COWI A/S

Parallelvej 2
2800 Kgs. Lyngby

Annual report 2023

Company reg. no. 44 62 35 28

The annual report was presented and adopted at the annual general meeting of the company on
20 March 2024

Julie Ramhøj Meisner

Table of contents

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 2023 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 2023 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, 11 March 2024

Executive Board

Rasmus Ødum
Chief Executive Officer

Board of Directors

Jens Højgaard Christoffersen Chair	Natalie G. Shaverdian Riise-Knudsen Vice Chair	Rasmus Ødum
Carsten Fjorback*	Ulf Kjellerup Hansen*	

*elected by the employees

Independent auditor's report

To the shareholder of 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 2023, and of the results of the Company's operation and cash flows for the financial year 1 January – 31 December 2023 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 2023, which comprise a summary of significant accounting policies, income statement, 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, 11 March 2024

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

Rasmus Friis Jørgensen
State Authorised
Public Accountant
mne28705

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 Philippines Qatar Taiwan Tanzania Turkey Uganda
Board of Directors	Jens Højgaard Christoffersen, Chair Natalie G. Shaverdian Riise-Knudsen, Vice Chair 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 20 March 2024 at the company address.
Ownership	The company is 100% 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	2019 DKKm	2020 DKKm	2021 DKKm	2022 DKKm	2023 DKKm
Revenue	**3,061**	**2,949**	**2,937**	**3,276**	**3,762**
EBITDA (Operating profit before interest, tax, depreciation, amortisation)	178	232	165	204	261
EBITA (Operating profit before amortisation)	133	194	127	169	218
Operating profit on ordinary activities	76	150	82	141	192
EBIT (Operating profit)	**73**	**148**	**81**	**140**	**191**
Net financials	-10	-21	5	-22	-6
Profit before tax	**72**	**128**	**96**	**142**	**202**
Profit for the year	**40**	**85**	**65**	**102**	**131**
Total assets	**1,670**	**1,817**	**1,449**	**1,443**	**1,577**
Equity	**380**	**417**	**321**	**317**	**351**
Cash flow from operating activities	153	482	24	168	218
Investment in property, plant and equipment	-56	-28	-33	-68	-44
Cash flow from investing activities, net	-74	37	-53	-90	-40
Free cash flow	**79**	**519**	**-29**	**78**	**177**
Cash flow from financing activities	152	-516	-10	-74	-193
Cash flow for the year	**231**	**4**	**-39**	**4**	**-15**
Financial ratios					
EBITDA margin	5.8%	7.9%	5.6%	6.2%	6.9%
EBIT margin (Operating margin)	2.4%	5.0%	2.8%	4.3%	5.1%
Return on invested capital (ROIC)	15%	40%	30%	43%	58%
Equity ratio	23%	23%	22%	22%	22%
Return on equity (ROE)	9%	21%	18%	32%	39%
Interest-bearing debt, net (- = asset)	-93	-464	-290	-268	-346
Liquidity	1.4	1.8	1.6	1.5	1.5
Number of employees (headcount) end of year	2,604	2,485	2,583	2,892	3,029

4 Management's review

Message from the CEO

For the second year in a row, COWI delivered strong organic growth despite geopolitical unrest and volatile market conditions. The growth underlined COWI's resilience, which we have achieved through our strategic focus on specific geographies as well as prioritised sectors which have proven stable during challenging times. For instance, the investment level in new infrastructure, industrial facilities, renewable energy and climate adaptation in Denmark, remained high. In addition, concentrating our efforts on large key customers such as Novo Nordisk, Copenhagen Metro, LEGO, and Maersk also contributed to our organic growth.

The strategy is working
The significant growth illustrates that our strategy, FUTURE-NOW, and focus on the green transition, work. The strategy revolves around building trusted relationships with key customers, having highly skilled and engaged employees executing projects with quality, and investing in our business and innovative solutions that can set COWI apart in competitive markets.

We cultivate a customer-centric approach, ensuring that our customers feel that we care about them and that we are the right partner to help them turn their projects into reality. In 2023, customer satisfaction (Net Promoter Score) in Business Line Denmark improved to 54, up from 52 in 2022. The improvement was primarily a result of consistent quality in our project execution and close interaction with our customers. This is important because data shows the link between the NPS and customer loyalty and, in turn, profitability.

Preparing for AI
AI will be a game changer for the engineering and architectural industry, providing new opportunities for delivering value to our customers. In 2023, we continued to embrace AI and prepare our employees for AI. This included creating an AI sandbox; a secure environment where employees could test and use a generative AI bot. We also launched an AI policy to manage risks and opportunities and trained employees in AI.

Innovation is a core element in COWI's strategy. In 2023, through funding from COWIfonden, we initiated two pilot projects in floating wind and floating solar systems. The floating solar project investigates and evaluates the feasibility of floating solar systems in Denmark. During the pilot, COWI will test three different floating solar systems, focusing on profitability, performance, the levelised cost of energy and their impact on marine ecology. The pilot runs until the end of 2025.

We also continued our Co-Creator programme for start-ups because bridging the gap between innovative solutions and commercial business remains a core priority for COWI.

New steps towards net zero
COWI is committed to making the world more sustainable. In fact, we aspire to have 100% of our revenue come from projects which support the drive towards sustainability. That is a commitment requiring action. To ensure that we move towards this aspiration and all other aspirations in our strategy, we have developed a value steering tool that guides us in making the right decisions. By monitoring and measuring various targets, we can clearly see how COWI progresses. One such target is how COWI contributes to making the world more sustainable

through our customers' projects, our so-called handprint. In order to steer our business and allocate our resources to where we have the biggest impact on sustainability, we have embarked on defining a framework. In 2023, we performed the proof of concept for the framework, assessing how nine projects were aligned with the environmental sustainability criteria of the EU Taxonomy. The pilot resulted in substantial experience that will inform the next maturation steps of an assessment framework that can be embedded into daily operations and further guide our decision-making.

Significant steps were also made to ensure order in our own house. We submitted our climate targets for the COWI Group to – and had them approved by – the Science Based Targets initiative. At group level, we must reduce our emissions in Scope 1 and 2 by 42% and in Scope 3 by 25% by 2030, compared to a 2022 baseline year. We also commit to reaching net-zero greenhouse gas emissions across all scopes by 2050, measured against a 2022 baseline year. Another step was a ten-year power purchase agreement with Better Energy to offtake energy from a new solar park, which will provide green electricity to our offices in Denmark. COWI does not have any power purchase agreements in place in other countries yet. However, when possible, we procure renewable energy certificates for the electricity for these offices, and we are looking into other reduction activities. For the COWI group globally the carbon footprint was 60,609 tCO_2e[1], a reduction per headcount of 8% compared to 2022.

[1] Total greenhouse gas emissions consist of the sum of Scope 1, 2, and 3: Scope 1 includes CO_2e emissions from on-site energy production (heat/cooling/electricity), company-owned or leased supervision cars and company cars. Scope 2 accounts for the CO_2e emissions from the consumption of district heating/cooling and from purchased electricity. Scope 2 is accounted for here as market-based emissions. Scope 3 accounts for category 1 (purchased goods and services), category 5 (waste management), category 6 (business travel), category 7 (employee commuting) and category 3 (upstream fuel and energy-related activities) not included in Scopes 1 and 2, and category 4 (upstream transportation and distribution). Operational boundary: One hundred per cent of Scope 1, 2 and 3 emissions are included. Data for Scopes 1, 2 and Scope 3 categories 1 and 5 is collected from all offices with 30 or more employees, while data from offices with fewer than 30 employees is estimated by extrapolating the average data per employee (HC). The same extrapolation method has been used in cases where actual data has not been available or where sufficient documentation has not been provided. The data collected from offices with 30 or more employees is captured from 1 January to 31 October and has been estimated for November and December. The data from the remaining Scope 3 categories is collected centrally and covers January to December.

Solid performance
Overall, COWI A/S delivered a solid financial result in 2023 with a record-high revenue of DKK 3.8 billion, an increase of 15% from DKK 3.3 billion in 2022, The order backlog reached DKK 2.4 billion, up from DKK 2.1 billion in 2022. The EBIT margin improved to 5.1% compared to 4.3% in 2022. This was mainly driven by commercial efforts in winning large new projects within our prioritised markets and sectors and solid project execution, as well as cost savings, but was negatively impacted by lower utilisation of employee resources.

The Danish activities in COWI A/S delivered a strong performance in 2023. This was driven by strong growth in the Buildings and Industry business unit, particularly in the production facility segment. Additionally, the Transportation business unit further improved its competitiveness and profitability through increased collaboration with COWI’s engineering and design centres. The Global Advisory business adjusted its focus to solely advisory roles in the EU, EU candidate and potential candidate countries. Overall, an up-to-the-mark year with high customer satisfaction and solid profitability.

On the international scene, COWI A/S grew organically and delivered a very satisfactory result. There were many reasons for the good 2023 result; attractive market conditions, robust project execution and high customer satisfaction being the main reasons. The Transportation International business unit resumed a high level of activity, and we managed to win several large tunnel projects. The Energy International business unit generally experienced a high activity level in the transition from fossil to renewable energy sources, although a few offshore wind projects were either paused or stopped due to increased costs.

Taking a leap
For more than 90 years, COWI has successfully supported our customers in realising their dreams, connecting people, and bridging real and figurative gaps. Because of our strong roots and capabilities, we have built leading positions that enable us to take on landmark projects driving sustainability, such as green fuels for transportation, innovative metro solutions, carbon capture and storage, hospitals and urban development projects that double as climate adaptation measures.

To remain a relevant player and stay competitive, COWI must invest significantly more in our employees, innovative solutions and digitalisation. To fund this, we must increase our earnings, and we aim for an EBITA* margin above 10% by 2026 for the COWI Group.

A heartfelt thank you

Finally, we would like to express our gratitude to all our employees, for their tremendous efforts during the year. This commitment and dedication are core to our company. I. In 2023, we were close to 8,000 employees in the COWI Group and above 3,000 employees in COWI A/S, illustrating what an attractive workplace COWI is. We all share a dedication and a passion for shaping a sustainable and liveable future, making us quite optimistic about embarking on the next stage of our journey in 2024.

Rasmus Ødum, CEO, COWI A/S

Our strategy FUTURE-NOW

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 for the group.

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?

Together with customers, partners and employees, we shape a future where people and societies grow and flourish. We do that by offering solutions to some of the biggest challenges of our time, improving the quality of life for people today and many generations ahead. On a group level, to deliver most impact on this purpose we have focused our resources on helping key customers in our core markets in Denmark, Sweden, Norway, UK and North America. We can work for our key customers on relevant projects outside these markets, always with a focus on shared values. To further strengthen our impact, our solutions and services revolve around supporting our customers in four prioritised market sectors: large infrastructure, large buildings, sustainable energy and climate adaptation and water.

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:

Customers
We will only work with and for key (current or future) customers with multiple projects, a long-term perspective and compatible ethics. We deselect working for customers where we do not clearly see a potential for an annual fee above DKK 1 million as they are not a good fit for our business model and organisation.

Services
We deliver concept design, design development, planning/ permitting, final and detailed design, construction management, project management consultancy services, and asset management. We will not enter into, e.g., sales of goods, manufacturing, logistics, assembly or delivery.

Sectors
We operate within sustainable energy, large infrastructure, large buildings and climate adaptation and water.

Geography
We focus on Scandinavia (Norway, Denmark, Sweden), the UK, and North America. Outside these countries, we will only do projects for key customers.

Go-to-market
We will continue to use key account management (public and private) and co-creation with partners that complement our capabilities. We deselect opportunistic sales to customers where we do not have repeat business.

Sustainable energy
Renewables are replacing fossil energy as a vital element in limiting climate change. Furthermore, the energy sector is a crucial factor for the green transition of all parts of our societies because of its potential to couple sectors by the flow of energy. Our customers face massive challenges in bringing their ambitions to life. We have knowledge and experience to share. We will particularly focus on: offshore renewable energy, production of hydrogen and green fuels, energy efficiency, carbon capture, utilisation and storage.

Large infrastructure
There is a growing demand for more sustainable infrastructure and transport. In addition, customers request new materials, designs and digital solutions to the benefit of the users; sometimes by building less, but better. We have a very strong position in this growing market. We will particularly focus on: roads, mass transit, urban transport and fixed links, electrification, automation and digital solutions.

Large buildings
Buildings frame all parts of our lives. How buildings are shaped influences how we experience a home, a place of work or a hospital. The layout of urban areas affects how we live together and commute between important locations in our lives. The impact of buildings goes further as the design choices offer opportunities to reduce our carbon footprint. Customers are looking for such options, and we can support them in transforming their aspirations into realities. Based on our key strengths, we will have a strong focus on: large-scale urban development, transportation hubs, industry and data centres, and health.

Climate adaptation and water
Water is fundamental for life and must be used and re-used with care. Despite massive efforts, global warming continues and changes weather patterns as well as sea levels. We must adapt to climate change in many dimensions. COWI has significant experience in handling these challenges, and we strive to support our customers in their quest. We will mainly focus on: coastal protection and integrated urban solutions, utility and stormwater tunnels, wastewater as a resource, digitalisation of utilities and smart water.

Environmental, Social and Governance (ESG) in COWI

Diversity – incl. statutory report on underrepresented gender cf. Section 99B of the Danish Financial Statements Act

Besides working on reducing our environmental impact, we continued our commitment to the principles and ambitions of the UN Global Compact. In this context, COWI has focused on diversity and inclusion, which is also reflected in our strategy. In 2023, we saw a rise in the percentage of senior career positions[2] held by women and achieved a share of 26%, up from 21% in 2022[3] for the COWI Group. This positive development was the outcome of a strong leadership focus on a new diversity and inclusion policy with particular attention on creating a respectful and fair working environment where all employees have a sense of belonging and equitable opportunities for thriving and growing.

The COWI group Diversity & Inclusion policy, that was published in 2023, encompasses all entities of COWI and contains commitments for how to work towards diversity among employees as well as specific targets for the share of the underrepresented gender at the senior career levels 9-12 at group level. Although the employees that make up the Other Management of COWI A/S are covered by specific targets as shown in the table 2 below, these employees are also covered by the commitments in the group level policy and initiatives taken across the group.

At COWI, we aim to nurture a respectful and fair working environment where all employees feel a sense of belonging, ensuring equal opportunities for growth and development. We continuously strive to improve equal opportunities in our recruitment and promotion processes. As part of our efforts to promote diversity and inclusion topics, we introduced the first-ever Diversity and Inclusion Month in June 2023. All employees were invited to participate in diversity and inclusion activities, such as webinars, to learn more about bias awareness and psychological safety. We want to be a company where all genders have the same opportunities to flourish and reach their ambitions. Therefore, by 2030, our goal is for women to hold at least 40% of all leadership positions at senior career levels. We are aware of the glass ceiling facing women, and we take our responsibility seriously by creating awareness around promotions and leadership opportunities as well as expectations towards women in leadership. Although gender is not the only diversity parameter, we have embarked on our diversity journey by focusing on gender diversity, as this has proven to pave the way for other types of diversity.

To ensure we reach our ambitions, the group established a Group Diversity and Inclusion Committee in 2023 with representatives from all parts of our business. The committee serves as a sounding board, strengthening group alignment, sharing local initiatives and supporting the

[2] Our career system has 12 career levels, and the executive management (the Executive Board) makes up level 12.

[3] Career data reporting is based on the primary career stream for salaried permanent employees. Headcount is defined as individual employees. An employee is an individual who is in an employment relationship with COWI according to national law or practice. Excluded are employees on unpaid leave (inactive), hourly-paid employees, contractors and third-party workers. Excluded are also entities in the COWI Group that are yet to be introduced into COWI's career system. Entities not yet included in COWI's career system in a year are excluded from the data, corresponding to approximately 12% of headcount, excluding non-guaranteed hours employees in 2023, and approximately 10% in 2022 and 2021. Since the 2022 report, Arkitema data is no longer included in the 2022 diversity data boundary, however, this does not change the report percentage in the 2022 report. The data covers 88% of COWI's headcount in 2023 and 90% in 2022 and excludes Arkitema, Mannvit, and other entities.

implementation of group initiatives. In 2023, we also introduced a new policy for senior leadership appointments, incorporating diversity and inclusion guidelines to ensure that diversity is considered throughout the recruitment and promotion processes. By implementing this policy, we ensure that diversity considerations are properly prioritised and documented.

To reach our 2030 target of having 40% women in leadership positions at senior career levels, we will continue our dedicated efforts across all our areas to establish fair and transparent promotion processes and ensure diversity in the candidate pools for key positions.

To ensure that we monitor and deliver on our gender diversity ambitions, we have further strengthened our commitment to diversity by integrating the above metric as a KPI into our value steering approach.

At top management level, of the three general assembly-elected board members elected of COWI A/S, one was female (33%) – an equal gender distribution according to the Danish Business Authority. We, therefore, do not need to set new targets for the representation of the underrepresented gender for the Board of Directors.

Our reporting on the composition of the Board of Directors in accordance with section 99B in the Danish Financial Statements Act is presented below:

Table 1. Gender composition of the Board of Directors of COWI A/S

Board of Directors COWI A/S	Unit	2023
Total number of members	#	3
Share of underrepresented gender	%	33*
Target share of underrepresented gender	%	33**
Target year	Year	N/A**

*As the gender distribution is already considered equal.
** The target is to maintain an equal gender distribution and a target year has therefore not been set.

Our reporting on the composition of Other Management in accordance with section 99B in the Danish Financial Statements Act is presented below:

Table 2. Gender composition of the Other Management of COWI A/S

Other management COWI A/S	Unit	2023
Total number of members	#	4
Share of underrepresented gender	%	0
Target share of underrepresented gender	%	20
Target year	Year	2024

The Other management of COWI A/S consists of four members, none of which is female. This does not constitute an equal gender distribution and we aim to reach a 20% share of the underrepresented gender in 2024.

You can read more about our diversity and inclusion work here: https://www.cowi.com/careers/diversity-and-inclusion.

Data ethics
At COWI, we commit to utilising and processing data in an ethically sound manner across all facets of our business. Our approach to data ethics is governed by our data ethics policy, which is approved by COWI's Executive Leadership Team and assessed on a yearly basis. The policy formalises COWI's data ethics principles and articulates our intentions regarding data usage and processing. Our data ethics policy is available at www.cowi.com/about/csr-and-compliance/data-ethics-policy.

COWI group's double materiality assessment
Overall, at COWI group level preparations are ongoing for compliance with the EU Corporate Sustainability Reporting Directive (CSRD) by reporting year 2025. To proactively address the upcoming requirements and ensure that we focus our ESG performance and reporting efforts, a double materiality assessment was carried out in 2023 for the COWI Group. The primary objective was to identify material ESG topics for COWI, which will serve as a basis for our ESG performance and reporting efforts going forward. The double materiality approach means that we have assessed both **impact materiality** (COWI's ESG impacts on people and the environment) and **financial materiality** (the ESG risks and opportunities impacting COWI as a business). A description of the findings and key ESG impacts, risks opportunities for the group, can be found in COWI Holding A/S' annual report.

Please refer to the annual report of COWI Holding A/S (Company reg. no. 32 89 29 73) for the full reporting on sustainability, diversity, data ethics and other ESG-related aspects in accordance with section 99A and 99D of the Danish Financial Statements Act.

Targets and outlook

In 2024, based on insights from OECD, Euroconstruct and public institutions, we foresee continued investments in areas such as infrastructure, industrial production facilities, climate adaptation and renewable energy – all market areas prioritised in our strategy. Since we have chosen geographies, sectors and markets that are relatively stable, our business is resilient. Consequently, we expect continued organic growth in 2024.

Looking at our prioritised sectors, we still expect high growth in sustainable energy. According to the International Energy Agency, investments in renewable energy would account for close to 63% of the total investment in energy in 2023. Investments in renewable energy are expected to grow further in 2024.

Financial outlook
The outlook for 2024 is based on the expectation that the COWI Group will continue its growth trajectory as we support our customers' transition to a sustainable future. We expect a growth in revenue of approximately five per cent in 2024.

Profitability is expected to be solid, though impacted by higher investments in initiatives to restore profitability. Therefore, we expect an EBIT margin on par with 2023.

Please note that the predicted financial performance in 2024 is subject to substantial uncertainty as the macroeconomic environment remains highly volatile due to continued geopolitical unrest.

Non-financial targets
At the core of delivering on our strategic ambitions are engaged employees contributing their expertise and passion when they come to work. We want to reach a favourable engagement score of 78% in 2024. COWI Group ambition, as reflected in our approved science-based targets, to reduce Scope 1 and 2 CO_2 emissions by 42% and Scope 3 emissions by 25% in 2030 (compared to the 2022 baseline) and become net zero by 2050. Additionally, we will continue our drive to create a more diverse workforce. In 2026, our goal is for women to hold at least 30% of all leadership positions at senior career levels. And by 2030, we will have at least 40% women in leadership positions.

Financial review

Despite an increased cost pressure and geopolitical instability, COWI A/S delivered a strong 2023 result with double-digit growth, maintaining a solid profitability and a healthy operating cash flow. Revenue came in at DKK 3,762 million, compared to DKK 3,276 million in 2022. Absolute EBIT was DKK 191 million, compared to DKK 140 million in 2022, while the EBIT margin was 5.1%, compared to 4.3% in 2022. The operating cash flow was DKK 218 million, compared to DKK 168 million in 2022.

Special items, as per note 23 in the financial statement, include significant costs of a non-recurring nature which cannot be attributed directly to COWI A/S's ordinary activities. Special items amounted to DKK 20 million in 2023, compared to DKK 53 million in 2022. The decline from 2022 to 2023 was driven by lower costs for the arbitration case related to the establishment of the Muscat and Salalah airports in Oman in 2012.

Excluding special items as per note 23, the operating profit (EBIT) before special items amounted to DKK 211 million, compared to DKK 194 million in 2022. This corresponds to an EBIT margin before special items of 5.6%, slightly down from 5.9% in 2022.

Income statement
Revenue in 2023 was DKK 3,762 million, an increase of 15% compared to 2022 (DKK 3,276 million). The increase was above the expected revenue growth communicated in the annual report for 2022, mainly due to strategic wins within large infrastructure projects and industrial buildings combined with the inflation impacting the indexation of contracts with customers.

Own production increased by 14% to DKK 2,997 million in 2023 from DKK 2,615 million in 2022.

Operating costs excluding financial items increased by 13% to DKK 3,055 million. Deprecations and amortisations amounting to DKK 70 million, compared to 64 million in 2022, 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 261 million (2022: DKK 204 million). EBITDA margin was 6.9%, up from 6.2% in 2022.

EBIT (operating profit) increased by DKK 51 million from DKK 140 million in 2022 to DKK 191 million in 2023. EBIT margin, the operating profit as a percentage of revenue, was 5.1% in 2023, compared to 4.3% in 2022. The EBIT margin was slightly above the expected EBIT margin communicated in the annual report for 2022, as a result of solid project execution and well-managed growth more than offsetting the impact of increased costs.

Net financial items amounted to a net expense of DKK 6 million, a decrease of DKK 16 million, compared to 2022, primarily due to fewer foreign exchange losses.

Profit before tax was DKK 202 million, up from DKK 142 million in 2022. Tax on profit for the year in 2023 amounted to an expense of DKK 71 million (2022: DKK 40 million), corresponding to an effective tax rate of 35% (2022: 28%).

Profit for the year was DKK 131 million, up from DKK 102 million in 2022.

Balance sheet
At the end of 2023, the company's total assets amounted to DKK 1,577 million, an increase of 9% from 2022 due to growth.

Equity as of 31 December 2023 was DKK 351 million, corresponding to an equity ratio of 22%, on par with 2022.

Cash flow
Cash flow from operating activities amounted to DKK 218 million, up from DKK 168 million in 2022, driven by the increase in EBIT.

Cash flow from investing activities amounted to a negative DKK 40 million in 2023, compared to a negative DKK 90 million in 2022, and related primarily to fewer acquisitions of property, plant and equipment and fewer costs for investments in development projects.

Free cash flow was positive at DKK 177 million, an increase of DKK 99 million compared to 2022.

At 31 December 2023, the company's financial resources, which comprise cash and cash equivalents, as well as undrawn credit facilities, amounted to DKK 45 million, compared to DKK 60 million at the end of 2022.

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 amounted 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 large-scale projects, in particular, the actual realisation may result in material positive or negative variances in relation to the recognised estimates.

Goodwill
The management assesses the risk of impairment of the company’s intangible assets. This requires judgment in relation to the identification of cash-generating units (CGUs) and the underlying assumptions in the impairment model.

The management has defined the Group’s CGUs as the Group’s business segments (business lines), and allocation of goodwill and monitoring of cash flow are performed by the management at this level. The carrying amounts of goodwill are reviewed on an annual basis to determine whether there is any indication of impairment, taking performance, financial forecasts and macroeconomic events into consideration. If there is any indication of impairment, the calculation of value in use is based on the discounted cash flow method using estimates of future cash flows from the continuing use. The key parameters are the expected cash flow based on expectations for revenue growth and profitability and the rate used to discount the cash flows.

The anticipated future free cash flows are based on budgets and long-term strategic targets and expectations. These are determined at CGU level in the budget and strategic target planning process and are based on external sources of information and industry-relevant observations such as macroeconomic and market conditions. The applied assumptions are challenged through the strategic target planning process based on the management's best estimates and expectations, which are subject to judgement by nature. They include expectations for revenue growth and EBITDA margins. Beyond the coming five years, the growth rate has been set to the expected inflation rate in the terminal period and assumes no nominal growth. A discount rate, namely the Group’s weighted average cost of capital, is applied based on assumptions regarding interest rates and risk premiums. Changes in the future cash flow or discount rate estimates used may result in materially different values.

Receivables
Provisions for bad and doubtful debts form an accounting estimate assessed 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 provisions may be required in the future. As COWI's management continuously assesses customers’ creditworthiness, terms of payment and risk of loss, the uncertainty attached to provisions and write-downs for bad and doubtful debts is considered insignificant.

Tax on profit/loss for the year and deferred tax
In the course of conducting business in a variety of developed and developing countries, tax disputes with tax authorities may occur. A provision for uncertain tax positions is estimated by the management to ensure recognition and measurement of tax assets and liabilities.

Risk and risk management

COWI operates internationally and across various sectors, which means that our business is exposed to different risks. In the past years, we have taken further proactive steps in our approach to strategic risk management as we have narrowed our geographical and sector focus. In parallel with this, we have worked on maturing and improving our risk management framework at project and group level to limit our risk exposure.

Changes in the geopolitical landscape influence COWI's risk exposure. To limit this, we have narrowed our geographical outreach and are constantly focusing our business around our prioritised market sectors.

In 2023, we continued strengthening our contract management team to ensure adequate handling of COWI's commercial risks in our large complex projects. We have a strategic ambition of carrying out bigger projects, but bigger projects also entail increasing complexity. Consequently, we have further professionalised the way we work proactively with contract management support to our project managers, particularly in relation to planning and scheduling.

Enterprise risk management
The Board of Directors has the overall responsibility for overseeing risks and ensuring that COWI maintains a solid risk management system. COWI operates an enterprise risk management process, also called a group risk profile, in which key risks are identified, assessed, reported on and mitigated at different levels in the organisation. In addition to listing an assessment of the likelihood and potential impact of the individual risk (reflected in a heat map), the group risk profile also includes a short description of mitigating actions as well as an assessment of current mitigation and protection measures and of our preparedness and capability to respond to the individual risk.

The COWI Group's key risks in 2023 are related to information security, people management, macroeconomic effects, brand damage, engineering and design centres, major losses on high-risk projects, losses due to the inability to react to market changes and geopolitical instability. For an overview of key risks and mitigating actions, reference is made to the consolidated financial statements of COWI Holding A/S, page 49.

Financial and currency risks
COWI is exposed to financial risks due to the nature of our business. The Group's financial risks are managed centrally by the Group Treasury function in Finance and governed by the treasury policy, which sets the limits for financial risks as well as determines mitigating measures and procedures.

Currency risks relate to transactional and translation exposures, which can be mitigated by the use of financial instruments. The overall purpose of currency risk management in COWI is to safeguard the profit margin on projects with substantial currency exposure relative to the functional currency of the entity. COWI aims to minimise currency risks related to individual projects by matching, to the extent possible, the income and expenses in the same currency. To the extent this is not possible, significant net foreign exchange positions arising from business operations are hedged by the use of financial instruments, mainly forward contracts. The treasury policy sets limits for the maximum exposure per currency and defines approved derivative financial instruments.

The translation risk relating to investments in subsidiaries is currently not hedged.

One of the objectives of COWI's treasury policy is to ensure that COWI always have sufficient and flexible financial resources (a financial reserve) at our disposal, to ensure continuous operations and to honour our liabilities when they become due. The financial reserve must support the current and future capital needs of the business and is managed on Group level.

Acquisitions are part of the COWI Group's growth strategy. COWI has 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.

COWI's internal control framework

COWI's internal control framework for financial reporting follows the main principles of the Committee of Sponsoring Organizations (COSO) framework.

Control environment. The Group's Audit Committee assists the Board of Directors with overseeing the internal financial control and risk management framework. Operationally, this task is delegated to COWI's financial compliance team, which develops and drives the internal financial control agenda at COWI as part of the Finance function reporting to the Group CFO.

Risk assessment of the group key risks to COWI is performed within COWI's enterprise risk management process, as described above.

Control activities. COWI's internal controls regarding financial reporting are based on the financial risks identified in the enterprise risk management process as well as risks of errors in COWI's financial statements, policies, procedures and processes authorised by the Board of Directors and the Executive Board. Financial controls are implemented and assigned to and executed by local Finance functions.

Monitoring. The COWI Group's financial compliance team performs annual compliance reviews to ensure proper financial control performance, risk mitigation and compliance with COWI's financial policies and procedures. As a result of the review, recommendations for improvements are agreed upon with local Finance management.

Information and communication. Communication regarding processes, policies, procedures and internal control updates is performed in a timely and continuous manner across all levels of the organisation. The results of the annual compliance reviews are reported to the local Finance management, the Executive Board and the Audit Committee.

5 Financial statements

Accounting policies

The 2023 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 last year.

Recognition and measurement
Income is recognised in the income statement as earned. Costs incurred in generating the revenue for the year are recognised in the income statement, including amortisation, depreciation and impairment losses.

Value adjustments of financial assets and liabilities, which are measured at fair value, are recognised in the income statement.

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.

Foreign currency translation
The financial statements for the company are presented in thousands of Danish kroner (DKK). The functional currency is 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 costs in the income statement. 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 costs in the income statement.

Items in the financial statements of each subsidiaries of the company are measured in the entity's functional currency. Assets, liabilities and equity items are translated from each reporting entity's functional currency to the presentation currency, DKK, at the balance sheet date. The income statement is translated from the functional currency into DKK based on the average exchange rate. Differences arising on the translation of equity at the beginning of the period and translation of the income statement 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 in a separate reserve.

Tax on profit for the year and deferred tax
The company is jointly taxed with the consolidated entities in the COWI Group, including foreign subsidiaries of COWI Holding A/S. The tax effect of the joint taxation is distributed in proportion to the enities' taxable income (full allocation with refund for tax losses).

Income tax for the year, consisting of current tax, change to deferred tax for the year and possible adjustments relating to prior years, is recognised in the income statement 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 and for tax paid on account. Uncertain tax positions are assessed individually and recognised if it is probable that an amount will be paid or received.

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount and tax base of assets and liabilities. 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 according to the current tax rules and at the tax rate expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Changes in deferred tax due to tax rate changes are recognised in the income statement except for items recognised directly in equity.

As a consequence of international joint taxation, the re-taxation liability on discontinuing the joint taxation is recognised at the lowest value of the full re-taxation amount or the limited re-taxation amount based on potential profit from a sale of assets and debt at market values. Provisions are not recognised for re-taxation of deficits from permanent establishments if the deficit is expected to be recovered through current operation.

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 prepaid expenses under assets and in other accounts payables 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 income statement 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 other receivables, other accounts payables and equity. Upon realisation of the hedged items, any amount deferred in equity are transferred to the income statement 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 income statement.

The company’s derivative financial instruments comprise of currency forward contracts.

Segment information
Segment information is provided on revenue, broken down by business areas and business lines. The information is based on the company’s internal management reporting.

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 costs” and a liability is recognised.

Special items
Special items include significant income and costs of a non-recurring nature which cannot be attributed directly to the company's ordinary activities. These items are classified in respective items in the income statement.

Income statement

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

measurable. The amount of revenue is not considered to be reliably measurable until all conditions relating to the sale have been resolved.

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

Project costs
Project costs include costs directly attributable to projects, including travel, external and other costs, but excluding employee costs.

Employee cost
Employee costs include wages and salaries, bonus, the long-term incentive programme, pension costs and other social security benefits.

External cost
External costs include administrative, office, marketing as well as other costs, including provision for bad and doubtful debts.

Other operating income and costs
Other operating income and costs include items of a secondary nature compared with the company's main activities. This includes government grants as well as gains or losses from disposal of non-current assets and divestment of subsidiaries and associates. Other operating income also include management fees from subsidiaries.

Financial income and costs
Financial income and costs 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 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 costs involved. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as costs in the income statement as incurred. Capitalised development projects include salaries and other costs that are directly attributable to the 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.

Software and licences
Software is measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

Software licences are amortised over the contract period.

Amortisation periods for intangible assets

Goodwill	3-20 years
Completed development projects	2-5 years
Software	3-13 years

Property, plant and equipment

Equipment
Equipment consists of hardware, furniture and other fixtures and is measured at cost less accumulated depreciation and impairment losses.

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 corresponding lease obligation is recognised in the balance sheet as debt under non-current liabilities, and the interest element of the lease payment is recognised as financial cost in the income statement.

All other leases are considered to be operating leases. Lease payments under operating leases are recognised as external costs in the income statement over the term of the lease.

Depreciation periods for property, plant and equipment

Equipment:	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 income statement under other operating income or other operating costs, 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.

Impairment losses are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment losses on goodwill are not reversed.

Non-current financial assets

Investments in subsidiaries and associates

Investments in subsidiaries and associates are initially recognised at cost and subsequently measured 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. adjusted to recognise the company's share of the post-acquisition profits or losses and movements in equity. The difference between the cost and the fair value of net assets of the acquired company at the date of acquisition is considered goodwill and reflected in 'Investment in subsidiaries' in the balance sheet and amortised on a straight-line basis over the estimated useful life of the investment. Dividends received from subsidiaries reduce the value of the investment. Subsidiaries with a negative net asset value are recognised with zero value, but if the parent company has a legal or constructive obligation to cover the subsidiary's negative balance, a provision is recognised.

Profit after tax of investments in subsidiaries and associates is recognised as a separate line in the income statement.

Other investments and securities

Other investments and securities comprise unlisted securities. Deposits consist of rental deposits. 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 receivables based on days past due.

Contract work in progress

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

Contract work in progress is measured at the selling price of the work performed based on the stage of completion on the balance sheet date less invoicing on account. The stage of completion is measured as the incurred project costs relative to the estimated total project costs for the individual contract. The selling price is stated in proportion to the stage of completion at the balance sheet date. Under this principle, the expected profit on the individual contracts is recognised in the income statement on a continuing basis.

If the selling price of the work performed exceeds invoicing on account, it is recognised as an asset. If invoicing on account exceeds the selling price of the work performed, it is recognised as a liability.

Where total project costs are likely to exceed the total revenue from a project, the expected loss is recognised immediately as a provision and a cost.

The company's share of work in progress performed in working partnerships and joint operations is included proportionally in contract work in progress and the proportionally in the respective line items of the income statement.

Costs related to sales work and the pursuing of contracts are recognised in the income statement as incurred.

Prepaid expenses

Prepaid expenses consist of payments made that relates to costs for subsequent financial years and consist primarily of prepaid rent, insurance premiums, licences and subscriptions.

Equity

Reserve for net evaluation according to the equity method

The reserve for net revaluation according to the equity method, comprises net revaluations of equity investments in subsidiaries relative to cost. This corresponds to recognised impact in the income statement and directly in equity and less dividends. The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting policies. The reserve cannot be recognised at a negative value.

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.

Reserve for exchange rate translations
The translation reserve comprises exchange rate adjustments arising on the translation of the financial statements of foreign entities from their functional currencies into DKK.

Upon full or partial realisation of the net investment in foreign entities, exchange adjustments are recognised in the income statement.

Reserve for hedging transactions
The reserve for hedging transactions comprises fair value gains and losses on hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has not yet been realised. The tax effect on these transactions has also been included.

Dividends
The management’s proposed dividend distribution for the year is disclosed as a separate equity item.

Provisions
A provision is recognised when present legal or constructive obligation exists 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 long-term 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 costs in the income statement 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 cost 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 costs 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 income statement over the term of the loan.

Other accounts payable is measured at amortised cost.

Cash flow statement

The cash flow statement shows cash flow for the year presented according to the indirect method classified by operating, investing and financing activities, net changes for the year in cash as well as cash 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 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 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, marketable securities 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 includes unrestricted cash in bank and cash at hand. The company does not have any restricted cash.

Income statement 1 January - 31 December

DKK'000	Note	2023	2022
Revenue	1	3,761,854	3,275,621
Project costs		-784,647	-660,604
Own production		**2,977,207**	**2,615,017**
Other operating income	2	268,815	222,358
External costs		-633,604	-541,149
Employee costs	3	-2,350,501	-2,091,989
Amortisation, depreciation and impairment losses	4	-70,301	-63,675
Operating profit on ordinary activities		**191,616**	**140,562**
Other operating costs	5	-1,089	-232
Operating profit		**190,527**	**140,330**
Profit after tax in subsidiaries		17,691	22,965
Profit/(loss) after tax in associates		0	0
Financial income	6	52,070	54,705
Financial costs	7	-58,324	-76,274
Profit before tax		**201,964**	**141,726**
Tax on profit for the year	8	-70,645	-39,834
Profit for the year		**131,319**	**101,892**

Balance sheet at 31 December

DKK'000	Note	2023	2022
Goodwill		61,425	75,879
Software and licenses		7,131	10,077
Completed development projects		9,335	17,727
Development projects in progress		29,435	15,322
Intangible assets	**9**	**107,326**	**119,005**
Equipment		113,447	113,450
Property, plant and equipment in progress		0	0
Property, plant and equipment	**10**	**113,447**	**113,450**
Investments in subsidiaries	**11**	61,545	64,323
Investments in associates	**12**	296	296
Other investments and securities		393	393
Deposits		33,230	31,985
Non-current financial assets	**13**	**95,464**	**96,997**
Total non-current assets		**316,237**	**329,452**
Trade receivables		565,403	572,938
Contract work in progress	**14**	182,286	151,064
Receivables from group entities		434,791	290,200
Other receivables		6,097	4,564
Tax receivables		13,293	11,508
Prepaid expenses	**15**	43,564	53,284
Total receivables		**1,245,434**	**1,083,558**
Cash		**14,918**	**30,169**
Total current assets		**1,260,352**	**1,113,727**
TOTAL ASSETS		**1,576,589**	**1,443,179**

Balance sheet at 31 December

DKK'000	Note	2023	2022
Share capital	16	26,505	26,505
Reserve for capitalised development projects		33,567	29,140
Reserve for exchange rate translations		-17,786	-16,720
Reserve for hedging transactions		-881	-3,840
Retained earnings		209,109	182,217
Proposed dividend		100,000	100,000
Equity	**17**	**350,514**	**317,302**
Deferred tax liabilities	18	353,601	357,094
Provisions for incentive programme and pensions	19	7,580	7,575
Other provisions	20	20,467	20,735
Total provisions		**381,648**	**385,404**
Financial debt		80	241
Total non-current liabilities	**21**	**80**	**241**
Financial debt		161	738
Contract work in progress	14	201,745	243,876
Trade payables		44,205	74,475
Amounts owed to group entities		150,758	75,952
Amounts owed to associates		2,651	2,521
Tax payables		40,335	2,686
Other accounts payables	22	404,492	339,984
Total current liabilities		**844,347**	**740,232**
Total liabilities		**844,427**	**740,473**
TOTAL EQUITY AND LIABILITIES		**1,576,589**	**1,443,179**

Special items	23
Fees to auditors	24
Financial instruments	25
Related party transactions and ownership	26
Contingent liabilities and other financial commitments	27
Financial resources	28
Events after the balance sheet date	29
Definition of terminology applied	30

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 exchange rate translations	Reserve for hedging transactions	Retained earnings	Dividend	Total
Equity at 1 January 2022	26,505	0	13,539	-14,345	0	195,559	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					-2,709			-2,709
Deferred tax on value adjustment of hedging instruments					595			595
Foreign exchange adjustment, foreign subsidiaries				-2,342				-2,342
Foreign exchange adjustment, branches				-33				-33
Equity movements in subsidiaries		-1,359						-1,359
Other transfers		-21,606			-1,726	23,332		0
Proposed dividend						-100,000	100,000	0
Equity at 1 January 2023	**26,505**	**0**	**29,140**	**-16,720**	**-3,840**	**182,217**	**100,000**	**317,302**
Distributed dividend							-100,000	-100,000
Profit for the year		17,691				113,628		131,319
Capitalised development projects			4,427			-4,427		0
Value adjustment of hedging instruments					3,793			3,793
Deferred tax on value adjustment of hedging instruments					-834			-834
Foreign exchange adjustment, foreign subsidiaries				-1,222				-1,222
Foreign exchange adjustment, branches				156				156
Other transfers		-17,691				17,691		0
Proposed dividend						-100,000	100,000	0
Equity at 31 December 2023	**26,505**	**0**	**33,567**	**-17,786**	**-881**	**209,109**	**100,000**	**350,514**

Cash flow statement

DKK'000

	Note	2023	2022
Operating profit		190,527	140,330
Amortisation, depreciation and impairment loss		70,301	63,675
Other non-cash items		3,067	-179
Net change in other provisions		13,870	56,029
Operating profit adjusted for non-cash movement		**277,765**	**83,934**
Net financial items received/paid		-6,254	-21,569
Income taxes paid		-31,078	-27,200
Cash flow from operating activities before change in working capital		**240,433**	**35,165**
Change in contract work in progress		-73,353	-23,749
Change in deposits		-1,245	-547
Change in trade receivables		7,535	8,107
Change in receivables from group entities		-52,569	-7,432
Change in trade payables		-30,270	-28,580
Change in amounts owed to group entities		74,806	27,511
Change in other receivables and prepaid expenses		991	29,794
Change in other payables and deferred income		51,273	-48,583
Cash flow from operating activities		**217,601**	**167,607**
Acquisition of intangible assets		-15,802	-32,459
Disposal of intangible fixed assets		0	2,459
Acquisition of property, plant and equipment		-43,639	-67,590
Disposal of property, plant and equipment		870	971
Acquisition of subsidiaries		-898	-3,779
Sale of subsidiaries		0	0
Received dividend		24,247	10,572
Capital increase in subsidaries		-5,000	0
Cash flow from investing activities		**-40,222**	**-89,826**
Free cash flow		**177,379**	**77,781**
Payment of financial debt		-738	-1,354
Net change in Group cash pool receivable		-92,022	36,634
Distributed dividend		-100,000	-100,000
Net payment of debt to associates		130	-9,267
Cash flow from financing activities		**-192,630**	**-73,987**
Cash flow for the year		**-15,251**	**3,794**
Cash and cash equivalents, beginning of year		30,169	26,375
Cash and cash equivalents, end of year	**28**	**14,918**	**30,169**

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

Notes

Note 1 Segment information, revenue

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

COWI A/S's revenue distributed on business areas:

	2023	2022
DKK'000		
Transportation	1,357,499	1,143,101
Buildings	869,443	712,514
Industry and energy	814,946	722,422
Society and utilities	525,085	503,190
EU and international development organisations	193,510	192,080
Not distributed	1,371	2,314
Total	**3,761,854**	**3,275,621**

COWI A/S' revenue distributed on business lines:

	2023	2022
DKK'000		
Denmark	2,435,667	2,249,813
International	1,318,115	1,023,493
Other	8,072	2,314
Total	**3,761,854**	**3,275,620**

Note 2 Other operating income

DKK'000	**2023**	**2022**
Profit from disposal of property, plant and equipment	48	10
Profit from sale of subsidaries	0	1,163
Group support services	268,767	221,185
Other operating income	**268,815**	**222,358**

Note 3 Employee costs

DKK'000	2023	2022
Salaries and wages	-2,258,554	-2,015,309
Pensions	-2,370	-2,153
Social security	-28,922	-26,224
Other employee expenses	-60,655	-48,303
Employee costs	**-2,350,501**	**-2,091,989**
Costs for remuneration of Executive Board and Board of Directors	-4,249	-4,088
Remuneration, former Executive Board and partners	-1,492	-1,430

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 full-time equivalent (FTE) employees	2,875	2,657
Average number of employees (headcount)	2,961	2,738
Number of employees (headcount) at 31 December	**3,029**	**2,892**

Note 4 Amortisation, depreciation and impairment losses

DKK'000	2023	2022
Amortisation of goodwill	-14,454	-18,238
Amortisation of software and licenses	-4,635	-5,229
Amortisation of completed development projects	-8,392	-5,399
Depreciation of equipment	-42,820	-34,809
Amortisation, depreciation and impairment losses	**-70,301**	**-63,675**

Note 5 Other operating costs

DKK'000	2023	2022
Loss from disposal of property, plant and equipment	0	-16
Other operating costs	-1,089	-216
Other operating costs	**-1,089**	**-232**

Note 6 Financial income

DKK'000	2023	2022
Interest	1,096	673
Interest, subsidiaries and associates	9,383	1,181
Foreign exchange gains	41,591	52,851
Financial income	**52,070**	**54,705**

Note 7 Financial costs

DKK'000	2023	2022
Interest	-2,555	-3,183
Interest, subsidiaries and associates	-381	-327
Foreign exchange losses	-55,388	-72,764
Financial costs	**-58,324**	**-76,274**

Note 8 Tax on profit for the year

DKK'000	2023	2022
Current tax for the year	-37,334	0
Current tax for the year re. foreign project offices	-11,611	-11,295
Deferred tax for the year	-23,380	-30,451
Adjustment to current tax related to prior years	-26,028	-18,034
Adjustment to deferred tax related to prior years	26,874	20,541
Total tax	**-71,479**	**-39,239**
Broken down as follows:		
Tax on profit	-70,645	-39,834
Tax on movements in equity	-834	595
Total tax	**-71,479**	**-39,239**
Tax on profit can be broken down as follows:		
Tax calculated at income tax rate in Denmark (22%) on profit before tax, excluding profit after tax in subsidiaries and amortisation of group goodwill	-41,030	-26,912
Current tax for the year re. foreign project offices	-11,611	-11,295
Tax effect from:		
Amortisation of goodwill disallowed for tax purposes	-2,092	-1,829
Other income/costs disallowed for tax purposes	-52	-550
Adjustments to current tax related to prior years	-26,028	-18,034
Adjustments to deferred tax related to prior years	26,874	20,541
Other regulations	-16,706	-1,755
Tax on profit for the year	**-70,645**	**-39,834**
Effective tax rate	**35.0%**	**28.1%**

Note 9 Intangible assets

DKK'000	Goodwill	Software and licenses	Completed development projects	Intangible assets in progress	Total
Cost at 1 January 2023	331,552	15,092	28,337	15,322	390,303
Additions	0	376	0	15,426	15,802
Disposals	-143,012	-678	-10,422	0	-154,112
Transfers	0	1,313	0	-1,313	0
Cost at 31 December 2023	**188,540**	**16,103**	**17,915**	**29,435**	**251,993**
Amortisation and impairment losses at 1 January 2023	-255,673	-5,015	-10,610	-	-271,298
Amortisation and impairment losses	-14,454	-4,635	-8,392	-	-27,481
Disposals	143,012	678	10,422	-	154,112
Amortisation and impairment losses at 31 December 2023	**-127,115**	**-8,972**	**-8,580**	**-**	**-144,667**
Carrying amount at 31 December 2023	**61,425**	**7,131**	**9,335**	**29,435**	**107,326**

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.

Furthermore, development projects include own developed internal tools to improve quality, environmental impact and efficiency.

Note 10 Property, plant and equipment

DKK'000	Equipment
Cost at 1 January 2023	234,290
Additions	43,639
Disposals	-22,782
Cost at 31 December 2023	**255,147**
Amortisation and impairment losses at 1 January 2023	-120,840
Depreciation and impairment losses	-42,820
Disposals	21,960
Amortisation and impairment losses at 31 December 2023	**-141,700**
Carrying amount at 31 December 2023	**113,447**

Of which assets held under finance leases amount to DKK 225 thousand (2022: DKK 944 thousand).

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 & Østgaard A/S Rådgivende Ingeniørfirma	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 invest-ments and securities	Deposits	Total
Cost at 1 January 2023	112,097	401	116	31,985	144,599
Exchange rate translation adjustments	0	0	0	0	0
Additions	5,000	0	0	1,430	6,430
Disposals	0	0	0	-185	-185
Cost at 31 December 2023	**117,097**	**401**	**116**	**33,230**	**150,844**
Value adjustments 1 January 2023	-47,774	-105	277	-	-47,602
Exchange rate translation adjustments	-1,222	0	0	-	-1,222
Disposals	0	0	0	-	0
Profit for the year	17,691	0	0	-	17,691
Received dividends	-24,247	0	0	-	-24,247
Value adjustments 31 December 2023	**-55,552**	**-105**	**277**	**-**	**-55,380**
Carrying amount at 31 December 2023	**61,545**	**296**	**393**	**33,230**	**95,464**

Note 14 Contract work in progress

DKK'000	2023	2022
Selling price of contract work in progress	1,743,588	1,578,112
Invoiced on account	-1,763,047	-1,670,924
Net contract work in progress at 31 December	**-19,459**	**-92,812**

Recognised in the balance sheet as:		
Contract work in progress (assets)	182,286	151,064
Contract work in progress (liabilities)	-201,745	-243,876
Net contract work in progress at 31 December	**-19,459**	**-92,812**

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

Note 15 Prepaid expenses

DKK'000	2023	2022
Insurance premiums	13,903	14,964
IT licenses and maintenance	24,928	33,630
Other	4,733	4,690
Prepaid expenses at 31 December	**43,564**	**53,284**

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	2023	2022
Proposed dividend	100,000	100,000
Retained earnings	31,319	1,892
Proposed distribution of profit for the year	**131,319**	**101,892**

Note 18 Deferred tax

DKK'000	2023	2022
Deferred tax at 1 January	-357,094	-347,184
Deferred tax related to equity movements	-834	595
Adjustments to deferred tax related to prior years	26,874	20,541
Deferred tax for the year	-22,547	-31,046
Deferred tax at 31 December	**-353,601**	**-357,094**
Deferred tax concerns:		
Intangible assets	19	2,025
Property, plant and equipment	17,078	29,949
Current assets	-377,631	-395,347
Provisions	6,126	4,887
Total debt	807	1,392
Deferred tax at 31 December	**-353,601**	**-357,094**

Note 19 Provisions for incentive programmes and pensions

DKK'000	2023	2022
Pension liabilities for defined benefit plans	4,100	4,100
Long-term incentive programme	3,480	3,475
Provisions for incentive programmes and pensions at 31 December	**7,580**	**7,575**

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

Note 20 Other provisions

DKK'000	2023	2022
Provisions for project claims	7,806	8,498
Other project provsions	12,661	12,237
Other provisions at 31 December	**20,467**	**20,735**

Note 21 Non-current liabilities

DKK'000	2023	2022
Financial debt falling due later than one year and not later than five years	80	241
Non-current liabilites at 31 December	**80**	**241**

Note 22 Other accounts payables

DKK'000	2023	2022
Accrued holiday allowance	102,044	87,911
Payable employee related taxes and social costs	92,605	27,770
Other employee costs payable	58,512	53,250
VAT and other indirect taxes	58,045	61,721
Derivative financial instruments	1,132	4,924
Other accounts payables	92,154	104,408
Other accounts payables at 31 December	**404,492**	**339,984**

Note 23 Special items

DKK'000	2023	2022
Costs related to legal cases	-20,175	-53,489
Total costs	**-20,175**	**-53,489**

Special items are reflected in the following items in the income statement:

	2023	2022
External costs	-20,175	-53,489
Total special items	**-20,175**	**-53,489**

Note 24 Fees to auditors

Reference is made to note 25 to the consolidated financial statements for COWI Holding A/S for information about fees to auditors, in accordance with section 96(3) in the Danish Financial Statements Act.

Note 25 Financial instruments

The company’s derivative financial instruments comprise of currency forward contracts.

DKK '000	2023	2022
Liabilities (Other accounts payables)	1,238	6,891

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 1 million at 31 December 2023. The duration of the currency forward contracts are between 1 and 24 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 1 million, before tax. The loss is recognised directly in equity.

Note 26 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.

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

Note 27 Contingent liabilities and other financial commitments

DKK'000	2023	2022
Lease commitments		
Lease commitments (operating leases) due after less than one year	4,016	3,978
Lease commitments (operating leases) falling due later than one year and not later than five years	5,856	4,881
Lease commitments (operating leases) at 31 December	**9,872**	**8,859**

DKK'000	2023	2022
Rental commitments		
Rental commitments in the period of termination due after less than one year	77,303	83,555
Rental commitments in the period of termination falling due later than one year and not later than five years	106,317	71,916
Rental commitments (operating leases) at 31 December	**183,620**	**155,471**

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 coun-terclaim 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 604 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 in late 2022, and COWI expects the award to be issued in 2024.

At 31 December 2023, COWI had a tax loss carryforward in Oman, which is related to incurred arbitration costs of DKK 368 million (OMR 21 million). The tax loss carryforward has been recognised at zero value in the financial statements.

Note 27 Contingent liabilities and other financial commitments, cont.

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

DKK'000	2023	2022
Guarantees		
Guarantee facility at 31 December	**460,000**	**460,000**
Drawn for performance bonds relating to projects in progress	105,309	109,978
Total drawn guarantees at 31 December	**105,309**	**109,978**
Guarantees provided on behalf of entities in the COWI Group	**1,017,929**	**1,007,074**

Note 28 Financial resources

DKK'000	2023	2022
Cash at bank and in hand	14,918	30,169
Undrawn, committed credit facilities at 31 December, not including guarantee facilities	30,000	30,000
Financial resources at 31 December	**44,918**	**60,169**

Note 29 Events after the balance sheet date

No events of material importance to the company's financial statements have occurred after the reporting date at 31 December 2023.

Note 30 Definiton of terminology applied

EBIT (operating profit)	Profit before financial items, profit/loss after tax in associates and tax.
EBIT margin (operating margin)	EBIT as a percentage of revenue.
EBITA	Profit before financial items, profit/loss after tax in associates, tax and amortisation.
EBITA margin	EBITA as a percentage of revenue.
EBITA*	Profit before financial items, profit/loss after tax in associates, tax, amortisation
EBITA* margin	EBITA* as a percentage of revenue.
EBITDA	Profit before financial items, profit/loss after tax in associates, tax, depreciation and amortisation.
EBITDA margin	EBITDA as a percentage of revenue.
Effective tax rate	Income tax as a percentage of profit before tax.
Equity ratio (solvency ratio)	Total equity end of year as a percentage of total assets end of year.
FTEs	FTEs are defined as the contractual working hours of an employee compared to a full-time contract in the same position and country. The full-time equivalent figure is used to measure the active workforce counted in full-time positions. The FTE figure includes employees who are on permanent and temporary contracts. Excluded from the FTE figure are employees on unpaid leave, contractors, third-party workers and employees for which COWI do not guarantee or are obliged to offer a minimum or fixed number of working hours (the latter is referred to as non-guaranteed hours employees). The average FTE figure is calculated as an average figure based on the figure at the end of the year and the figure at the end of the previous year.
Headcounts	Headcounts are the number of individual employees with an employment relationship with COWI. The headcount figure includes employees who are on permanent and temporary contracts. Excluded from the headcount figure are employees on unpaid leave, contractors, third-party workers and employees for which COWI do not guarantee or are obliged to offer a minimum or fixed number of working hours (the latter is referred to as non-guaranteed hours employees). The average headcount figure is calculated as an average figure based on the figure at the end of the year and the figure at the end of the previous year.
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets, marketable securities and cash.
Net working capital	Current assets less current liabilities used in, or necessary for, the company’s operations. The main components are contract work in progress, trade receivables, trade payables and other non-interest-bearing receivables and payables.

Note 30 Definiton of terminology applied, cont.

NPS	The Net Promoter Score (NPS) is derived from a quarterly questionnaire measuring on a scale from 0 to 10 how likely the customer is to recommend COWI to others within their field. Those who answer 9 to 10 are considered COWI ambassadors (promoters), who are typically very loyal and speak highly of COWI to others. Those who answer 7 to 8 are considered passives. Those who answer 6 or less are considered disloyals (detractors). The NPS is calculated by subtracting the share of detractors (those who answer 0 to 6) from the share of promoters (9-10). The resulting score is a value between -100 and +100.
Operating costs	Operating costs consist of external costs, employee costs and amortisation, depreciation and impairment losses.
Order backlog	Order backlog is the remaining work on legally binding contracts, variation orders and contractual options, measured at own production value. Framework contracts are included in the order backlog with the estimated work in the coming 12 months.
Organic growth	Organic growth is the increase in revenue in the current reporting period compared to the previous reporting period, excluding the effect of acquisitions, divestments and foreign exchange translation impact. The effect of acquisitions and divestments is calculated for a 12-month period from the acquisition/divestment date, unless it is impracticable to distinguish acquisition development from organic growth, e.g., due to integration into existing business. The foreign exchange translation impact is calculated as the difference between the figures for the current reporting period translated at the current exchange rates and at the exchange rates applied in the previous reporting period.
Own production	Revenue less external costs directly attributable to projects as well as costs for subcontractors.
Return on equity (ROE)	Profit as a percentage of average equity. Average equity is calculated as the average of the balance at the end of year and the balance at the end of the previous year.
Return on invested capital (ROIC)	EBIT as a percentage of average invested capital (intangible assets; property, plant and equipment; net working capital). Average invested capital is calculated as the average of the balance at the end of year and the balance at the end of the previous year.
Special items	Special items include significant income and expenses of a non-recurring nature which cannot be attributed directly to COWI’s ordinary activities.