

## **Sweco Danmark A/S**

Ørestads Boulevard 41

2300 Copenhagen S

CVR No. 48233511

## **Annual Report 2018**

49. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 6 May 2019

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Åsa Bergman  
Chairman

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## Management's Statement

Today, Management has considered and adopted the Annual Report of Sweco Danmark A/S for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 26 April 2019

### Board of Executives

Dariush Rezai  
CEO

Steen Steensen  
Finance Director

### Board of Directors

Åsa Bergman

Jonas Dahlberg

Lisa Lagerwall

Dariush Rezai  
CEO

Bent Raben

Sonja Marie Overgaard

## Independent Auditor's Report

### To the shareholders of Sweco Danmark 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 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sweco Danmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

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

## Independent Auditor's Report

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Hellerup, 26 April 2019

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Ulrik Ræbild  
State Authorised Public Accountant  
mne33262

Jesper Bo Winther  
State Authorised Public Accountant  
mne26864

## Company details

<b>Company</b>	Sweco Danmark A/S Ørestads Boulevard 41 2300 Copenhagen S
CVR No.	48233511
Date of formation	5 October 1970
Registered office	Copenhagen
Financial year	1 January 2018 - 31 December 2018
<b>Board of Directors</b>	Åsa Bergman Jonas Dahlberg, Deputy Chairman Lisa Lagerwall Dariush Rezai, CEO Bent Raben Sonja Marie Overgaard
<b>Board of Executives</b>	Dariush Rezai, CEO Steen Steensen, Finance Director
<b>Administration Company</b>	Sweco Danmark Holding ApS Ørestads Boulevard 41 2300 Copenhagen S
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-No.: 33771231

## Management's Review

### **The Company's principal activities**

Sweco Danmark A/S [the Company] is among the largest engineering and architecture consultancy companies in Denmark. We provide consultancy, design & engineering and management services in a broad range of market sectors related to the built and natural environment.

Established in Sweden in 1903, the Sweco Group is listed on the Stockholm Nasdaq. The Sweco Group is the leading engineering company in Europe with approximately 15,000 employees and annual income of €1.8Bn. Sweco operates on 7 main markets, Sweden, Norway, Finland, Denmark, The Netherlands, Central Europe and Western Europe.

Our consultancy and services are diverse - ranging from architecture, infrastructure, structural engineering, building service systems, energy, water and environment, industry, project management and IT for urban development. A detailed profile and presentation of the Sweco Group are available at [www.swecogroup.com](http://www.swecogroup.com).

### *The Sweco strategies*

When you are easy to work with and have the right expertise, you have excellent prospects for becoming a sought-after consultant. Sweco's business model is decentralised and is based on being close to our customers. Every customer should feel that Sweco's consultants have an in-depth understanding of their business. Only then can we be the truly committed business partner who stands ready to create value for the customer in all facets of urban development. That is why the strategy relies on following three pillars:

- Customer Focus
- Internal Efficiency
- Best People

### *Vision*

“To become Europe's most respected knowledge Company in the fields of consulting engineering, environmental technology and architecture.”

### *Customer Promise*

“The most approachable and committed partner with recognised expertise.”

### *Core Values*

“Sweco's core values of curiosity, commitment and responsibility are words that define and strengthen the Group's identity and underpin our corporate culture. They provide guidance in the company's day-to-day work and create clarity in all projects.”

## Management's Review

### Development in activities and financial matters

In January 2018, Sweco signed an agreement to acquire Årstiderne Arkitekter, one of Denmark's leading architecture firms, resulting in the first fully integrated architecture and engineering offering in Denmark. The integration has been successful so far and will continue to contribute in a positive way going forward.

The acquisition and merge of Årstiderne Arkitekter has impacted the figures for 2018.

The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK'000 62.211 and the Balance Sheet at 31 December 2018 a balance sheet total of DKK'000 855.756 and an equity of DKK'000 312.150.

In 2018 the market in Denmark was satisfactory overall. Demand in the water and environmental sectors remained at a high level. However, demand slowed down within residential construction in the major cities.

The average number of full-time employees increased to 1.140 in 2018 from 987 in 2017. The increase is due to the acquisition of Årstiderne Arkitekter at 1 March 2018.

Staff costs increased from DKK'000 656.779 in 2017 to DKK'000 754.555 in 2018, primarily due to the acquisition of Årstiderne Arkitekter.

### *Balance sheet and cash resources*

The Company's equity and total assets at 31 December 2018 were DKK'000 312.150 and DKK'000 855.756 respectively, equivalent to a solvency ratio of 36,45 %. The change in equity compared to 2017 is attributed to a capital increase of DKK'000 175.000 during 2018. It is proposed that the Annual General Meeting adopt a resolution to declare and pay dividends of DKK'000 125.000 relating to the financial year 2018.

During the financial year, the Company cash decreased from DKK'000 224.456 to DKK'000 197.593 at year-end.

The Company's cash resources, consisting of cash and cash equivalents to DKK'000 197.593 at year-end are considered fully adequate to ensure continued operations.

### Knowledge resources

The ability to offer development, opportunities and an engaging corporate culture to all employees is crucial to our continued success and customer satisfaction. Focus is on development, performance, expertise, knowledge sharing and leadership. Among other things, we offer training courses from day one through Sweco Academy and with the support of experienced colleagues and managers.

Skills development and knowledge sharing are also vital for Sweco's success. Employees' expertise and ability to translate their knowledge into optimal solutions for customers is the core of the The Company's business and distinguishes Sweco from its competitors. Shortcomings in knowledge sharing may result in risks such as low quality in customer deliveries. Knowledge and processes for knowledge sharing and cooperation are therefore a strategic priority for Sweco. The learning and experience exchange takes place primarily through work on the projects. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing.



## Management's Review

### Financial risks and finance policy

#### Financial risk

To control and minimise the financial risks to which the Company is exposed, the Board of Directors has drawn up a finance policy that is revised and adopted at least once a year. The policy regulates the division of responsibilities between local companies and the corporate finance department, and specifies the financial risks that the Company is permitted to take and how these risks are to be managed. Surplus cash is invested primarily in fixed-income instruments in the money market, with low credit risk and high liquidity as required criteria. Transaction exposure for customer projects is hedged primarily through forward exchange contracts.

#### Market risk

Market risk is the risk for fluctuations in the value of financial investments due to changes in market prices. Sweco's policy minimises this risk by limiting the average fixed-interest term of financial investments to 120 days.

#### Currency risk

The Company's exposure to currency risk is primarily related to potential exchange rate fluctuations in contracted and anticipated payment flows in foreign currencies. The objective of managing of currency risk is to minimise the effects of exchange rate movements on the Company's profit and financial position. The Company normally has a natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward exchange contracts after matching incoming and outgoing payments in the same currency.

### Statement on Corporate Social Responsibility

As the Company is a subsidiary of Sweco AB, we follow the Group implemented CSR policies. These can found on <http://www.sweco.se/en/IR/corporate-social-responsibility/>

For this years statement on CSR see [https://www.sweco.se/globalassets/ir/2019/sweco\\_ar18\\_final\\_eng\\_links.pdf](https://www.sweco.se/globalassets/ir/2019/sweco_ar18_final_eng_links.pdf)

### Corporate Governance

As the Company is a subsidiary of Sweco AB, we follow the Group implemented CSR policies. These can found on <http://www.sweco.se/en/IR/corporate-governance/>.

### Statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

The current state of 31/12 2018 is that 2 (two) of the four members (who are elected at the General Meeting) of the Board of Directors are female. The current state can be defined as equal gender representation. The Company defines other management levels as all employees with direct people-management responsibility.

The company has a Gender Policy, with the purpose of reaching an equal gender composition in all management levels. Efforts in 2018 have included the following initiatives and activities:

- Employer branding at technical universities represented by both male and female representatives from Sweco,
- Various activities aiming increasing female representation in higher technical educational institutions and subsequent workplaces,
- Targeted maternity transition to ensure continuous career-path for female managers and employees,
- Internal female role-model communication,
- Non-discriminative hiring-process aimed at onboarding qualified female candidates ensuring an increased gender composition in favour of the underrepresented gender.

## Management's Review

### Expectations for the future

The financial performance in 2019 is to be viewed in the light of the improving economic outlook in the Danish market. In general, market conditions for 2019 are forecasted to remain largely at par with 2018.

In 2019 we predict that prices in the market for consulting engineering services will continue to be under pressure. The market for transportation/infrastructure as well as the water and energy sectors are expected to be in line with 2018. This leads to a positive outlook on results for 2019.

### Material changes in the Company's operations and financial matters

Sweco Denmark has in 2018 acquired Aarstiderne Arkitekter with 240 employees.

### Exceptional circumstances

In 2018 Sweco Architects A/S and Årstiderne Arkitekter A/S have been merged into Sweco Danmark A/S. Management assesses that there has been an error in valuation of DKK -4,3 million before tax in 2017 for Sweco Architects A/S. This has been corrected as a significant error in the equity and work in progress.

### Consolidated accounts

External financial reporting for The Company only comprises this Company, and therefore does not involve the preparation of consolidated financial statements. This is due to the fact that The Company and its subsidiaries are part of the Sweco Group, which undertakes the same core business as The Company, i.e. engineering consultancy services. For further information about the financial performance and position of the overall Sweco Group please refer to [www.swecogroup.com](http://www.swecogroup.com) or consolidated financial statements.

### Post financial year events

After the end of the financial year, no events have occurred which may have changed the financial position of the Company substantially.

### Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement other than described under accounting policies.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows (DKK m):

	2018	2017	2016	2015	2014
Net turnover	1.228	1.048	1.096	1.106	1.046
EBITA	75	37	73	15	6
Operating profit/loss (EBIT)	69	31	65	-4	-3
Financial income	3	3	5	4	8
Profit/loss for the year	62	35	57	8	11
Total assets	856	610	626	626	601
Total equity	312	125	136	128	160
Net interest-bearing receivable (+)/debt (-)	322	293	210	252	240
Cash flow:					
Operating activities	25	48	9	62	3
Investing activities, property, plant and equipment	-197	-13	-9	-11	-15
Financing activities, incl. dividend	-36	-48	-42	-42	-44
Net cash flow for the year	-27	-4	-42	10	-52
Avg. number of full-time employees	1.140	987	1.018	1.071	1.042
EBITA margin (%)	6,11	3,53	6,64	1,40	0,60
Operating (profit) margin (%)	5,62	2,96	5,89	-0,34	-0,27
Return on equity (ROE) (%)	28,38	26,82	45,11	5,60	6,40
Solvency ratio (%)	36,45	20,50	21,70	20,50	26,70
Liquidity ratio	1,31	1,25	1,32	1,25	1,48
Equity value per share of nominal DKK 1	4,97	1,99	2,17	1,89	2,55

Key figures and financial ratios have been calculated in accordance with the "Recommendations & Financial Ratios 2015" of the Danish Finance society.

In 2018 the Company merged Årstiderne Arkitekter and Sweco Architects A/S. The comparative figures has not been adapted.

Comparative figures 2014-2017 have not been adapted to changed accounting policies.

### Definitions:

EBITA margin: Earnings before interest, tax and amortisation (EBITA) divided by revenue.

Operating margin: Operating profit divided by revenue.

Return on equity: Profit after tax divided by average equity.

Solvency (or equity) ratio: Equity divided by total assets.

Liquidity ratio (or current ratio): Current assets divided by short-term liabilities other than provisions.

Equity value per share: Year-end equity per share of nominal DKK 1.

## Accounting Policies

### Reporting Class

The Annual Report of Sweco Danmark A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has also decided not to include a cash flow statement due to Danish Financial Statements Act §86, 4.

The Company has also decided not to include the note for Fees for auditors elected of the general meeting due to Danish Financial Statements Act §96, 3.

For the above information the Company point to the Annual Report for Sweco AB.

### Changed accounting policies, estimates and errors

Prior years investments in associates have been measured at cost. Dividends that exceed accumulated earnings of the group associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

In 2018 the equity investments in group associates are measured by the equity method at the proportionately owned share of the equity of the associate plus any consolidated goodwill, less intercompany profit and negative goodwill. Associate with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

The impact of the change in accounting policies is immaterial 1.146 tDKK and adjusted in 2017.

Apart from this, accounting policies remain unchanged from last year.

### Correction of errors regarding previous year

Management in Sweco Denmark has concluded that there was an error in the calculation of work in progress in the acquired company Sweco Architects. The valuation was too high with 4.3 mDKK in 2017.

In the merger of Sweco Architects A/S with Sweco Denmark A/S in 2018, the method "book value method" is used.

The impact in balance sheet:

Work in progress	-4.300	tDKK
Deferred tax	-0.946	tDKK
Equity	-3.354	tDKK

### Business Combinations

In January 2018, Sweco signed an agreement to acquire Årstiderne Arkitekter, one of Denmark's leading architecture firms. For this merger the "acquisition method" has been used.

Also in 2018 Sweco Danmark merged with Sweco Architects A/S, previous a subsidiary of Sweco AB. For this merger the "book value method" has been used.

Newly acquired or newly established businesses are included in the financial statements from the acquisition date or formation. The acquisition date is the date when control of the business is transferred to the Group.

Upon acquisition of the business of which we obtain control, the acquisition method is applied, according to which the identified assets, liabilities and contingent liabilities are measured at their fair values.

The acquisition cost/income of an enterprise consists of the fair value of the consideration payable/receivable. This includes the fair value of the consideration already paid/received, the deferred consideration and the contingent

## Accounting Policies

consideration.

Any subsequent adjustment of contingent consideration is recognised directly in the income statement, unless the adjustment is the result of new information about conditions prevailing at the acquisition date, and this information becomes available up to 12 months after the acquisition date.

Transaction costs are recognised directly in the income statement when incurred as administrative costs.

When acquisition costs differ from the fair values of the assets, liabilities and contingent liabilities identified on acquisition, any positive differences (goodwill) are recognised in the balance sheet under intangible assets and any negative differences (negative goodwill) are recognised in the income statement as a special non-recurring item.

If, on the acquisition date, there are any uncertainties with respect to identifying or measuring acquired assets, liabilities or contingent liabilities or uncertainty with respect to determining their cost, initial recognition will be made on the basis of estimated values. Such estimated values may be adjusted, or additional assets or liabilities may be recognised up to 12 months after the acquisition date, if new information becomes available about conditions prevailing on the acquisition date, which would have affected the calculation of values on that day, had such information been known.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

### Consolidated Financial Statements

The Company meets the conditions for not preparing Consolidated Financial Statements which is why these have been omitted due to Danish Financial Statements Act §112.

### Derivative financial instruments

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the Balance Sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the Income Statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. In the event that the future transaction results in the recognition of assets or liabilities, any amounts previously recognised in equity will be transferred to the cost of the asset or the liability, respectively. In the event that the future transaction results in income or expenses, any amounts previously recognised in equity will be transferred to the Income Statement in the period in which the hedged item affects the Income Statement.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, changes in the fair value will continually be recognised in the Income Statement.

## Accounting Policies

### General Information

#### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

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

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

#### Lease agreements

The company has signed leases on buildings, cars and other equipment. These have been concluded under normal market conditions. Based on individual agreements, management has assessed whether these leases should be accounted for as financial or operational lease.

### Income Statement

#### Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably.

Other sales revenues are recognised as revenue according to the invoicing principle.

Revenue is measured at the consideration received and recognised exclusive VAT.

#### Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

#### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

## Accounting Policies

### Staff cost

Staff costs comprise wages and salaries, pensions and social security costs.

### Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Concessions, patents, licens, trademarks and other similar rights	10 years	0%
Goodwill	20 years	0%
Properties	20-50 years	0%
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5-10 years	0%

Land is not amortised.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

### Income from investments in group enterprises

Income from investments in group enterprises includes the proportionate share of the profit for the year.

### Income from investments in associates

Income from investments in associates includes a proportionate share of the profit for the year.

### Financial income and expenses

Finance income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Finance income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Intangible assets

Goodwill are measured at cost less accumulated amortisation and impairment losses.

Other intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses.

An impairment test of acquired intangible assets is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The

## **Accounting Policies**

impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

### **Tangible assets**

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

### **Investments in group enterprises**

Equity investments in group enterprises are measured by the equity method at the proportionately owned share of the equity of the enterprises plus any consolidated goodwill, less intercompany profit and negative goodwill. Enterprises with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

### **Investments in associates**

Investment in associates are measured by the equity method at the proportionately owned share of the equity of the enterprises plus any consolidated goodwill, less intercompany profit and negative goodwill. Enterprises with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

### **Other investments**

Other investments are measured at the market value at the balance sheet date if they are listed, or at an estimated fair value if they are not. Deposits are measured at cost.

### **Inventories**

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

### **Supply of services in progress**

Supply of services in progress is measured at the selling price of the work performed. The stage of completion is determined on the basis of direct and indirect costs incurred in relation to expected total costs.

The value of the individual supplies in progress less invoicing on account is classified as receivables if the amounts are positive and as payables if the amounts are negative.

Deduction for loss is determined as the total expected contract loss, irrespective of the share actually performed.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.



## Accounting Policies

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

### Equity

Proposed dividend for the year is recognised as a separate item in equity.

### Provisions

#### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

#### Other provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the Company has a legal or actual obligation as a result of a past event, and it is likely that settlement will result in the company spending financial resources.

Provisions that are expected to be settled later than a year from the balance sheet date are measured at the present value and the expected payments. Other provisions are measured at net realisable value.

#### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

#### Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

#### Deferred income

Deferred income comprises payments received in respect of income in subsequent financial years.

#### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Income Statement

	Note	2018 DKK '000	2017 DKK '000
Revenue	1	1.228.019	1.048.431
Other operating income		635	918
Other external expenses	2	-386.089	-344.950
<b>Gross result</b>		<b>842.565</b>	<b>704.399</b>
Employee benefits expense	3	-754.555	-656.779
Depreciation, amortisation expense and impairment losses of property, plant and equipment, and intangible assets recognised in profit or loss	4	-18.859	-16.157
<b>Profit from ordinary operating activities</b>		<b>69.151</b>	<b>31.463</b>
Income from investments in group enterprises and associates		3.571	7.305
Other finance income from group enterprises		26	25
Other finance income		9.884	11.825
Finance expences		-6.446	-8.538
<b>Profit from ordinary activities before tax</b>		<b>76.186</b>	<b>42.080</b>
Tax expense	5	-13.975	-7.199
<b>Profit</b>		<b>62.211</b>	<b>34.881</b>

## Balance Sheet as of 31 December

	Note	2018 DKK '000	2017 DKK '000
<b>Assets</b>			
Acquired intangible assets	6	1.809	1.867
Goodwill	7	128.373	0
<b>Intangible assets</b>		<b>130.182</b>	<b>1.867</b>
Land and buildings	8	13.421	14.579
Fixtures, fittings, tools and equipment	9	40.673	18.229
Leasehold improvements	10	4.863	371
<b>Property, plant and equipment</b>		<b>58.957</b>	<b>33.179</b>
Long-term investments in group enterprises	11, 12	29.072	23.825
Long-term investments in associates	12, 13	1.177	1.167
Other long-term investments	14	502	571
Deposits, investments		6.866	5.363
<b>Investments</b>		<b>37.617</b>	<b>30.926</b>
<b>Fixed assets</b>		<b>226.756</b>	<b>65.972</b>
Raw materials and consumables		750	813
<b>Inventories</b>		<b>750</b>	<b>813</b>
Short-term trade receivables		316.251	247.350
Contract work in progress	15	91.604	55.278
Short-term receivables from group enterprises		8.423	7.386
Short-term receivables from associates		0	13
Short-term tax receivables		3.290	0
Other short-term receivables		3.119	1.801
Prepayments	16	7.970	3.698
<b>Receivables</b>		<b>430.657</b>	<b>315.526</b>
<b>Cash and cash equivalents</b>		<b>197.593</b>	<b>224.456</b>
<b>Current assets</b>		<b>629.000</b>	<b>540.795</b>
<b>Assets</b>		<b>855.756</b>	<b>606.767</b>

## Balance Sheet as of 31 December

	Note	2018 DKK '000	2017 DKK '000
<b>Liabilities and equity</b>			
Contributed capital		62.801	62.801
Retained earnings		124.349	25.881
Proposed dividend recognised in equity		125.000	34.000
<b>Equity</b>		<b>312.150</b>	<b>122.682</b>
Provisions for deferred tax	17	69.886	28.091
Other provisions	18	3.088	2.988
<b>Provisions</b>		<b>72.974</b>	<b>31.079</b>
Mortgage debt		16.986	18.865
<b>Long-term liabilities other than provisions</b>	19	<b>16.986</b>	<b>18.865</b>
Short-term part of long-term liabilities other than provisions	19	1.834	1.834
Debt to other credit institutions		635	0
Prepayments received for work in progress	15	199.678	209.040
Trade payables		47.617	34.047
Payables to group enterprises		5.410	9.188
Tax payables		657	12.938
Other payables		197.815	167.094
<b>Short-term liabilities other than provisions</b>		<b>453.646</b>	<b>434.141</b>
<b>Liabilities other than provisions within the business</b>		<b>470.632</b>	<b>453.006</b>
<b>Liabilities and equity</b>		<b>855.756</b>	<b>606.767</b>
Proposed distribution of results	20		
Events after the balance sheet date	21		
Contingent liabilities	22		
Collaterals and assets pledged as security	23		
Liabilities under off-balance sheet leases	24		
Related parties	25		

## Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2018	62.801	28.088	34.000	124.889
Changes of equity - correction of errors		-3.353		-3.353
Changes of accounting policies		1.146		1.146
<b>Adjusted equity 1 January 2018</b>	<b>62.801</b>	<b>25.881</b>	<b>34.000</b>	<b>122.682</b>
Change of equity through mergers and business combinations		-13.743		-13.743
Increase of capital		175.000		175.000
Dividend		-125.000	125.000	0
Dividend paid			-34.000	-34.000
Profit		62.211		62.211
<b>Equity 31 December 2018</b>	<b>62.801</b>	<b>124.349</b>	<b>125.000</b>	<b>312.150</b>

The share capital has remained unchanged for the last 5 years.

The share capital consists of 62.800.896 shares of a nominal value of DKK 1. No shares carry any special rights.

## Notes

	2018 DKK '000	2017 DKK '000
<b>1. Revenue</b>		
Sales value for rendering services to customers	1.212.441	1.032.678
Other revenue	15.578	15.753
	<b>1.228.019</b>	<b>1.048.431</b>
The majority of activities is in Denmark. As a result no market segmentation on the revenue has been prepared.		
<b>2. Other external expenses</b>		
Project costs	207.203	202.151
External expenses	178.886	142.799
	<b>386.089</b>	<b>344.950</b>
<b>3. Employee benefits expense</b>		
Wages and salaries	690.510	604.968
Post-employment benefit expense	54.254	43.833
Social security contributions	9.791	7.978
	<b>754.555</b>	<b>656.779</b>
<i>Hereof remuneration to management</i>		
Management	6.046	7.074
Board of directors	50	50
	<b>6.096</b>	<b>7.124</b>
Average number of employees	1.140	987
<b>4. Depreciation, amortisation expenses and impairment</b>		
Software	931	5.053
Fixture, fittings, tools and equipment	9.342	9.961
Buildings	1.038	1.039
Leasehold improvements	427	104
Finance leased equipment	2.120	0
Goodwill	5.001	0
	<b>18.859</b>	<b>16.157</b>
<b>5. Tax expense</b>		
Tax on net profit	0	15.507
Adjustments of deferred tax	24.155	-8.443
Adjustments of tax prior years	0	678
Adjustments of deferred tax prior years	-10.180	-543
	<b>13.975</b>	<b>7.199</b>

## Notes

	2018 DKK '000	2017 DKK '000
<b>6. Acquired intangible assets</b>		
Cost at the beginning of the year	57.599	58.295
Addition during the year, incl. improvements	1.332	1.551
Disposal during the year	0	-2.247
<b>Cost at the end of the year</b>	<b>58.931</b>	<b>57.599</b>
Depreciation and amortisation at the beginning of the year	-55.732	-52.926
Amortisation for the year	-931	-5.053
Impairment losses for the year	-459	0
Reversal of impairment losses and amortisation of disposed assets	0	2.247
<b>Impairment losses and amortisation at the end of the year</b>	<b>-57.122</b>	<b>-55.732</b>
<b>Carrying amount at the end of the year</b>	<b>1.809</b>	<b>1.867</b>
<b>7. Goodwill</b>		
Addition in connection with merger and purchase of enterprise	133.374	0
<b>Cost at the end of the year</b>	<b>133.374</b>	<b>0</b>
Amortisation for the year	-5.001	0
<b>Impairment losses and amortisation at the end of the year</b>	<b>-5.001</b>	<b>0</b>
<b>Carrying amount at the end of the year</b>	<b>128.373</b>	<b>0</b>
<b>8. Land and buildings</b>		
Cost at the beginning of the year	65.749	65.749
Disposal during the year	-12.188	0
<b>Cost at the end of the year</b>	<b>53.561</b>	<b>65.749</b>
Depreciation and amortisation at the beginning of the year	-51.170	-50.131
Amortisation for the year	-1.038	-1.039
Reversal of impairment losses and amortisation of disposed assets	12.068	0
<b>Impairment losses and amortisation at the end of the year</b>	<b>-40.140</b>	<b>-51.170</b>
<b>Carrying amount at the end of the year</b>	<b>13.421</b>	<b>14.579</b>

## Notes

	2018 DKK '000	2017 DKK '000
<b>9. Fixtures, fittings, tools and equipment</b>		
Cost at the beginning of the year	112.984	102.054
Addition in connection with merger and purchase of enterprise	10.915	0
Addition during the year, incl. improvements	42.702	11.452
Disposal during the year	-68.793	-522
<b>Cost at the end of the year</b>	<b>97.808</b>	<b>112.984</b>
Depreciation and amortisation at the beginning of the year	-94.755	-85.275
Amortisation for the year	-11.462	-9.961
Impairment losses for the year	-17.389	0
Reversal of impairment losses and amortisation of disposed assets	66.471	481
<b>Impairment losses and amortisation at the end of the year</b>	<b>-57.135</b>	<b>-94.755</b>
<b>Carrying amount at the end of the year</b>	<b>40.673</b>	<b>18.229</b>
Of the booked value end of 2018, DKK'000 772 is Finance leased assets.		
<b>10. Leasehold improvements</b>		
Cost at the beginning of the year	4.531	4.531
Addition during the year, incl. improvements	8.218	0
Disposal during the year	-5.070	0
<b>Cost at the end of the year</b>	<b>7.679</b>	<b>4.531</b>
Depreciation and amortisation at the beginning of the year	-4.160	-4.179
Amortisation for the year	-427	-105
Reversal of impairment losses and amortisation of disposed assets	1.771	124
<b>Impairment losses and amortisation at the end of the year</b>	<b>-2.816</b>	<b>-4.160</b>
<b>Carrying amount at the end of the year</b>	<b>4.863</b>	<b>371</b>



## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>11. Long-term investments in group enterprises</b>		
Cost at the beginning of the year	27.802	27.802
Addition during the year, incl. improvements	22.408	0
Disposal during the year	-20.600	0
<b>Cost at the end of the year</b>	<b>29.610</b>	<b>27.802</b>
Depreciation and amortisation at the beginning of the year	-5.848	-13.148
Change due to change in accounting policies	0	3.458
Net profit for the year	3.689	4.524
Other adjustments	-265	-682
<b>Impairment losses and amortisation at the end of the year</b>	<b>-2.424</b>	<b>-5.848</b>
Negative equity at the end of the year: Set off against receivables	1.886	1.871
<b>Negative equity at the end of the year: Set off against receivables</b>	<b>1.886</b>	<b>1.871</b>
<b>Carrying amount at the end of the year</b>	<b>29.072</b>	<b>23.825</b>

## Notes

**12. Disclosure in long-term investments in group enterprises and associates***Group enterprises*

Name	Registered office	Share held in		Equity	Profit
			%		
A/S af 20/11 1980	Denmark	100,00		-8.921	-216
Sweco Pavement Consultants AS	Norway	100,00		10.232	758
Sweco Pavement Consultants AB	Sweden	100,00		8.566	1.782
GSA Gesellschaft für Strassenanalyse GmbH	Germany	100,00		7.848	477
Årstiderne Arkitekter AS	Norway	100,00		2.426	687
				<b>20.151</b>	<b>3.488</b>

*Associates*

Name	Registered office	Share held in		Equity	Profit
			%		
PavEx Consulting s.r.o.	Czech Republic	50,00		-34	-44
Odeon A/S	Denmark	21,75		5.342	727
Projektgruppen Akutcenter Viborg ApS	Denmark	25,63		54	-26
				<b>5.362</b>	<b>657</b>

Share of ownership states the Parent Company's part of the share capital and the voting rights.

	2018 DKK '000	2017 DKK '000
<b>13. Long-term investments in associates</b>		
Cost at the beginning of the year	67	67
<b>Cost at the end of the year</b>	<b>67</b>	<b>67</b>
Revaluations at the beginning of the year	1.100	0
Revaluations for the year	21	1.100
<b>Revaluations at the end of the year</b>	<b>1.121</b>	<b>1.100</b>
Depreciation and amortisation at the beginning of the year	0	46
Reversal of prior years' impairment losses and amortisation	-11	-46
<b>Impairment losses and amortisation at the end of the year</b>	<b>-11</b>	<b>0</b>
<b>Carrying amount at the end of the year</b>	<b>1.177</b>	<b>1.167</b>

## Notes

	2018 DKK '000	2017 DKK '000
<b>14. Other long-term investments</b>		
Cost at the beginning of the year	368	368
<b>Cost at the end of the year</b>	<b>368</b>	<b>368</b>
Fair value adjustments at the beginning of the year	203	158
Adjustments for the year	-69	45
<b>Fair value adjustments at the end of the year</b>	<b>134</b>	<b>203</b>
<b>Carrying amount at the end of the year</b>	<b>502</b>	<b>571</b>
<b>15. Contract work in progress</b>		
Sales value of work	3.396.299	2.872.619
Progress billings on contracts in progress	-3.504.373	-3.022.081
<b>Net value of contract work</b>	<b>-108.074</b>	<b>-149.462</b>
<i>Recognised as follows in the balance sheet:</i>		
Net receivables	91.604	55.278
Net liabilities	-199.678	-209.040
	<b>-108.074</b>	<b>-153.762</b>
<b>16. Prepayments</b>		
Prepaid other	2.056	668
Prepaid insurance	80	747
Prepaid IT services	245	517
Prepaid facility management	5.590	1.766
<b>Balance at the end of the year</b>	<b>7.971</b>	<b>3.698</b>
<b>17. Provisions for deferred tax</b>		
Cost at the beginning of the year	29.038	38.024
Additions during the year	27.638	0
Deferred tax during the year	24.155	-8.443
Adjustments prior years	-10.945	-543
<b>Balance at the end of the year</b>	<b>69.886</b>	<b>29.038</b>
<b>18. Other provisions</b>		
Provision at the beginning of the year	2.988	3.694
Addition	100	0
Used	0	-706
<b>Balance at the end of the year</b>	<b>3.088</b>	<b>2.988</b>

Other provisions consist of cost of warranty commitments, loss on work in progress, restructuring and anniversary bonuses.

## Notes

**19. Long-term liabilities**

	Due after 1 year DKK '000	Due within 1 year DKK '000	Due after 5 years DKK '000
Mortgage debt	16.986	1.834	9.699
	<b>16.986</b>	<b>1.834</b>	<b>9.699</b>

**20. Proposed distribution of results**

	2018 DKK '000	2017 DKK '000
Proposed dividend recognised in equity	125.000	34.000
Retained earnings	-62.789	881
<b>Distribution of profit</b>	<b>62.211</b>	<b>34.881</b>

**21. Events after the balance sheet date**

No major events have taken place after the end of of the financial year.

**22. Contingent liabilities**

Suretyship for sister company's future operating lease payments DKKm 35 (2017 DKKm 41).

Liabilities of joint ventures with joint and several liability DKKm 27 (2017 DKKm 26).

Liability for bank guarantees as security for received prepayments related to projects etc. DKKm 48 (2017 DKKm 62).

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The total amount appears from the annual report of Sweco Danmark Holding ApS which is the administration company in the joint taxation.

**23. Collaterals and assets pledges as security**

Carrying amount of property pledged as security for mortgage debt of DKKm 19 is DKKm 13 (2017 DKKm 15).

**24. Liabilities under off-balance sheet leases**

The company has entered into operating leases relating to leases of premises, some of which with non-terminability expiring in the years 2019 - 2030. The minimum lease payments are fixed, however subject to price indexation. DKKm 195 (2017 DKKm 7.7).

For the year 2019 the company has no non-terminable operating leases relating to plant and equipment. The minimum lease payments are fixed. DKKm 0 (2017 DKKm 0.038).

## Notes

### **25. Related parties**

The trading transactions with related parties are made at market conditions.

Applying the exemption only to state transactions not on market conditions with related parties due to Danish Financial Statements Act § 98, 7.

Control: Sweco Danmark Holding ApS, Denmark, holds 100% of the share capital and the voting rights.

Sweco AB (publ), Sweden, is the ultimate parent company. The consolidated financial statements are published on [www.swecogroup.com](http://www.swecogroup.com).

Other related parties:

No member of the Board of Directors or the Executive Board holds shares in the Company.