					
EBITDA margin	10%	6%	8%	6%	6%
Operating margin (EBIT margin)	7%	2%	5%	3%	4%
Return on invested capital	55%	16%	40%	30%	31%
Equity ratio	27%	23%	23%	22%	22%
Return on equity	27%	9%	21%	18%	32%
Interest-bearing debt, net (- = asset)	-277	-93	-464	-290	-27
Liquidity	1.4	1.4	1.8	1.6	1.5
Average number of employees	2,624	2,627	2,545	2,534	2,738

Financial ratios

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

EBITDA margin	$\frac{\text{Operating profit/loss excl. depreciation and amortisation} \times 100}{\text{Net turnover}}$
Operating margin (EBIT margin)	$\frac{\text{Operating profit/loss} \times 100}{\text{Net turnover}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital including goodwill}}$
Equity ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets, end of year}}$
Return on equity	$\frac{\text{COWI's share of profit/loss for the year} \times 100}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Short-term debt}}$
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 2022, we once again saw war in Europe when Russia invaded Ukraine, causing a terrible human catastrophe. To free us from fossil energy and our energy dependency on Russia, investments in renewable energy were accelerated throughout Europe and the Western world. With our new strategy, FUTURE-NOW, COWI was centrally placed in the green transition. The strategy focuses on helping our customers move towards a more sustainable world, and this was mirrored in the 2022 result. The COWI Group delivered double-digit organic growth, and profitability remained solid despite higher cost pressure and the significant growth.

New strategy with a clear direction
When we launched FUTURE-NOW at the beginning of 2022, we also launched a clear strategic framework for the company we aspire COWI to become. This is best illustrated by our new vision: Together, we shape a sustainable and liveable world.

This meant saying no to new fossil energy projects. COWI was the first company in our industry to take this stand and be crystal clear about our drive towards sustainability. Furthermore, we stated that in three to five years, 100 per cent of our net turnover must come from projects making the world more sustainable.

As part of the strategy, we presented a winning aspiration specifying our mid-term ambitions, both financial and non-financial. Thanks to this focus and our expertise in offshore wind and hydrogen-based carbon-neutral products we were, i.e., awarded contracts with Copenhagen Infrastructure Partners, Ørsted and Maersk.

In addition, we experienced high market activity in other key business areas, especially in industrial facilities where manufacturers build future production facilities, which have to live up to both stricter sustainability regulations and meet higher efficiency demands. With our expertise in both fields, COWI supported several large companies in this, including LEGO, Vestas and Novo Nordisk, by acting as technological partner on several new green production facilities worldwide.

12 per cent growth in organisation
The key enabler of the significant growth was our ability to attract and hold on to colleagues. In a job market where the talent pool was too small to supply a market craving skilled engineers and other science professionals, we managed to increase our workforce in COWI A/S by 309 employees, corresponding to 12 per cent increase. Furthermore, our competency centres in India, Lithuania and Poland grew by close to 20 per cent and now constitute approximately ten per cent of the employees across the COWI Group. In that light, it was vital that we, in Universum's annual employer ranking, remained the most attractive engineering employer among professionals in our industry in Denmark. This improvement was an outcome of years of work building a strong employer brand in our core Scandinavian market.

As part of FUTURE-NOW, we aim to attract the best talent by offering exciting professional and personal development opportunities in an inclusive working environment. To be able to do so, we made significant investments in developing our leaders, improving internal mobility and building our technical skills through formalised training and on-the-job training. These activities will become the cornerstones of holding on to our talented employees in a job market that is still expected to be short of engineering and science candidates in the coming years.

Also, regardless of the volatile job market, employee engagement remained high. The 2022 survey showed an employee engagement of 82 per cent across the group out of a maximum of 100 per cent, on par with the 2021 result.

We want COWI to be a healthy and accident-free workplace, for which reason we continued to invest in improving our occupational health and safety (OHS). In 2022, all COWI offices in Denmark were certified in accordance with the OHS management system ISO 45001, which aims at reducing occupational injuries, and promoting and protecting physical and psychosocial health. The incident rate increased in 2022, mainly due to an awareness campaign and more focus on reporting incidents

Customer satisfaction at record level

Another key element in our strategy is our aspiration to have the most satisfied customers in our peer group, as data shows that there is a direct link between customer satisfaction (Net Promoter Score, NPS) and customer loyalty and, thereby, our profitability. In 2022, the Net Promoter Score increased to 52 from 50 in 2021 in Business Line Denmark. This development was primarily driven by two factors: consistent high quality in our project execution and continuous and close customer interaction. We strived to be close to our customers and understand their concerns and needs. That way, we gained a better grasp of how best to support them in their projects. This paid off in terms of additional work and new contracts. As mentioned, the improved customer satisfaction was related to the quality of our project execution. In recent years, COWI has invested heavily in enhancing operational efficiency by embedding standard project management tools and processes. In 2022, this resulted in close to zero claims and a significant reduction in project losses. Solid project execution further enhanced use of our resources in accordance with customer expectations.

Taking digital leadership to the next level

A cornerstone of FUTURE-NOW is innovation and digitalisation as a means to support our growth. We continued to invest heavily in bringing forward new digital tools and innovative ideas in 2022. For instance, in Denmark, life-cycle assessment tools were high on the agenda as new building regulations taking effect in 2023 require owners of new buildings to calculate their climate footprint. With COWI and Arkitema as initiators, the product LCAcollect was developed together with other industry players and the Danish authorities as observers. LCAcollect is a digital platform freeware that collects life-cycle assessment data from various building materials and makes it easy for building owners to comply with the new regulations and report the climate footprint of new buildings.

In general, we try to combine new innovative digital solutions with our domain expertise. An example of this was our virtual drone inspection of structures, which was launched in 2022 in an upgraded version. The service life of large structures, such as bridges, tunnels and wind turbines, depends on how good we are at maintaining them. If we can postpone decommissioning, we can save massive amounts of time and natural and financial resources. Today, we use drones to inspect these structures. All information is gathered in a web-based platform, where data can be shared or revisited at any time. We expect the use of virtual inspections to surge in the next few years.

Commitment to sustainability strengthened

With FUTURE-NOW, we have made a fundamental choice. We are not just involved in running a business. We want to proactively help change the world for the better. This means that our non-financial performance weights as much as our financial performance. To underline our genuine commitment to sustainability, the COWI Group signed up for the Science Based Targets initiative in 2022, enabling COWI to receive external validation of our targets for carbon-emission reductions. In 2019, the Group set a 70-per-cent reduction target for 2030 and a carbon-neutrality target for 2050. Committing to science-based targets allows COWI to formalise and strengthen our work to reduce our climate impact.

Overall, the Group was on track, living up to our footprint targets (own emission) even though CO2 emissions increased by 29 per cent to 55,113 tCO2e. The increase was a result of lifted COVID-19 restrictions, an increase of employees and methodology improvements. Going forward, we will find ways to balance this with our drive for sustainability. As part of FUTURE-NOW, we also started looking into our handprint (how we contribute to a sustainable world through our customers' projects). In 2022, we initiated a pilot to test new handprint measurements to validate if a project supports sustainability. An early estimate showed that the majority of our turnover comes from projects supporting a more sustainable world. In three to five years, that share must be 100 per cent. To achieve this, we need a solid way to report and measure this; just like we have for our financial performance.

Besides working on reducing our footprint and handprint, we continued our commitment to the principles and ambitions of the UN Global Compact. Our focus was particularly on diversity and inclusion, which are also included in our strategy. It states that we aspire to be a truly diverse company. For years, we have made an effort to motivate and promote more female leaders. Today, 29 per cent of COWI A/S' senior career positions are held by women. But that is not enough if we want to be a truly diverse company that reflects our customers and the surrounding society. Therefore, in late 2022, we revised our diversity and inclusion policy and increased the target so, in 2030, 40 per cent of our leaders at each of the four most senior career levels must represent the underrepresented gender, which is mainly female.

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. The target is that the underrepresented gender should make up at least 33 per cent of the board members, and this should be achieved within 2024. At the end of 2022, one out of three board members elected at the general meeting were female, and as such, the gender distribution in the board of directors is considered equal.

Strong financial result

Considering the increased cost pressure and geopolitical instability, COWI A/S delivered a strong 2022 result, with a record-high net turnover of DKK 3,276 million, and the order book remained stable above DKK 2 billion. The EBIT margin was 4.3 per cent, an increase from 2.8 per cent compared to last year. This was driven by higher quality in our project execution and fewer costs related to the Oman arbitration case. This was partly offset by an increased cost base, mainly driven by inflation and growth. The operating cash flow also improved by 143 to 168, resulting in a cash conversion rate of 82 per cent.

Business Line Denmark
COWI A/S maintained its robust performance, delivering significantly above the 2021 result. The performance was powered by high activity across all segments and quality project execution, as well as a growing number of employees, which was fueled by COWI once again being ranked as the most attractive employer in Denmark among engineers in our industry. Especially the Buildings and Industry unit improved profitability, mainly driven by exceptional growth in industrial buildings. The Buildings and Industry unit expanded after the acquisition of Flux AD A/S, who provides consultancy services in the building industry and develops software solutions for automating early-phase design. The Global Advisory unit won significant new contracts. The Transportation unit went through a major turnaround, which led to considerably improved profitability and new contracts with better margins. The Society and Utilities unit also won several major contracts while developing into a critical internal resource, as up to 50 per cent of the unit's employees were allocated to projects across the Group

On the international scene COWI A/S kept up the momentum from 2021 and delivered a strong result in 2022, driven by high growth, solid project execution with very few project losses and a significant increase in employees. Especially the sustainable energy business benefitted from accelerated investments in renewable energy, aiming to reduce dependency on fossil energy. Our international transportation business also had a busy year. Highlights included the inauguration of the world's longest suspension bridge, the Çanakkale Bridge in Turkey, and Senior Technical Director Tina Vejrum being elected President of the International Association for Bridge and Structural Engineering.

Moving forward
Despite a recession in some markets leading to somewhat blurred market conditions, COWI A/S came out of 2022 strengthened. Many of our customers are at the heart of the green transition, and this makes our expertise sought after. With that in mind, we are entering 2023 cautiously optimistic, keeping in mind that a cost and price pressure will put pressure on parts of our business. This is, however, counterbalanced by continued green investments, which is why we expect a continued growth trajectory. Going forward, we will continue to invest in quality management and process development, innovation, new ventures, our people and our partnerships to ensure long-term value creation and growth. In conclusion, we thank our people for their dedicated efforts to make a real difference for our customers, COWI and the world at large. This is something we can all be proud of. Together with our employees, customers and partners, we look forward to taking the next steps on our strategic journey in 2023.

Rasmus Ødum, CEO, COWI A/S

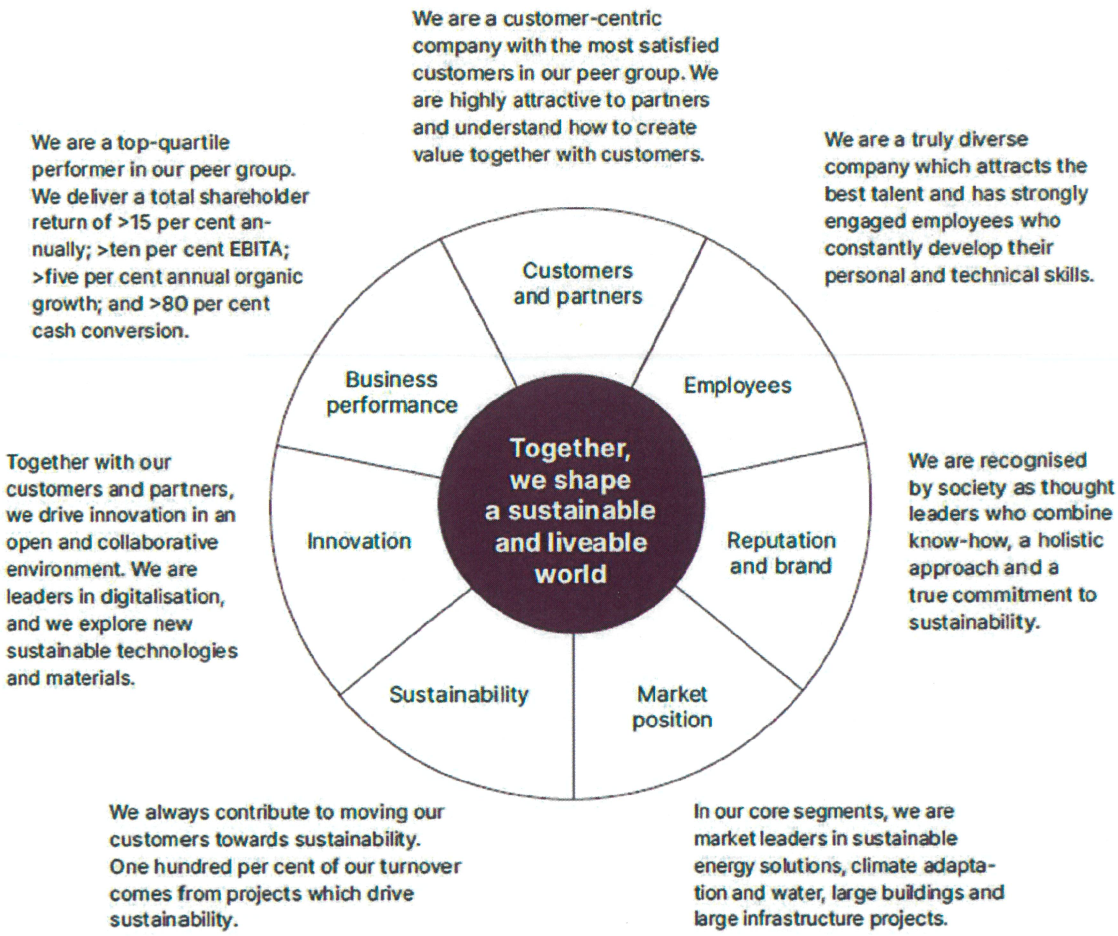
Strategy

In 2022, we formulated a vision and new values to inspire and guide us in the coming years. And to develop our company, seize the numerous market opportunities and create value with customers, we developed COWI's new strategy.

It is called FUTURE-NOW. If we, as a society and as a company, want to survive and thrive in the future, we must prepare for it today. Therefore, in our work with the strategy, our starting point was the future. What will it look like? What demands does this create among customers? What does it mean to us now? And how can we contribute to the solutions needed?

Our winning aspiration

Our vision is our overall guiding star that sets a long-term direction for all our business. To propel us forward towards the vision and
guide us in the mid-term, we have formulated a winning aspiration for a three- to five-year horizon in seven key areas. There is no fixed deadline for reaching them, but we believe that this is what an excellent performance for COWI looks like:



Our playing field

To meet customer demands and move towards our aspiration, we have chosen where to focus our efforts. The choices are made based on our current and potential strengths and market positions:

- **We will work** with and for key customers with multiple projects, a long-term perspective and compatible ethics.
- **We deliver studies** and concept design, design development, planning/permitting, final and detailed design, construction management, project management consultancy (PMC) services and asset management.
- **We operate** in sustainable energy, large buildings, large infrastructure, and climate adaptation and water.
- **We focus** on Scandinavia (Norway, Denmark and Sweden), the UK and North America. For key customers, we will support projects outside these countries.
- **We will continue** to use a key-account approach and co-creation with partners when we complement each other's capabilities.

Our strategy execution

To win in our chosen market segments, we will utilise and develop our core strengths together with our customers.

Customer centricity:
The key factor for our competitiveness is to focus on our customers in all we do and communicate. It is also more engaging for employees to co-create with customers.

Best people, best behaviour:
As we focus on projects that require special skill sets, we will continue to hire and develop the best people in the industry. We will cultivate a behaviour that sets us apart from the competition and creates a culture of continuous improvement and high-quality execution of projects.

One COWI approach:
We win more projects, deliver better quality and improve our earnings when we collaborate. This means working across borders and bringing competencies into play, regardless of where the person is located. It means including our centres and colleagues in India, Lithuania and Poland. And it means further developing our successful COWI and Arkitema partnership.

Sustainability:
Sustainability will remain at the core of our value offering and operations. This is crucial for the type of major, mature customers we want to build relationships with.

Value steering:
To ensure that FUTURE-NOW becomes operational and that we make the right decisions to deliver on our strategy, we have created a value steering model that sets up metrics for our seven aspirations to understand if we are on track. This value steering model is embedded into our performance management and annual wheel to ensure that we make the right decisions and execute towards FUTURE-NOW.

Four prioritised sectors

In prioritised sectors, we want to have a market-leading position, meaning that we get more invitations to participate in tenders, we can build and utilise economies of scale, we have the ability to create value with customers, and we are visible and attractive to talent.

We define market leadership as:

1. being preferred by customers (measured on NPS and 'share of wallet')
2. being number one or two in the market measured on turnover
3. being a top brand in the market.

We have selected four prioritised sectors that are attractive, that are fit for our vision and competencies, and where we have the potential to be leaders with our sustainable solutions.

Sustainable energy:
We will particularly focus on: offshore renewable energy; production of hydrogen and green fuels; energy efficiency; and carbon capture, utilisation and storage.

Large infrastructure:
We will particularly focus on: roads, mass transit, urban transportation, fixed links, electrification, automation and digital solutions.

Large buildings:
We will particularly focus on: large-scale urban development, transportation hubs, industry and data centres, and health.

Climate adaptation and water:
We will particularly focus on: coastal protection and integrated urban solutions, utility and stormwater tunnels, wastewater as a resource, digitalisation of utilities and smart water (data-based operational optimisation of utilities).

Environmental, Social and Governance (ESG)

Our impact

In 2022, once again, the world experienced heavy rainfall, extreme droughts and destructive storms. All over the planet, climate change is becoming an unprecedented challenge to cities, infrastructure, biodiversity and landscapes. This is something the world must adapt to now as the situation is loaded with an urgency for change. Businesses play a crucial role in shaping a greener future, and we see engineers and architects as key levers for the transition towards sustainability. COWI and Arkitema's extended expertise in sustainability gives us a special responsibility to support customers and societies at large in the transition to a greener and more sustainable future.

In 2022, we participated in COP27 with a top-level delegation, which participated in round-table discussions and panel debates about the urgent measures needed to combat the climate crisis. Our ambition was to inspire others and jointly continue to use and implement more sustainable solutions worldwide. Our strategy, FUTURE-NOW, strongly exemplifies how we walk the talk. We have decided to allocate all resources to projects that support our customers in reaching their sustainability ambitions. This means deselecting all fossil energy projects going forward, and in three to five years, we aspire to have 100 per cent of our revenue come from projects that contribute to driving sustainability.

Our approach to corporate responsibility is reflected in how we run our own daily operations and in our aspiration to support our customers' journey towards sustainability. We call these impacts our footprint and our handprint, respectively.

For example, sustainability is integrated into our own operations, our policies and in the way we interact and co-create with our customers, partners and suppliers. In the first half-year of 2023, we will have a group-wide environmental policy in place to reflect our commitment to reducing our environmental footprint, and we already have policies in place for COWI in Sweden, the UK and Lithuania.

While carbon reduction is already a vital part of many projects, we prioritise putting the latest knowledge and thought leadership into play to ensure that new infrastructure, energy plants or cities are planned with carbon, climate adaptation, biodiversity enhancement, air quality, reduced water consumption and responsible sourcing in mind.

To steer our business for value, in 2022, we initiated the development of a framework for our handprint. Through the lens of the EU Taxonomy and the UN sustainable development goals (SDGs), the framework will help us to systematically report on our progress towards our handprint aspiration of having 100 per cent of our customers' projects contribute to driving sustainability. Until the new framework is fully developed, we will continue classifying projects according to the SDGs to which they contribute. In 2022, approximately 50 per cent of all active projects were classified, and most of these were classified as contributing to Sustainable Cities and Communities (SDG 11), Industry, Innovation and Infrastructure (SDG 9), Clean Water and Sanitation (SDG 6) and Affordable and Clean Energy (SDG 7).

To underpin our continued sustainability efforts, we have invested heavily in building competencies, tools and insights to provide the needed support to our customers and the green transition. This includes appointing sustainability directors in all business lines to make sure that the sustainability principles of FUTURE-NOW are embedded in all projects. We are also introducing a 'Green basics' e-learning module for all employees in 2023. The aim is to create a common approach to and understanding of sustainability across the entire COWI Group and to empower all employees to engage in sustainability conversations with our customers and partners. Furthermore, we have more sustainability training modules in the pipeline targeting project managers and our specific disciplines to ensure a structured and professional approach to how we incorporate sustainability into all our customers' projects.

To continuously ensure robustness in our reporting and prepare for the upcoming requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS), which will apply to COWI from financial year 2025 onwards, we have accelerated our efforts to report our environmental, social and governance (ESG) performance in time for the future requirements.

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. For the statutory statement on data ethics, please see the Annual report for COWI Holding A/S. Our data ethics policy is available at www.cowi.com/about/csr-and-compliance/data-ethics-policy.

For a full overview of ESG-related aspects, please refer to the Annual report for COWI Holding A/S.

Outlook for 2023

The world is facing an unprecedented energy transformation as societies transition to a new normal without fossil energy. At the same time, we must tackle urbanisation and a growing world population while addressing climate change

We believe that with our strategy, FUTURE-NOW, we can ensure a healthy and growing business, as the strategy is essentially about providing solutions that, together with our customers, will enable the aforementioned challenges to be handled. Furthermore, the strategy focuses on doing this in a sustainable way, leaving the planet better off in the broadest sense

2023: a mixed bag

The global economic outlook for 2023 points towards a turbulent year with several challenges, and in January 2023, IMF expects global GDP growth at 2.5 to 3.0 per cent while global inflation is expected to be at six to seven per cent. Significant regional differences should be expected. This will impact COWI and our markets in different ways. We expect double-digit market growth in renewable energy, supporting our growth, while the infrastructure and buildings markets will be less favourable. Competition is expected to remain high with continued price pressure, consolidation and increasing penetration towards the growing and attractive renewable energy sector.

Financial outlook

The outlook for 2023 is based on the expectation that COWI Group will continue its growth trajectory, mainly due to continued dedication to the green transition. Therefore, we expect a growth in net turnover of approximately five per cent in 2023. Our profitability is expected to be solid, including continued investment in strategic initiatives supporting growth. Therefore, we expect an EBIT margin on par with 2022.

It should be noted that the expected financial performance in 2023 is subject to higher than usual uncertainty in the macroeconomic environment and from geopolitical unrest and the outcome of the Oman arbitration case.

Sustainability outlook

With our strategy, we have set a clear strategic direction for our business, including how to deliver these results in a sustainable manner. And by signing up for the Science Based Targets initiative, we expect to set our near-term and 2050 net-zero targets in the first half of 2023. In 2023, we will continue to work towards our long-term commitments by investing in people and the development of solutions that contribute to a healthy planet. This includes developing a roadmap for improving diversity and inclusion. For 2023, we have set a target that 25 per cent of senior career levels must be filled by the underrepresented gender.

Financial review

Despite an increased cost pressure and geopolitical instability, COWI A/S delivered a strong 2022 result with double-digit growth, maintaining a solid profitability and a healthy operating cash flow. Net turnover came in at DKK 3,276 million, compared to DKK 2,937 million in 2021. Absolute EBIT was DKK 140 million, compared to DKK 81 million in 2021, while the EBIT margin was 4.3 per cent, compared to 2.8 per cent in 2021. The operating cash flow was DKK 168 million, compared to DKK 24 million in 2021.

COWI is currently awaiting the outcome of the Oman arbitration case (conclusion expected in 2023, see note 26). Due to the magnitude and nature of the arbitration case, the adjusted figures are also reported. Costs mainly related to the Oman arbitration case amounted to DKK 53 million in 2022, compared to DKK 138 million in 2021. Adjusted for this, the operating profit (EBIT) improved to DKK 194 million, compared to DKK 219 million in 2021. This led to an EBIT margin of 5.9 per cent, compared to 7.5 per cent in 2021, and an operating cash flow of DKK 253 million, up from DKK 162 million in 2021.

Profit and loss account

Net turnover in 2022 was DKK 3,276 million, an increase of 12 per cent compared to 2021 (DKK 2,937 million). The increase was above the expected turnover growth communicated in the annual report for 2021, due to focus on capturing strategic commercial wins supported by a well-managed ramp-up of the organisation.

Own production increased by 12 per cent to DKK 2,615 million in 2022 from DKK 2,322 million in 2021.

Operating expenses excluding financial items increased by 11 per cent to DKK 2,697 million. Deprecations and amortisations amounting to DKK 64 million, compared to 84 million in 2021, 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 204 million. EBITDA margin was 6.2 per cent, up from 5.6 per cent in 2021.

Operating profit (EBIT) increased by DKK 59 million from DKK 81 million in 2021 to DKK 140 million in 2022.

EBIT margin, the operating profit as a percentage of net turnover, was 4.3 per cent in 2022, compared to 2.8 per cent in 2021. The EBIT margin was slightly above the expected EBIT margin communicated in the annual report for 2021, as a result of solid project execution and well-managed organisational growth while offsetting increased costs due to inflation.

Net financial items amounted to a net expense of DKK 22 million, an increase of DKK 26 million, compared to 2021, primarily due to foreign exchange losses.

Profit before tax was DKK 142 million, up from DKK 96 million in 2021. Tax on profit for the year in 2022 amounted to an expense of DKK 40 million, corresponding to an effective tax rate of 28 per cent (2021: 32 per cent).

Profit for the year was DKK 102 million, up from DKK 65 million in 2021.

Balance sheet
At the end of 2022, the company's total assets amounted to DKK 1,443 million, the same level as 2021.

Equity as of 31 December 2022 was DKK 317 million, corresponding to an equity ratio of 22 per cent, on par with 2021.

Cash flow
Cash flow from operating activities amounted to DKK 168 million, up from DKK 24 million in 2021.

Cash flow from investing activities amounted to a negative DKK 90 million in 2022, compared to a negative DKK 53 million in 2021, and related primarily to the acquisition of property, plant and equipment and investments in development projects.

Free cash flow was positive at DKK 67 million, an increase of DKK 96 million compared to 2021.

At 31 December 2022, the company's financial resources, which comprise cash and cash equivalents, as well as undrawn credit facilities, amounted to DKK 60 million, compared to DKK 56 million at the end of 2021.

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 completion. For largescale 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 and assumptions 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 material 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 little or no 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 economic trends by maintaining a balanced project portfolio. The balanced portfolio entails spreading risks across geographical areas in our core markets, service areas, segments and public/private sectors. Changes in the political landscape are a diminishing risk due to the Group's geographical focus.

Operational risks

We minimise losses on projects by focusing on project execution and 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 and customers, continuous 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 plan 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 the company'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 systematically follow up on completed acquisitions.

Liquidity risks

Liquidity risk is the risk that adequate liquidity is unavailable. The COWI group 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 company has sufficient liquidity to ensure the continued operation and development of its 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 Group 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 Group 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 policy. The Executive Board approves key 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 performed.

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.

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 required. 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 2022 annual report of COWI A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large entities in reporting class C.

The annual accounts have been prepared according to the same accounting policies as in 2021.

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.

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 entities including foreign subsidiaries.

The tax effect of the joint taxation with the subsidiaries is distributed to the profit and loss-making entities 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 transactions 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 entities, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income.

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 entities, 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 carryforwards, 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

The financial statements for the company are presented in thousands of Danish kroner (DKK). The functional currency is the Danish krone (DKK).

Transactions in foreign currencies are initially translated into the primary economic environment in which the company operates (the functional currency), applying rates approximating the exchange rates at the transaction date. Exchange rate adjustments arising due to differences between the rates at the transaction date and the rates at the payment date are recognised in financial income or financial expenses in the profit and loss account. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at exchange rates prevailing at the balance sheet date. Exchange rate adjustments arising due to differences between the rates at the balance sheet date and the transaction date are recognised as financial income or financial expenses in the profit and loss account.

Items in the financial statements of subsidiaries of the company are measured in the entity's functional currency. Differences arising on the translation of equity at the beginning of the period and translation of the profit and loss account from average rates to the exchange rate at the balance sheet date are recognised in separate reserve in equity.

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 measured at their fair value. Positive and negative fair values of derivative financial instruments are included in prepayments under assets and in other debt 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 cash flow hedges are recognised in prepayments/other debt and equity. Upon realisation of the hedged items, any amount deferred in equity are transferred to the profit and loss account in the same item and period as the hedged transaction.

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

Agreements are made on derivative financial instruments in the form of currency forward contracts.

Segment information
Segment information is provided on net turnover, broken down by business lines. Furthermore, the net turnover is broken down by business areas. The information is based on the company's internal financial reporting system.

Incentive schemes
The fair value of short-term incentive schemes for the Executive Board and Board of Directors are recognised in "Remuneration, Executive Board" in the note "Employee expenses" and a liability is recognised.

Profit and loss account

Net turnover
Net turnover is determined on the basis of the selling price of work performed for the year. Net turnover is shown net of value added tax, returns, rebates and discounts and not recognised until reliably measurable.

As the completion of the individual projects generally progresses over several financial periods, the percentage-of-completion method is applied for recognition of turnover. Accordingly, turnover and profit are recognised on work performed to date as a percentage of the total work to be performed.

Project expenses
Project expenses include expenses directly attributable to projects, including travel, external and other expenses, but excluding salary expenses.

External expenses
External expenses include administrative, office, marketing 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.

Financial income and expenses
Financial income and expenses include interest, realised and unrealised foreign exchange gains and losses and value adjustments on securities.

Balance sheet

Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired company. Goodwill is amortised over the estimated useful life, determined on the basis of the management's experience, including an assessment of the market position and strength of the brand or operation and thus the estimated expected earnings profile:

- Acquired entities 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 entities 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 entities 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 entities are estimated to have an economic life of three years and are thus amortised over a period of three years.

Development projects
Development projects that are clearly defined and identifiable, where the technical utilisation rate, sufficient resources and a potential future market or development opportunity in the company 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. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the profit and loss account as incurred. Capitalised development projects include salaries, amortisation and other expenses that are directly attributable to the company's development activities. Capitalised development projects are measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

On completion of the development work, development projects 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 and impairment losses, and the recoverable amount. The depreciation period is three to 13 years.

Software licences are amortised over the contract period.

Summary of amortisation periods for intangible assets

Goodwill	3-20 years
Completed development projects	2-5 years
Software	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. The depreciation period is three to 12 years.

Leases
Leases involving property, plant and equipment where the company assumes substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments, at the inception of the lease. Net present value is calculated using the interest rate implicit in the lease as the discount rate or an approximated value thereof. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The lease obligation is recognised in the balance sheet as debt under liabilities, and the interest element of 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 impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the asset's carrying amount, 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 carrying amount 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.

Impairment losses

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. An impairment loss is recognised where the carrying amount of an assets exceeds its recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. 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.

Non-current financial assets

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised using the equity method so that the carrying amount of the investments constitutes the company's proportional share of the net assets of the entities. Investments in associates are initially recognised at cost and subsequently adjusted to recognise the company's share of the post-acquisition profits or losses and movements in equity.

Profit after tax of investments in subsidiaries and associates is recognised as a separate line in the profit and loss account.

Subsidiaries and associates with negative net asset value are included without any value. Where the company has a legal or constructive obligation to cover the subsidiaries or associate's negative balance, the obligation is recognised under liabilities.

Other investments and securities

Other investments and securities include bonds and shares measured at fair value. Listed securities are measured at the official market price, and unlisted securities and deposits are measured at cost less any impairment loss.

Current assets

Receivables

Receivables are recognised initially at fair value and subsequently measured at net realisable value, corresponding to amortised cost less provision for bad and doubtful debts.

Provisions 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 receivables.

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 at the proportion of the project expenses (costs) related to the contract incurred, relative to the estimated total project expenses. 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 company's share of work in progress performed in working partnerships is included proportionally in work in progress.

Prepaid expenses

Prepayments consist of expenses paid relating to subsequent financial years and consist primarily of prepaid rent, insurance premiums and subscriptions.

Equity

Reserve for development costs

Reserve for development costs corresponds to capitalised development costs. If the recognised development costs are sold or otherwise divested, the reserve will be dissolved and transferred to retained earnings. The reserve is reduced by amortisation of capitalised development costs.

Dividends

Management's proposed dividend distribution for the year is disclosed as a separate equity item.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Other provisions include provisions for loss-making contracts, potential legal obligations and claims.

The Group has established a share-based incentive programme under which it awards share in the parent company COWI Holding A/S to members of the Board of Directors and the Executive Board as well as certain key employees in the company.

The fair value of the employee services received in exchange for the issuance of shares or corresponding cash settlement is measured at fair value of the share units granted. The value adjustments are recognised in employee expenses in the profit and loss account over the vesting period. The fair value of restricted share units is determined based on book value per share. Account is taken of the number of employees expected to gain entitlement to the share units as well as the number of share units the employees are expected to gain. Subsequently, this estimate is revised at the end of each reporting period so that the total expense recognised is based on the actual number of share units vested or settled in cash.

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 when the pension benefits are being earned. The calculation of the pension commitment is based on an actuarial calculation.

Liabilities
Financial liabilities
Loans from credit institutions intended to be held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, loans are recognised 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 is measured at amortised cost, materially corresponding to nominal value.

Cash flow statement

The cash flow statement shows the company'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 cash and cash equivalents at the beginning and end of the year. Cash flows relating to acquired entities are recognised from the acquisition date. Cash flow relating to divested entities are recognised until the divestment date.

Cash flow from operating activities
Cash flows from operating activities are calculated as the company's operating profit adjusted for non-cash operating items such as amortisation, depreciation and impairment losses, provisions as well as net change in working capital, interest received and paid and corporate income tax paid. Working capital includes current assets less short-term debt, excluding items included in cash and cash equivalents and debt to credit institutions.

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 and business acquisitions and disposals.

Cash flow from financing activities
Cash flows from financing activities include cash flows from raising and repayment of debt to credit institutions as well as purchase and sale of treasury shares and distribution of dividends to shareholders.

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

Profit and loss account 1 January - 31 December

DKK'000	Note	2022	2021
Net turnover	1	3,275,621	2,937,043
Project expenses		-660,604	-614,951
Own production		**2,615,017**	**2,322,092**
Other operating income	2	222,358	195,760
External expenses		-541,149	-491,333
Employee expenses	3	-2,091,989	-1,861,172
Amortisation, depreciation and impairment losses	4	-63,675	-83,526
Operating profit on ordinary activities		**140,562**	**81,821**
Other operating expenses	5	-232	-521
Operating profit		**140,330**	**81,300**
Profit after tax in subsidiaries		22,965	9,975
Financial income	6	54,705	38,230
Financial expenses	7	-76,274	-33,340
Profit before tax		**141,726**	**96,165**
Tax on profit for the year	8	-39,834	-31,198
Profit for the year		**101,892**	**64,967**

Balance sheet at 31 December

DKK'000	Note	2022	2021
Goodwill		75,879	89,088
Software and licences		10,077	13,833
Completed development projects		17,727	8,414
Development projects in progress		15,322	1,507
Intangible assets	**9**	**119,005**	**112,842**
Technical installations, operating and other equipment		113,450	81,643
Property, plant and equipment	**10**	**113,450**	**81,643**
Investments in subsidiaries	**11**	64,323	57,950
Investments in associates	**12**	296	296
Other investments and securities		393	393
Deposits		31,985	31,438
Non-current financial assets	**13**	**96,997**	**90,077**
Total non-current assets		**329,452**	**284,562**
Trade receivables		572,938	581,045
Contract work in progress	**14**	151,064	138,449
Receivables from group entities		290,200	319,402
Tax receivables		11,508	11,544
Other receivables		4,564	29,332
Prepaid expenses	**15**	53,284	58,310
Total receivables		**1,083,558**	**1,138,082**
Cash at bank and in hand		**30,169**	**26,375**
Total current assets		**1,113,727**	**1,164,457**
TOTAL ASSETS		**1,443,179**	**1,449,019**

Balance sheet at 31 December

DKK'000	Note	2022	2021
Share capital	16	26,505	26,505
Reserve for capitalised development projects		29,140	13,539
Reserve for hedging transactions		-3,840	0
Retained earnings		165,497	181,214
Proposed dividend		100,000	100,000
Equity	**17**	**317,302**	**321,258**
Deferred tax liabilities	18	357,094	347,184
Provisions for incentive programmes and pensions	19	7,575	6,134
Other provisions	20	20,735	61,020
Total provisions		**385,404**	**414,338**
Financial debt		241	979
Total non-current liabilities	**21**	**241**	**979**
Financial debt		0	48
Leasing liabilites		738	1,306
Contract work in progress	14	243,876	255,010
Trade payables		74,475	103,055
Tax payables		2,686	0
Amounts owed to group entities		75,952	48,441
Amounts owed to associates		2,521	11,788
Other accounts payable	22	339,984	292,796
Total current liabilities		**740,232**	**712,444**
Total liabilities		**740,473**	**713,423**
TOTAL EQUITY AND LIABILITIES		**1,443,179**	**1,449,019**

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Events after the balance sheet date	29

Statement of changes in equity

DKK'000	Share capital	Reserve for net revaluation according to the equity method	Reserve for capitalised development projects	Reserve for hedging transactions	Retained earnings	Dividend	Total
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
Currency translation adjustment, foreign subsidiaries		2,527					2,527
Equity movement in subsidiaries		-2,400					-2,400
Other transfers		-10,102		-822	10,924		0
Proposed dividend					-100,000	100,000	0
Equity at 1 January 2022	**26,505**	**0**	**13,539**	**0**	**181,214**	**100,000**	**321,258**
Distributed dividend						-100,000	-100,000
Profit for the year		22,965			78,927		101,892
Capitalised development projects			15,601		-15,601		0
Value adjustment of hedging instruments				-2,114			-2,114
Currency translation adjustment, foreign subsidiaries		-2,375					-2,375
Equity movement in subsidiaries		-1,359					-1,359
Other transfers		-19,231		-1,726	20,957		0
Proposed dividend					-100,000	100,000	0
Equity at 31 December 2022	**26,505**	**0**	**29,140**	**-3,840**	**165,497**	**100,000**	**317,302**

Cash flow statement

DKK'000

	Note	2022	2021
Operating profit		140,330	81,300
Amortisation and depreciation		63,675	83,526
Value adjustments etc.		-179	-3,986
Other provisions		-119,892	17,201
Operating profit adjusted for non-cash movement		**83,934**	**178,041**
Net financial income received/paid		-21,569	4,890
Income taxes paid		-27,200	-32,871
Cash flow from operating activities before change in working capital		**35,165**	**150,060**
Change in contract work in progress		-23,749	54,387
Change in deposits		-547	1,730
Change in trade payables		8,107	-56,724
Change in receivables from group entities		-7,432	-20,421
Change in trade payables		-28,580	10,375
Change in amounts owed to group entities		27,511	49,186
Change in other receivables and prepaid expenses		29,794	-18,011
Change in other payables and deferred income		127,338	-146,471
Cash flow from operating activities		**167,607**	**24,111**
Acquisition of intangible assets		-32,459	-22,241
Disposal of intangible fixed assets		2,459	462
Acquisition of property, plant and equipment		-67,590	-32,598
Disposal of property, plant and equipment		971	1,712
Acquisition of subsidiaries		-3,779	-534
Received dividend		10,572	17,541
Cash flow from investing activities		**-89,826**	**-53,199**
Free cash flow		**77,781**	**-29,088**
Payment of financial debt		-1,354	-1,664
Net change in Group cash pool receivable		36,634	314,803
Payment to the Holiday Allowance Fund		0	-175,921
Distributed dividend		-100,000	-158,000
Net payment of debt to associates		-9,267	-6,364
Cash flow from financing activities		**-73,987**	**-9,605**
Cash flow for the year		**3,794**	**-38,693**
Cash and cash equivalents, beginning of year		26,375	65,068
Cash and cash equivalents, end of year	**28**	**30,169**	**26,375**

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

Notes

Note 1 Segment information

Segment information is provided on net turnover, broken down by business areas and business lines. The information is based on the company's internal financial reporting system.

COWI A/S's net turnover distributed on business areas:

DKK'000	2022	2021
Transportation	1,576,562	1,152,815
Buildings	712,514	614,668
Industry and energy	288,961	420,794
Society and utilities	503,190	584,186
EU and international development organisations	192,080	159,484
Not distributed	2,314	5,096
Total	**3,275,621**	**2,937,043**

COWI A/S' net turnover by business lines:

DKK'000	2022	2021
Denmark	2,185,983	2,007,964
International	888,267	817,590
Other	201,370	111,489
Total	**3,275,620**	**2,937,043**

As per 1 January 2022, the internal intertrade model in the COWI Group was changed for contracts delivered by more than one business area or business line, which entailed a change in the allocation of turnover. As a result, the turnover per business areas and business lines is not fully comparable between 2022 and 2021.

Note 2 Other operating income

DKK'000	2022	2021
Profit from disposal of property, plant and equipment	10	119
Profit from sale of subsidaries	1,163	384
Group support services	221,185	195,086
Other operating income	0	171
Other operating income	**222,358**	**195,760**

Note 3 Employee expenses

DKK'000	2022	2021
Salaries and wages	-2,015,309	-1,801,892
Pensions	-2,153	-2,207
Social security	-26,224	-23,695
Other employee expenses	-48,303	-33,378
Employee expenses	**-2,091,989**	**-1,861,172**

Management fee related to remuneration of Executive Board and Board of Directors	-4,088	-3,921
Remuneration, former Executive Board and partners	-1,430	-1,502

The Executive Board and the board members appointed at the general meeting receive salary in COWI Holding A/S, which is paid for by COWI A/S through a management fee.

The Executive Board and the board members appointed at the general meeting are part of the Group's long-term incentive programme. The value of performance share units granted is calculated as a percentage of the members' base salary, depending on their role and the Group's performance. Performance share units vest three years from the date of granting.

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

Average number of employees	2,738	2,534
Number of employees at 31 December	**2,892**	**2,583**

Note 4 Amortisation, depreciation and impairment losses

DKK'000	2022	2021
Goodwill	-18,238	-21,755
Software and licences	-5,229	-18,550
Completed development projects	-5,399	-5,211
Technical installations, operating and other equipment	-34,809	-38,010
Amortisation, depreciation and impairment losses	**-63,675**	**-83,526**

Note 5 Other operating expenses

DKK'000	2022	2021
Loss from disposal of property, plant and equipment	-16	-130
Removal expenses	-216	-391
Other operating expenses	**-232**	**-521**

Note 6 Financial income

DKK'000	2022	2021
Interest, cash at bank and in hand, securities etc.	673	418
Interest, subsidiaries and associates	1,181	4
Foreign exchange gains	52,851	37,808
Financial income	**54,705**	**38,230**

Note 7 Financial expenses

DKK'000	2022	2021
Interest, bank and mortgage debt etc.	-3,183	-1,661
Interest, subsidiaries and associates	-327	-1,232
Foreign exchange losses	-72,764	-30,447
Financial expenses	**-76,274**	**-33,340**

Note 8 Tax on profit for the year

DKK'000	2022	2021
Current tax, foreign project offices	-11,295	-9,127
Deferred tax	-30,451	-19,691
Tax adjustment in respect of prior periods	-18,034	-24,365
Tax adjustment in respect of prior periods, deferred tax	20,541	22,809
Total tax for the year	**-39,239**	**-30,374**
Broken down as follows:		
Tax on profit for the year	-39,834	-31,198
Tax on equity movements	595	824
Total tax for the year	**-39,239**	**-30,374**
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	-26,912	-20,457
Current tax, foreign project offices	-11,295	-9,127
Tax effect from:		
Amortisation of goodwill disallowed for tax purposes	-1,829	-1,739
Other expenses/other income disallowed for tax purposes	-550	227
Adjustment of current tax in respect of prior periods	-18,034	-24,364
Adjustment of deferred tax in respect of prior periods	20,541	22,809
Other regulations	-1,755	1,453
Tax on profit for the year	**-39,834**	**-31,198**
Effective tax rate	**28.1%**	**32.4%**

Note 9 Intangible assets

DKK'000	Goodwill	Software and licences	Completed development projects	Intangible assets in progress	Total
Cost at 1 January 2022	326,523	32,656	14,270	1,507	374,956
Additions	5,029	3,931	14,713	13,815	37,488
Disposals	0	-21,495	-646	0	-22,141
Cost at 31 December 2022	**331,552**	**15,092**	**28,337**	**15,322**	**390,303**
Amortisation and impairment losses at 1 January 2022	-237,435	-18,823	-5,856	-	-262,114
Amortisation	-18,238	-5,229	-5,399	-	-28,866
Disposals	0	19,037	645	-	19,682
Amortisation and impairment losses at 31 December 2022	**-255,673**	**-5,015**	**-10,610**	**-**	**-271,298**
Carrying amount at 31 December 2022	**75,879**	**10,077**	**17,727**	**15,322**	**119,005**

Development projects mainly concern the development of Denmark's Digital Street Imagery (DDG), an "on demand" service that produces high-density panoramas of Danish streets for professional use. 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 2022	185,385	185,385
Currency translation adjustment	9	9
Additions	67,590	67,590
Disposals	-18,694	-18,694
Cost at 31 December 2022	**234,290**	**234,290**
Amortisation and impairment losses at 1 January 2022	-103,742	-103,742
Currency translation adjustment	-6	-6
Depreciation	-34,809	-34,809
Disposals	17,717	17,717
Amortisation and impairment losses at 31 December 2022	**-120,840**	**-120,840**
Carrying amount at 31 December 2022	**113,450**	**113,450**
Of which assets held under finance leases amount to	**944**	

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 Polska Sp. z o.o.	Poland	100%
COWI Tanzania Limited	Tanzania	100%
Flux AD A/S	Denmark	100%
Studstrup og Østgaard A/S	Denmark	100%

All subsidiaries are separate entities.

Note 12 Investments in associates

Name	Home	Ownership
CAT Alliance Ltd.	the UK	33%

Note 13 Non-current financial assets

DKK'000	Investments in subsidiaries	Investments in associates	Other investments and securities	Deposits	Total
Cost at 1 January 2022	117,957	401	116	31,438	149,912
Foreign exchange adjustment	0	0	0	32	32
Additions	0	0	0	1,027	1,027
Disposals	-5,860	0	0	-512	-6,372
Cost at 31 December 2022	**112,097**	**401**	**116**	**31,985**	**144,599**
Value adjustments 1 January 2022	-60,007	-105	277	-	-59,835
Foreign exchange adjustments	-2,410	0	0	-	-2,410
Disposals	3,609	0	0	-	3,609
Profit for the year	22,965	0	0	-	22,965
Received dividends	-10,572	0	0	-	-10,572
Other value adjustments, net	-1,359	0	0	-	-1,359
Value adjustments 31 December 2022	**-47,774**	**-105**	**277**	-	**-47,602**
Carrying amount at 31 December 2022	**64,323**	**296**	**393**	**31,985**	**96,997**

Note 14 Contract work in progress

DKK'000	2022	2021
Recognised in the balance sheet as:		
Contract work in progress (assets)	151,064	138,449
Contract work in progress (liabilities)	-243,876	-255,010
Net contract work in progress at 31 December	**-92,812**	**-116,561**

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 Prepaid expenses

DKK'000	2022	2021
Insurance premiums	14,964	11,834
Rent	232	901
IT licences / maintenance	33,630	34,139
Other	4,458	11,436
Prepaid expenses at 31 December	**53,284**	**58,310**

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	2022	2021
Distributed extraordinary dividend	0	98,000
Proposed dividend	100,000	100,000
Retained earnings	1,892	-133,033
Proposed distribution of profit for the year	**101,892**	**64,967**

Note 18 Deferred tax

DKK'000	2022	2021
Deferred tax at 1 January	-347,184	-350,301
Deferred tax related to equity movements	595	824
Deferred tax adjustment in respect of prior periods	20,541	22,808
Deferred tax for the year	-31,046	-20,515
Deferred tax at 31 December	**-357,094**	**-347,184**
Deferred tax concerns:		
Intangible assets	2,025	-1,758
Property, plant and equipment	29,949	23,931
Current assets	-395,347	-384,398
Provisions	4,887	15,041
Total debt	1,392	0
Deferred tax at 31 December	**-357,094**	**-347,184**

Note 19 Provisions for incentive programmes and pensions

DKK'000	2022	2021
Pension liabilities for defined benefit plans	4,100	4,260
Long-term incentive programme	3,475	1,874
Provisions for incentive programmes and pensions at 31 December	**7,575**	**6,134**

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

Note 20 Other provisions

DKK'000	2022	2021
Guarantees	200	7,561
Provisions	20,535	53,459
Other provisions at 31 December	**20,735**	**61,020**

Note 21 Non-current liabilities

DKK'000	2022	2021
Financial debt falling due later than one year and not later than five years	241	979
Non-current liabilites at 31 December	**241**	**979**

Note 22 Other accounts payable

DKK'000	2022	2021
Accrued holiday allowance	87,864	81,048
Taxes and VAT payable	65,599	63,038
Other accounts payable	186,521	148,710
Other accounts payable at 31 December	**339,984**	**292,796**

Note 23 Fees to auditors

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

Note 24 Financial instruments

Agreements have been made on derivative financial instruments in the form of currency forward contracts.

DKK '000	2022	2021
Liabilities	6,891	7,026

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 was negative DKK 7 million at 31 December 2022.
The duration of the currency forward contracts is between one and 18 months.

The company hedges large projects with currency exposure.
Besides the project-based balance sheet items stated above, a part of expected future cash flow is hedged. The fair market value herof was negative DKK 5 million, before tax. The loss 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	2022	2021
Lease commitments		
Lease commitments (operating leases) due after less than one year	3,978	3,807
Lease commitments (operating leases) falling due later than one year and not later than five years	4,881	5,300
Lease commitments (operating leases) in total	**8,859**	**9,107**
Rental commitments		
Rental commitments in the period of termination due after less than one year	83,555	77,222
Rental commitments in the period of termination falling due later than one year and not later than five years	71,916	127,631
Rental commitments (operating leases) in total	**155,471**	**204,853**

By virtue of its business operations, the company 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 company 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 company'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 approximately DKK 625 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. The final hearing took place late 2022, and COWI expects the award to be issued in 2023.

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 but was by decision of the arbitral tribunal resumed in June 2022, regardless that no final resolution under the court case between Lusail Real Estate Development Company and Halcrow is envisaged in near future. Halcrow and COWI are preparing themselves for the arbitration planned to take place in February 2024. It should be noted that the agreed cap on liability is approximately DKK 69.9 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	2022	2021
Guarantees		
Guarantee facility at 31 December	**460,000**	**460,000**
Drawn for performance bonds relating to projects in progress	109,978	112,919
Drawn for other guarantees	0	120
Total drawn guarantees at 31 December	**109,978**	**113,039**
Guarantees provided on behalf on group entities	**1,007,074**	**943,586**

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 as of 31 December 2022:

Board of Directors	Directorships and executive positions in other companies
Jens Højgaard Christoffersen, Chairman	Confederation of Danish Industry (DI), Committee on Business Policy (MB)
	Confederation of Danish Industry (DI), Advisory Board on Energy Efficiency (CB)
Natalie G. Shaverdian Riise-Knudsen	
Rasmus Ødum	Confederation of Danish Industry (DI), Committee for Private-Public Cooperation (CB)
	Høiberg P/S (MB)
Carsten Fjorback*	
Ulf Kjellerup Hansen*	
Management	
Rasmus Ødum, President, CEO	Confederation of Danish Industry (DI), Committee for Private-Public Cooperation (CB)
	Høiberg P/S (MB)

(CB) = chairman of the board of directors

(MB) = member of the board of directors

* = elected by the employees

Note 28 Financial resources

DKK'000	2022	2021
Cash at bank and in hand	30,169	26,375
Undrawn credit facilities at 31 December, not including guarantee facilities	30,000	29,952
Financial resources at 31 December	**60,169**	**56,327**

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 2022.