

Sweco Danmark A/S

Ørestads Boulevard 41

2300 Copenhagen S

CVR No. 48233511

Annual Report 2019

50. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 4 May 2020

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 2019 - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

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, 30 April 2020

Board of Executives

Dariusz Rezai
CEO

Steen Steensen
Finance Director

Board of Directors

Åsa Bergman
Chairman

Johan Olof Stålnacke
Vice Chairman

Lisa Lagerwall
Member

Dariusz Rezai
Member

Bent Raben
Employee Representative

Sonja Marie Overgaard
Employee Representative

Independent Auditors' 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 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019 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 2019 - 31 December 2019, 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.

Independent Auditors' Report

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 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, 30. april 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Jesper Bo Winther
State Authorised Public Accountant
mne26864

Company details

Company	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 2019 - 31 December 2019
Board of Directors	Åsa Bergman Johan Olof Stålnacke Lisa Lagerwall Dariush Rezai, CEO Bent Raben Sonja Marie Overgaard
Board of Executives	Dariush Rezai, CEO Steen Steensen, Finance Director
Administration Company	Sweco Danmark Holding ApS Ørestads Boulevard 41 2300 Copenhagen S
Auditors	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.

Founded in Sweden in 1958, The Sweco Group is listed on the Large Cap list of Nasdaq OMX Stockholm since 1998. Sweco plans and designs the sustainable communities and cities of the future. Sweco produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With more than 17,000 experts in Europe. Sweco operates on 8 core markets, Sweden, Norway, Finland, Denmark, Belgium, Germany, The Netherlands and the UK.

Sweco is Europe's leading engineering and architecture consultancy, with sales of approximately SEK 20.6 billion (EUR 1.9 billion).

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 of the Sweco Group is available at sweco.se.

Sweco model

The key to our success is the way we work and do business. It is our operating model, the Sweco Model. The Sweco Model has been our guiding star ever since the company was founded. The Sweco Model consists of four cornerstones. Each cornerstone describes the way we work and do business. They have evolved over time based on what makes us successful and stand out in competition. The Sweco Model is a way of working based on a culture of simplicity, with empowered teams focusing on our clients and our employees. Our four cornerstones:

- Client Focus
- Best People
- Internal Efficiency
- Decentralised Organisation

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK'000 78.023 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK'000 749.143 and an equity of DKK'000 265.176.

The outlook for 2019 given in the Annual Report for 2018 was a result on par with 2018. Adjusted for profit from sale of building, the result is as forecasted for 2019.

Generally the market in Denmark was good. The ongoing contribution of our fully integrated architecture and engineering offering has been successful, and we experience a high demand for that service.

The demand in the water and environmental sectors remained at a good level, and the infrastructure market is stable. The demand within residential construction in the major cities has slowed down.

Sustainability is important for us. We have recently joined a new partnership, that will create a Danish baseline for how we measure and develop on UN's 17 SDG's as a nation. In addition, the project will raise awareness about the SDG's in the Danish population.

The average number of full-time employees decreased to 1.135 in 2019 from 1.140 in 2018.

Staff costs increased from DKK'000 754.555 in 2018 to DKK'000 760.671 in 2019.

Balance sheet and cash resources

The Company's equity and total assets at 31 December 2019 were DKK'000 265.173 and DKK'000 749.143 respectively, equivalent to a solvency ratio of 35,38 %. It is proposed that the Annual General Meeting adopt a resolution to declare and pay dividends of DKK'000 50.000 relating to the financial year 2019.

Management's Review

During the financial year, the Company cash decreased from DKK'000 197.593 to DKK'000 171.727 at year-end.

The Company's cash resources, consisting of cash and cash equivalents to DKK'000 171.727 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 new staff/employees 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.

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.

Research and development activities

The Company does not perform Research and development activities.

Statement on Corporate Social Responsibility

As the Company is a subsidiary of Sweco AB, we follow the Group implemented CSR policies. For further information please see annual report for Sweco AB or webpage www.sweco.se.

Corporate Governance

As the Company is a subsidiary of Sweco AB, we follow the Group implemented Corporate Governance policies. For further information please see annual report for Sweco AB or webpage www.sweco.se.

Management's Review

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

The current state of 31/12 2019 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 2019 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.
- Local management team expanded with one female during 2019.

Expectations for the future

The financial performance in 2020 is to be viewed in the light of the outbreak of Covid-19.

The company's expectations for the future will be adversely affected by the actions taken from governments in most of the world to mitigate the effects of the outbreak, which is highlighted as an event after the balance sheet date in note 22.

Prior to the Covid-19 outbreak, management expected growth in revenue and an increase in profit compared to the yearly result in 2019. This was based on the assumptions, that management expected an increased revenue, especially within the private housing market.

However, the outbreak of Covid-19 has delayed a number of projects, both locally and internationally, as well as this has created uncertainty in the private housing market. Management expects this to have a negative impact on both revenue and profit for 2020. The extent of the impact is not yet known, as it is unknown how the effects will affect market developments in the second half of the year.

The company made an acquisition of KANT Arkitekter A/S as of March 1, 2020, and expects a positive impact on both revenue and profit in the company's architectural business.

Material changes in the Company's operations and financial matters

There are no material changes in 2019.

Exceptional circumstances

During 2019 the Company has sold the former headquarter in Glostrup with a positive impact of DKK'000 12.787 on the result for 2019. There are no further exceptional circumstances in 2019.

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.sweco.se.

Subsequent events

The company's expectations for the future will be adversely affected by the actions taken from governments in most of the world to mitigate the effects of the outbreak of Covid-19, which is highlighted as an event after the balance sheet date in note 22.

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Management's Review

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Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's assets at 31 December 2019 is based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

The company made an acquisition of KANT Arkitekter A/S as of March 1, 2020, and expects a positive impact on both revenue and profit in the company's architectural business.

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 (DKKm):

	2019	2018	2017	2016	2015
Net turnover	1.244	1.228	1.048	1.096	1.106
EBITA	107	75	37	73	15
Operating profit/loss (EBIT)	99	69	31	65	-4
Financial income	-1	3	3	5	4
Profit/loss for the year	78	62	35	57	8
Total assets	749	856	610	626	626
Total equity	265	312	125	136	128
Net interest-bearing receivable (+)/debt (-)	172	178	204	206	246
Avg. number of full-time employees	1.135	1.140	987	1.018	1.071
EBITA margin (%)	8,60	6,11	3,53	6,66	1,36
Operating (profit) margin (%)	7,96	5,62	2,96	5,93	-0,36
Return on equity (ROE) (%)	27,04	28,38	26,82	43,18	5,56
Solvency ratio (%)	35,38	36,45	20,49	21,73	20,45
Liquidity ratio	1,38	1,39	1,25	1,32	1,25
Equity value per share of nominal DKK 1	4,22	4,97	1,99	2,17	2,04

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 with Årstiderne Arkitekter and Sweco Architects A/S. Comparative figures have not been adapted.

Comparative figures for 2015-2017 have not been amended due to changed accounting policies in 2018.

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 2019 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

Accounting policies remain unchanged from last year.

Business Combinations

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 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.

Consolidated Financial Statements

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

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.

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 and recognised exclusive VAT.

Other operating income

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

Accounting Policies

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

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.

The amortisation period for goodwill has been set to 20 years because of strategically acquired enterprise which hold a strong market positions and a long-term earnings profile.

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

Accounting Policies

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 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 are 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.

Accounting Policies

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.

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.

Accounting Policies

Accruals and deferred income entered as liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the 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	2019 DKK '000	2018 DKK '000
Revenue	1	1.244.360	1.228.019
Other operating income	2	12.787	635
Other external expenses	3	-373.625	-386.089
Gross result		883.522	842.565
Employee benefits expense	4	-760.671	-754.555
Depreciation, amortisation expense and impairment losses of property, plant and equipment, and intangible assets recognised in profit or loss	5	-23.364	-18.859
Profit from ordinary operating activities		99.487	69.151
Income from investments in group enterprises and associates		2.936	3.571
Other finance income from group enterprises		0	26
Other finance income		3.997	9.884
Finance expences		-5.358	-6.446
Profit from ordinary activities before tax		101.062	76.186
Tax expense	6	-23.039	-13.975
Profit		78.023	62.211

Balance Sheet as of 31 December

	Note	2019 DKK '000	2018 DKK '000
Assets			
Acquired intangible assets	7	1.979	1.809
Goodwill	8	121.705	128.373
Intangible assets		123.684	130.182
Land and buildings	9	0	13.421
Fixtures, fittings, tools and equipment	10	34.408	40.673
Leasehold improvements	11	5.641	4.863
Property, plant and equipment		40.049	58.957
Long-term investments in group enterprises	12, 13	31.693	29.072
Long-term investments in associates	13, 14	1.181	1.177
Other long-term investments	15	464	502
Deposits, investments		6.412	6.866
Investments		39.750	37.617
Fixed assets		203.483	226.756
Raw materials and consumables		926	750
Inventories		926	750
Short-term trade receivables		268.177	316.251
Contract work in progress	16	80.926	91.604
Short-term receivables from group enterprises		7.270	8.423
Short-term tax receivables		0	3.290
Other short-term receivables		8.246	3.119
Prepayments	17	8.388	7.970
Receivables		373.007	430.657
Cash and cash equivalents		171.727	197.593
Current assets		545.660	629.000
Assets		749.143	855.756

Balance Sheet as of 31 December

	Note	2019 DKK '000	2018 DKK '000
Liabilities and equity			
Contributed capital		62.801	62.801
Retained earnings		152.372	124.349
Proposed dividend recognised in equity		50.000	125.000
Equity		265.173	312.150
Provisions for deferred tax	18	59.958	69.886
Other provisions	19	3.243	3.088
Provisions		63.201	72.974
Mortgage debt		0	16.986
Other payables		26.275	0
Long-term liabilities other than provisions	20	26.275	16.986
Short-term part of long-term liabilities other than provisions	20	0	1.834
Debt to other credit institutions		94	635
Prepayments received for work in progress	16	159.414	199.678
Trade payables		40.596	47.617
Payables to group enterprises		2.740	5.410
Tax payables		28.816	657
Other payables		162.834	197.815
Short-term liabilities other than provisions		394.494	453.646
Liabilities other than provisions within the business		420.769	470.632
Liabilities and equity		749.143	855.756
Proposed distribution of results	21		
Events after the balance sheet date	22		
Contingent liabilities	23		
Collaterals and assets pledged as security	24		
Liabilities under off-balance sheet leases	25		
Related parties	26		

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2019	62.801	124.349	125.000	312.150
Dividend		-50.000	50.000	0
Dividend paid			-125.000	-125.000
Profit		78.023		78.023
Equity 31 December 2019	62.801	152.372	50.000	265.173

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

	2019	2018
	DKK '000	DKK '000
1. Revenue		
Sales value for rendering services to customers	1.218.510	1.212.441
Other income	25.850	15.578
	1.244.360	1.228.019
The majority of activities are in Denmark. As a result no market segmentation on the revenue has been prepared.		
2. Other operating income		
Profit on sale of assets	12.787	635
	12.787	635
3. Other external expenses		
Project costs	205.182	207.203
External expenses	168.443	178.886
	373.625	386.089
4. Employee benefits expense		
Wages and salaries	699.047	690.510
Post-employment benefit expense	51.464	54.254
Social security contributions	10.160	9.791
	760.671	754.555
<i>Hereof remuneration to management</i>		
Management	5.847	6.046
Board of directors	50	50
	5.897	6.096
Average number of employees	1.135	1.140
5. Depreciation, amortisation expenses and impairment		
Software	1.051	931
Fixture, fittings, tools and equipment	14.665	9.342
Buildings	0	1.038
Leasehold improvements	729	427
Finance leased equipment	251	2.120
Goodwill	6.668	5.001
	23.364	18.859

Notes

	2019 DKK '000	2018 DKK '000
6. Tax expense		
Tax on net profit	31.141	0
Adjustments of deferred tax	-11.198	24.155
Adjustments of tax prior years	1.826	0
Adjustments of deferred tax prior years	1.270	-10.180
	23.039	13.975
7. Acquired intangible assets		
Cost at the beginning of the year	58.931	57.599
Addition during the year, incl. improvements	1.221	1.332
Disposal during the year	-1.476	0
Cost at the end of the year	58.676	58.931
Depreciation and amortisation at the beginning of the year	-57.122	-55.732
Amortisation for the year	-1.051	-931
Impairment losses for the year	0	-459
Reversal of impairment losses and amortisation of disposed assets	1.476	0
Impairment losses and amortisation at the end of the year	-56.697	-57.122
Carrying amount at the end of the year	1.979	1.809
8. Goodwill		
Cost at the beginning of the year	133.374	0
Addition in connection with merger and purchase of enterprise	0	133.374
Cost at the end of the year	133.374	133.374
Depreciation and amortisation at the beginning of the year	-5.001	0
Amortisation for the year	-6.668	-5.001
Impairment losses and amortisation at the end of the year	-11.669	-5.001
Carrying amount at the end of the year	121.705	128.373
9. Land and buildings		
Cost at the beginning of the year	53.561	65.749
Disposal during the year	-53.561	-12.188
Cost at the end of the year	0	53.561
Depreciation and amortisation at the beginning of the year	-40.140	-51.170
Amortisation for the year	0	-1.038
Reversal of impairment losses and amortisation of disposed assets	40.140	12.068
Impairment losses and amortisation at the end of the year	0	-40.140
Carrying amount at the end of the year	0	13.421

Notes

	2019 DKK '000	2018 DKK '000
10. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	97.808	112.984
Addition in connection with merger and purchase of enterprise	0	10.915
Addition during the year, incl. improvements	9.448	42.702
Disposal during the year	-2.697	-68.793
Cost at the end of the year	104.559	97.808
Depreciation and amortisation at the beginning of the year	-57.135	-94.755
Amortisation for the year	-14.916	-11.462
Impairment losses for the year	0	-17.389
Reversal of impairment losses and amortisation of disposed assets	1.900	66.471
Impairment losses and amortisation at the end of the year	-70.151	-57.135
Carrying amount at the end of the year	34.408	40.673
Of the booked value end of 2019, DKK'000 220 is Finance leased assets.		
11. Leasehold improvements		
Cost at the beginning of the year	7.679	4.531
Addition during the year, incl. improvements	1.525	8.218
Disposal during the year	-2.294	-5.070
Cost at the end of the year	6.910	7.679
Depreciation and amortisation at the beginning of the year	-2.816	-4.160
Amortisation for the year	-729	-427
Reversal of impairment losses and amortisation of disposed assets	2.276	1.771
Impairment losses and amortisation at the end of the year	-1.269	-2.816
Carrying amount at the end of the year	5.641	4.863

Notes

	2019 DKK '000	2018 DKK '000
12. Long-term investments in group enterprises		
Cost at the beginning of the year	29.610	27.802
Addition during the year, incl. improvements	0	22.408
Disposal during the year	0	-20.600
Cost at the end of the year	29.610	29.610
Revaluations at the beginning of the year	0	0
Revaluations for the year	185	0
Revaluations at the end of the year	185	0
Depreciation and amortisation at the beginning of the year	-2.424	-5.848
Net profit for the year	2.424	3.689
Other adjustments	0	-265
Impairment losses and amortisation at the end of the year	0	-2.424
Negative equity at the end of the year: Set off against receivables	1.898	1.886
Negative equity at the end of the year: Set off against receivables	1.898	1.886
Carrying amount at the end of the year	31.693	29.072

Notes

13. 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	-9.134	-213
Sweco Pavement Consultants AS	Norway		100,00	10.899	599
Sweco Pavement Consultants AB	Sweden		100,00	9.017	717
GSA Gesellschaft für Strassenanalyse GmbH	Germany		100,00	8.601	747
Årstiderne Arkitekter AS	Norway		100,00	3.176	733
				22.559	2.583

Associates

Name	Registered office	Share held in		Equity	Profit
			%		
PavEx Consulting s.r.o.	Czech Republic		50,00	-63	-28
Odeon A/S	Denmark		21,75	5.368	1.482
Projektgruppen Akutcenter Viborg ApS	Denmark		25,63	54	0
				5.359	1.454

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

	2019 DKK '000	2018 DKK '000
14. Long-term investments in associates		
Cost at the beginning of the year	67	67
Addition during the year, incl. improvements	21	0
Cost at the end of the year	88	67
Revaluations at the beginning of the year	1.121	1.100
Revaluations for the year	-28	21
Revaluations at the end of the year	1.093	1.121
Depreciation and amortisation at the beginning of the year	-11	0
Reversal of prior years' impairment losses and amortisation	11	-11
Impairment losses and amortisation at the end of the year	0	-11
Carrying amount at the end of the year	1.181	1.177

Notes

	2019 DKK '000	2018 DKK '000
15. Other long-term investments		
Cost at the beginning of the year	368	368
Cost at the end of the year	368	368
Fair value adjustments at the beginning of the year	134	203
Adjustments for the year	-38	-69
Fair value adjustments at the end of the year	96	134
Carrying amount at the end of the year	464	502
16. Contract work in progress		
Sales value of work	3.659.446	3.396.299
Progress billings on contracts in progress	-3.737.934	-3.504.373
Net value of contract work	-78.488	-108.074
<i>Recognised as follows in the balance sheet:</i>		
Net receivables	80.926	91.604
Net liabilities	-159.414	-199.678
	-78.488	-108.074
17. Prepayments		
Prepaid other	1.337	2.056
Prepaid insurance	119	80
Prepaid IT services	373	245
Prepaid facility management	6.559	5.590
Balance at the end of the year	8.388	7.971
18. Provisions for deferred tax		
Cost at the beginning of the year	69.886	29.038
Additions during the year	0	27.638
Deferred tax during the year	-11.198	24.155
Adjustments prior years	1.270	-10.945
Balance at the end of the year	59.958	69.886
19. Other provisions		
Provision at the beginning of the year	3.088	2.988
Addition	155	100
Used	0	0
Balance at the end of the year	3.243	3.088

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

Notes

20. Long-term liabilities

	Due after 1 year DKK '000	Due within 1 year DKK '000	Due after 5 years DKK '000
Other payables	26.275	0	0
	26.275	0	0

21. Proposed distribution of results

	2019 DKK '000	2018 DKK '000
Proposed dividend recognised in equity	50.000	125.000
Retained earnings	28.023	-62.789
Distribution of profit	78.023	62.211

22. Events after the balance sheet date

The company's expectations for the future will be adversely affected by the actions taken from governments in most of the world to mitigate the effects of the outbreak of Covid-19.

Prior to the Covid-19 outbreak, management expected growth in revenue and an increase in profit compared to the yearly result in 2019. This was based on the assumptions, that management expected an increased revenue, especially within the private housing market.

However, the outbreak of Covid-19 has delayed a number of projects, both locally and internationally, as well as this has created uncertainty in the private housing market. Management expects this to have a negative impact on both revenue and profit for 2020. The extent of the impact is not yet known, as it is unknown how the effects will affect market developments in the second half of the year.

Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's assets at 31 December 2019 is based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

The company made an acquisition of KANT Arkitekter A/S as of March 1, 2020, and expects a positive impact on both revenue and profit in the company's architectural business.

23. Contingent liabilities

Suretyship for sister company's future operating lease payments DKKm 33 (2018 DKKm 35).

Debt of joint ventures with joint and several liability DKKm 50 (2018 DKKm 34)

Liability for bank guarantees as security for received prepayments related to projects etc. DKKm 40 (2018 DKKm 48).

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.

24. Collaterals and assets pledges as security

Carrying amount of property pledged as security for mortgage debt of DKKm 0 is DKKm 0 (2018 DKKm 13).

Notes

25. 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 2020 - 2030. The minimum lease payments are fixed, however subject to price indexation. DKKm 186 (2018 DKKm 195).

The company has operating leases of vehicles with future payments end of 2019 of DKKm 10 (2018 DKKm 10).

26. 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.sweco.se.

Other related parties:

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