

MOE A/S

BUDDINGEVEJ 272, 2860 SØBORG

Annual Report 2019

CVR-nr. 64 04 56 28



The annual report was submitted and approved by the general meeting on the 26 June 2020.

Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Financial highlights	6
Management commentary	7
Financial statements 1 January - 31 December 2019	
Income statement	14
Statement of financial position	15
Statement of changes in equity	17
Statement of cash flows	18
Notes	19
Accounting policies	29

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of MOE A/S for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Søborg, 26 June 2020

Executive board

Christian Listov-Saabye

Mikael Lyngsfeldt

Board of directors

Benoît Jean Édouard Clocheret
Chairman

Jean-Pierre Marie Courel

Antoine Pigot

Karen Gaarden Sørensen

Shanie Jensen

Thomas Brøndum

Independent auditor's report

To the shareholders of MOE A/S

Opinion

We have audited the annual accounts of MOE A/S for the financial year 1 January to 31 December 2019, which comprise profit and loss account, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies used. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Copenhagen, 26 June 2020

Christensen Kjærulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg

State Authorised Public Accountant
mne11651

Company information

The company

MOE A/S
 Buddingevej 272
 2860 Søborg

Phone +45 4457 6000
 Web site www.moe.dk

Company reg. no. 64 04 56 28
 Established: 15 January 1962
 Domicile: Gladsaxe
 Financial year: 1 January - 31 December
 58th financial year

Board of directors

Benoît Jean Édouard Clocheret, Chairman
 Jean-Pierre Marie Courel
 Antoine Pigot
 Karen Gaarden Sørensen
 Shanie Jensen
 Thomas Brøndum

Executive board

Christian Listov-Saabye
 Mikael Lyngsfeldt

Auditors

Christensen Kjærulff
 Statsautoriseret Revisionsaktieselskab
 Store Kongensgade 68
 1264 København K

Parent company

ARTELIA GLOBAL SAS

Subsidiaries

MOE Rådgivende Ingeniører AS, Oslo, Norway
 Ejendomsselskabet Næstvedvej 1, Vordingborg ApS, Vordingborg,
 Denmark
 Pacific Engineering Services HK Ltd., Hong Kong, China
 PacificTech Solutions Ltd., Manilla, Philippines

Financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss account:					
Net turnover	724.440	662.717	559.677	504.922	430.041
Gross profit	525.338	484.608	389.863	357.631	312.206
Results from operating activities	55.075	46.849	30.905	31.921	25.099
Net financials	371	-5.216	-5.123	1.904	-1.537
Results for the year	40.934	29.391	17.312	25.249	19.531
Balance sheet:					
Balance sheet sum	396.401	370.272	326.356	300.847	256.338
Investments in tangible fixed assets represent	4.509	8.407	3.019	1.708	1.863
Equity	127.412	107.469	91.080	84.549	71.950
Employees:					
Average number of full time employees	724	666	572	526	473
Key figures in %:					
Gross margin	72,5	73,1	69,7	70,8	72,6
Profit margin	7,6	7,1	5,5	6,3	5,8
Acid test ratio	191,6	156,6	150,3	175,1	175,1
Solvency ratio	32,1	29,0	27,9	28,1	28,1
Return on equity	34,9	29,6	19,7	32,3	29,5

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management commentary

Primary business activities

MOE is a multidisciplinary engineering firm providing consulting engineering services in the following business areas: Buildings, Energy & Industry, and Infrastructure.

Clients include both private companies and public organisations.

Our business activities take place from our headquarter's offices in Copenhagen and regional offices in Vordingborg, Næstved, Fredericia, Aarhus, Aalborg and from subsidiaries in Norway and the Philippines.

MOE's consultancy is based on a high degree of professionalism, trust and dialogue.

MOE's geographical organisation with offices in all regions of Denmark provides a local anchor for the company and a proximity to customers and employees. The manner in which we are organised is also of great significance in terms of our extensive knowledge of the local markets and the development of each individual region.

Strategy

MOE has a 2025 vision to develop into a Nordic Group:

MOE will develop into a strong consultant in the Nordic region. Our significant position in Denmark is to be expanded, and at the same time Norway, and in the long term Sweden, must be further developed to achieve the same strength.

Artelia

In December 2019, MOE became part of the European multidisciplinary consultancy group Artelia, with 5,900 employees and offices in more than 30 countries around the world.

Together, MOE and Artelia have an ambition to further develop the business in the Nordic region and together Artelia and MOE gain a strengthened position in Denmark and at the same time stand stronger in an international market.

The similarities between Artelia and MOE are quite clear. This applies not only to the expertise it has a mastery of and its market positioning, but also to the values and ownership model. It thus provides a solid foundation for a strong common culture.

As part of the transaction, MOE shareholders have sold their shares and are reinvesting in Artelia. The senior management in MOE remain owners – now owners in Artelia, which like MOE is a 100% employee-owned company.

Unusual conditions

The Annual Report is not affected by any special circumstances and there is no significant uncertainty regarding the preparation of the Annual Report.

Management commentary

Development in activities and financial position

Financial Results

MOE is experiencing positive growth in both revenues and earnings. A clear strategy and a good market have resulted in growth in all of our three business areas – Buildings, Energy & Industry, and Infrastructure.

Net turnover for the year amounted to DKK 724 million against DKK 663 million in 2018.

Ordinary profits after tax amounted to DKK 40.9 million against DKK 29.4 million in 2018.

The financial results live up to expectations and are regarded as being satisfactory.

Treasury shares

The company's holdings of treasury shares at the end of the financial year amounts to 205 shares at DKK 200 each, corresponding to 1,9% of the company capital.

At the start of the year, MOE held 177 shares. During the year, the acquisition of 28 of its own shares at DKK 200 (0,3% of total company capital). The purchase amount was DKK 263.109. During the year, dividends were distributed to treasury shares in the amount of DKK 376.000.

Research and development activities

MOE is working towards continued development of skills and expertise, services and processes. This is done via continuing education, on the job learning and strategic recruitments, and the allocation of financial resources for development.

We continue to participate in development and research collaborations with university students and Industrial PhD candidates in collaboration with universities and other institutions of higher education and foundations.

Risk factors

General risks

MOE's most significant operating risks are related to ensuring constantly good work to do for all employees as well as reasonable earnings for each activity.

MOE works according to the project management tools MOE Project Model and MOE Project Management, which aim to identify and initiate preventive actions vis-à-vis special risks in the projects.

MOE's revenues come from the sale of consulting hours primarily in the Danish and Norwegian markets and from contracts on commissions or projects that MOE has extensive experience in solving, which is why the MOE's risk position is relatively modest.

Management commentary

Financial risks

As a result of its operations, investments and financing, MOE is exposed to changes in exchange rates and interest rates. It is MOE's policy not to actively speculate in financial risks. Consequently, MOE's financial management focuses solely on the management of financial risks already taken.

Currency risks

MOE's Philippine subsidiary is affected by fluctuations in exchange rates, with revenue being generated primarily in foreign currency, while costs including wages are incurred in the local currency.

Activities performed by the Danish parent company and the Norwegian subsidiary are not directly affected by exchange rate fluctuations, as the primary part of revenues and most of the costs, including wages, are held in local currency.

MOE is also affected by exchange rate fluctuations, as foreign subsidiaries' earnings at the end of the year are converted into Danish kroner on the basis of average exchange rates, and the Balance Sheet at the end of the year is converted into Danish kroner on the basis of the closing exchange rate at the end of the year.

The majority of MOE's commissions are invoiced in Danish kroner (DKK), and most of the costs are borne in Danish kroner, which is why the overall currency risk is minimal.

Interest rate and credit risks

MOE is self-financing and has no interest-bearing debt.

Interest and credit risks are assessed to be minimal.

Developments in the Business Areas

In general

MOE has a strategic goal of developing new consultancy services focusing on the needs of its customer. We are forecasting a larger market in the coming years, especially in high-end client consultancy.

Services such as legal advice, cost management, facilities management, project management and construction management are growing.

Digital solutions are an integral part of our business, and form part of our consulting as well as the foundation of our projects.

At the same time, the expertise we hold and our services we provide are being targeted towards a more sustainable development of society, as the climate agenda is a key benchmark for the world we are looking into. The UN's 17 global Sustainable Development Goals are the foundation when we systematise our work with sustainability.

Buildings

Management commentary

The construction market overall is generally good. Public tenders are generally at a low level and are characterised by fierce competition. Many projects and commissions remain in the private market. The largest private clients include pension companies, investors and developers.

In Buildings, work is underway on new standards for lower energy consumption in both new and older buildings. MOE focuses on reducing CO2 emissions via advice on the use of sustainable materials such as wood. In 2019, MOE has established a Knowledge Centre for wooden structures, where a wide range of specialists work together to create new knowledge and find solutions. Other materials continue to be a significant part of the building stock, which is why MOE is among the companies behind Bæredygtig Beton Initiativ (Sustainable Concrete Initiative).

Infrastructure

The market for infrastructure is mixed. In the field of public transport commissions, the Danish government's plans for infrastructure projects are awaited. There are few tenders and fierce competition with great price pressure. The supply market is good and stable. Some derivative facilities construction, environmental, and geotechnical projects via Buildings.

Climate adaptation and sustainable modes of transport characterise our infrastructure consultancy. Traffic analyses and assessments of future traffic structures and challenges are a part of our specialist consultancy. We are also working on nature and environmental assessments, which form the basis for making the best possible choices in connection with the construction of buildings in nature areas, and/or measures to improve biodiversity.

Management commentary

Energy & Industri

The market for energy is in a state of change. The market is characterised by the supply of renewable energy production and the efficiency of existing energy production facilities.

The market for industry shows positive indications and there is substantial potential, especially in the fields of pharma, agro and food industries in particular, and in the heavy industry.

Energy production is one of MOE's major business areas, and efforts is underway to build up new expertise in sustainable energy which covers a changing energy market.

Concurrently, skills and expertise is built up in the consulting for industrial companies in the fields of pharma, mechanical industry and production.

Digitisation and automation

Digitisation characterises, to a significant extent, the development of MOE and in the industry in general. Automation, BIM and ICT are key ingredients in the ongoing efforts to improve the quality of the projects while reducing costs. Digital solutions are an integral part of our consulting services and are delivered at all levels.

MOE has designed in 3D for a long time, and in line with as the development progresses, several additional dimensions will be integrated into our models. This creates significantly better preconditions for the interdisciplinary coordination between the fields. In 2019, MOE achieved recognition in the field of digitalisation with the award-winning Building 310 at DTU, where we help set new standards for collaborations in the digital sphere. We continue to see great opportunities to develop, improve and streamline project execution through the digital tools and automation processes.

Subsidiary companies

Norway

Norway has been challenged by individual projects and has worked on a new strategy where more and larger commissions are to be obtained and solved together with MOE Denmark. An initiative which has resulted in new commissions and an increased order book. The financial results for the year are unsatisfactory.

Cooperation between Denmark and Norway will need to be further structured, and future work will need to be done with an independent unit in Denmark that can support the cooperation with Norway.

By the end of the year, the order book is on the way up and several new substantial projects have been won.

Management commentary

PTS

The Pacific Tech Solutions (PTS) subsidiary in the Philippines provides a platform for increased competitiveness and resource security in the Danish market. At the same time, PTS is a local consultant helping to solve the need for sustainable energy and construction in the Philippines. In 2019, PTS has undergone a positive development based on a strong focus on the business.

Corporate Social Responsibility (CSR)

Our CSR policy is formulated on the basis of the principles of the UN Global Compact and the Charter of Foreningen for Byggeriets Samfundsansvar (The Danish Association for a Responsible Building Industry). We focus on the consulting industry's responsibility for societal development, and we are actively working to maintain our position as one of the leading consultants for responsible, sustainable and innovative building and civil engineering.

MOE has implemented the UN's 17 global Sustainable Development Goals in parts of the business. We have chosen to work in the areas of sustainability that lie within our sphere of influence and within our business areas. We have developed a tool that can analyse the sustainability potential of the projects according to the global Sustainable Development Goals.

MOE's CSR Policy is available to all employees on the intranet MOE | Insite.

Environment

We will promote sustainable solutions in the projects by advising our clients

- the possibilities for integration of the most environmentally optimal solutions into the projects and management of environmental risks.

We want to minimise our own environmental impact by incorporating environmental considerations into our sourcing and management of resources plus by reducing our CO2 emissions.

At our headquarter's offices, we have replaced all disposable tableware with biodegradable plates and cutlery. We have changed the offerings in the canteen so that we now consume 50% more green. We have focused on sustainable employee transport and through campaigns we have reduced CO2 emissions associated with daily transport by 10% compared to 2018.

People

We want to be the industry's most attractive workplace in every country in which we conduct business.

- We have a zero tolerance policy for any form of harassment, abuse or threats, and we offer everyone equal opportunities irrespective of religion, ethnic origin or gender.
- We have procedures that ensure our employees a healthy and safe working environment, both physically and psychologically.
- We show confidence, flexibility and freedom under responsibility in organising the work.

Management commentary

We are continuing to develop our MOE Akademi educational system, which in 2019 has been expanded with several educational modules, including English language. We have expanded our talent programme to now be an offer at all our offices in Denmark. All MOE department managers have been offered the MOE training programme for employee managers (LMU).

Anti-corruption

We want to promote ethical business behaviour by not tolerating any form of corruption, whether giving or being received by the MOE, by our employees or by our business partners.

Targets and policies for the underrepresented gender

MOE believes that diversity among its employees contributes positively to the working environment and strengthens MOE's performance.

Board members elected at the AGM consist of 1 woman and 3 men, corresponding to a 25/75% distribution. The employee-elected Board members consist of 1 woman and 1 man. The total Board of Directors therefore consists of 2 women and 4 men.

It is our goal that the top management teams reflect the representation of the gender composition in MOE, which in 2019 is 67% men and 33% women. The top management teams include the Executive Board, Functional Managers, Division Managers, and Business Managers.

The situation at the end of 2019 is that 27% of the top management positions are held by women.

With new hiring and appointments to Board positions, the goal is to have candidates of both genders represented in the competition for the position.

Events subsequent to the financial year

The outbreak of Coronavirus / COVID-19 caused challenges and risks to the company.

The company took a number of initiatives to ensure the health of its employees, primarily through widespread use of homework. The outbreak of viruses causes political / societal uncertainty in the company's markets, but activity levels are now back at almost normal levels in most markets. The company's current and planned activities do not give reason to particular financial risks, and the company's cash resources are expected to be adequately hedged.

Apart from the above, no events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
1 Net turnover	724.439.788	662.716.949
Other operating income	1.579.686	282.720
Other external costs	<u>-200.681.691</u>	<u>-178.391.562</u>
Gross results	525.337.783	484.608.107
3 Staff costs	-461.611.333	-428.283.174
4 Depreciation and amortisation relating to tangible and intangible fixed assets	<u>-8.651.109</u>	<u>-9.476.406</u>
Operating profit	55.075.341	46.848.527
Income from equity investments in group enterprises	-4.052.454	-4.349.428
Other financial income from group enterprises	237.171	349.903
Other financial income	4.939.970	2.551.400
Other financial costs	<u>-754.037</u>	<u>-3.768.110</u>
Results before tax	55.445.991	41.632.292
5 Tax on ordinary results	<u>-14.512.357</u>	<u>-12.240.803</u>
6 Results for the year	40.933.634	29.391.489

Statement of financial position 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Fixed assets		
7 Acquired concessions, patents, licenses, trademarks and similar rights	0	49.040
8 Goodwill	19.107.678	25.128.887
Intangible fixed assets in total	<u>19.107.678</u>	<u>25.177.927</u>
9 Land and property	6.766.897	6.947.546
10 Other plants, operating assets, and fixtures and furniture	5.492.126	3.439.686
Tangible fixed assets in total	<u>12.259.023</u>	<u>10.387.232</u>
11 Equity investments in group enterprises	18.286.630	16.315.404
12 Amounts owed by group enterprises	0	7.997.776
13 Other securities and equity investments	441.613	441.613
14 Other debtors	10.023.119	7.801.308
Financial fixed assets in total	<u>28.751.362</u>	<u>32.556.101</u>
Fixed assets in total	<u>60.118.063</u>	<u>68.121.260</u>
Current assets		
Trade debtors	152.461.723	139.279.767
15 Work in progress for the account of others	30.339.744	26.231.319
Amounts owed by group enterprises	7.690.610	7.179.464
Receivable corporate tax	0	8.518.817
Other debtors	1.945.768	1.510.471
16 Accrued income and deferred expenses	18.043.178	15.408.288
Debtors in total	<u>210.481.023</u>	<u>198.128.126</u>
Other securities and equity investments	57.175.648	55.774.220
Securities in total	<u>57.175.648</u>	<u>55.774.220</u>
Available funds	68.625.882	48.248.449
Current assets in total	<u>336.282.553</u>	<u>302.150.795</u>
Assets in total	<u>396.400.616</u>	<u>370.272.055</u>

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
17	Contributed capital	2.140.000	2.140.000
	Results brought forward	80.271.816	83.929.352
	Proposed dividend for the financial year	45.000.000	21.400.000
	Equity in total	<u>127.411.816</u>	<u>107.469.352</u>
Provisions			
18	Provisions for deferred tax	71.014.597	60.913.015
19	Other provisions	2.326.262	3.576.262
	Provisions in total	<u>73.340.859</u>	<u>64.489.277</u>
Liabilities			
20	Deposits	226.008	226.008
21	Other debts	19.889.133	5.183.626
	Long-term liabilities in total	<u>20.115.141</u>	<u>5.409.634</u>
	Short-term part of long-term liabilities	930.598	2.679.679
	Bank debts	179.154	218.029
15	Work in progress for the account of others	25.217.024	32.241.690
	Trade creditors	38.568.665	37.147.776
	Corporate tax	2.482.969	0
	Other debts	108.154.390	120.616.618
	Short-term liabilities in total	<u>175.532.800</u>	<u>192.903.792</u>
	Liabilities in total	<u>195.647.941</u>	<u>198.313.426</u>
	Equity and liabilities in total	<u>396.400.616</u>	<u>370.272.055</u>
2 Fee, auditor			
22 Mortgage and securities			
23 Contingencies			
24 Related parties			

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2018	2.112.600	75.763.415	13.203.750	91.079.765
Cash capital increase	27.400	986.226	0	1.013.626
Distributed dividend	0	0	-13.203.750	-13.203.750
Profit or loss for the year brought forward	0	7.991.489	21.400.000	29.391.489
Exchange rate adjustments	0	359.817	0	359.817
Dividends on treasury shares	0	646.250	0	646.250
Acquisition of treasury shares	0	-1.817.845	0	-1.817.845
Equity 1 January 2019	2.140.000	83.929.352	21.400.000	107.469.352
Distributed dividend	0	0	-21.400.000	-21.400.000
Profit or loss for the year brought forward	0	-4.066.366	45.000.000	40.933.634
Exchange rate adjustments	0	295.939	0	295.939
Dividends on treasury shares	0	376.000	0	376.000
Acquisition of treasury shares	0	-263.109	0	-263.109
	2.140.000	80.271.816	45.000.000	127.411.816

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Results for the year	40.933.634	29.391.489
25 Adjustments	21.660.459	26.266.395
26 Change in working capital	<u>-30.939.944</u>	<u>-8.294.878</u>
Cash flow from operating activities before net financials	31.654.149	47.363.006
Interest received and similar amounts	4.939.974	2.551.396
Interest paid and similar amounts	<u>-754.037</u>	<u>-3.768.110</u>
Cash flow from ordinary activities	35.840.086	46.146.292
Corporate tax paid	<u>9.359.858</u>	<u>-15.323.837</u>
Cash flow from operating activities	<u>45.199.944</u>	<u>30.822.455</u>
Purchase of intangible fixed assets	-127.950	0
Sale of intangible fixed assets	0	1
Purchase of tangible fixed assets	-4.508.650	-976.798
Sale of tangible fixed assets	183.949	465.500
Purchase of financial fixed assets	<u>-10.598.973</u>	<u>-2.805.599</u>
Cash flow from investment activities	<u>-15.051.624</u>	<u>-3.316.896</u>
Change of long-term debt	12.956.426	-866.720
Purchase of treasury shares	-263.109	-5.147.277
Sale of treasury shares	0	3.329.432
Cash capital increase	0	1.013.626
Dividend paid	<u>-21.024.000</u>	<u>-12.557.500</u>
Cash flow from financing activities	<u>-8.330.683</u>	<u>-14.228.439</u>
Changes in available funds	<u>21.817.637</u>	<u>13.277.120</u>
Available funds 1 January 2019	<u>103.804.739</u>	<u>90.527.619</u>
Available funds 31 December 2019	<u>125.622.376</u>	<u>103.804.739</u>
Available funds		
Available funds	68.446.728	48.030.519
Securities	<u>57.175.648</u>	<u>55.774.220</u>
Available funds 31 December 2019	<u>125.622.376</u>	<u>103.804.739</u>

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Net turnover		
In accordance with section 96 of the Danish Financial Statements Act, segment information is not disclosed for competitive reasons, as the provision of such specified information may cause significant harm to the company.		
2. Fee, auditor		
Total fee for Christensen Kjarulff, Statsautoriseret Revisionsaktieselskab	<u>938.300</u>	<u>615.000</u>
Fee concerning compulsory audit	320.000	300.000
Tax consultancy	36.300	60.000
Assurance engagements	22.000	40.000
Other services	<u>560.000</u>	<u>215.000</u>
	<u>938.300</u>	<u>615.000</u>
3. Staff costs		
Salaries and wages	447.919.392	415.785.185
Pension costs	8.597.826	7.983.921
Other costs for social security	<u>5.094.115</u>	<u>4.514.068</u>
	<u>461.611.333</u>	<u>428.283.174</u>
Executive board	3.465.014	3.441.954
Board of directors	<u>355.800</u>	<u>175.000</u>
	<u>3.820.814</u>	<u>3.616.954</u>
Average number of employees	<u>724</u>	<u>666</u>

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Depreciation and amortisation relating to tangible and intangible fixed assets		
Amortisation of concessions, patents and licences	49.040	90.561
Amortisation of goodwill	6.149.159	6.021.209
Depreciation on decoration of rented premises	198.591	180.053
Depreciation on buildings	322.006	317.294
Depreciation on plants, operating assets, fixtures and furniture	2.002.598	2.691.768
Profit/loss on sale of tangible assets	-70.285	175.521
	<u>8.651.109</u>	<u>9.476.406</u>
5. Tax on ordinary results		
Tax of the results for the year, parent company	1.633.465	7.042.288
Adjustment for the year of deferred tax	12.614.060	4.612.955
Adjustment of tax for previous years	790	585.560
Other taxes	264.042	0
	<u>14.512.357</u>	<u>12.240.803</u>
6. Proposed distribution of the results		
Dividend for the financial year	45.000.000	21.400.000
Allocated to results brought forward	0	7.991.489
Allocated from results brought forward	-4.066.366	0
Distribution in total	<u>40.933.634</u>	<u>29.391.489</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
7. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 January 2019	1.849.182	1.849.182
Cost 31 December 2019	1.849.182	1.849.182
Amortisation 1 January 2019	-1.800.142	-1.709.581
Amortisation for the year	-49.040	-90.561
Amortisation 31 December 2019	-1.849.182	-1.800.142
Book value 31 December 2019	0	49.040
8. Goodwill		
Cost 1 January 2019	37.157.081	33.063.943
Additions concerning company transfer	0	21.059.369
Additions during the year	127.950	0
Disposals during the year	0	-16.966.231
Cost 31 December 2019	37.285.031	37.157.081
Amortisation and writedown 1 January 2019	-12.028.194	-22.973.215
Amortisation for the year	-6.149.159	-6.021.209
Reversal of amortisation, assets disposed of	0	16.966.230
Amortisation and writedown 31 December 2019	-18.177.353	-12.028.194
Book value 31 December 2019	19.107.678	25.128.887

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
9. Land and property		
Cost 1 January 2019	11.230.977	3.800.799
Additions during the year	<u>141.357</u>	<u>7.430.178</u>
Cost 31 December 2019	<u>11.372.334</u>	<u>11.230.977</u>
Depreciation 1 January 2019	-4.283.431	-777.566
Depreciation on and writedown of additions concerning company transfer	0	-3.188.569
Depreciation for the year	<u>-322.006</u>	<u>-317.296</u>
Depreciation 31 December 2019	<u>-4.605.437</u>	<u>-4.283.431</u>
Book value 31 December 2019	<u>6.766.897</u>	<u>6.947.546</u>
10. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	27.571.056	24.691.260
Additions concerning company transfer	0	4.536.778
Additions during the year	4.367.293	976.798
Disposals during the year	<u>-519.991</u>	<u>-2.633.780</u>
Cost 31 December 2019	<u>31.418.358</u>	<u>27.571.056</u>
Amortisation and writedown 1 January 2019	-24.131.370	-19.152.068
Depreciation on and writedown of additions concerning company transfer	0	-4.100.239
Depreciation for the year	<u>-2.201.189</u>	<u>-2.871.822</u>
Reversal of depreciation, amortisation and writedown, assets disposed of	406.327	1.992.759
Amortisation and writedown 31 December 2019	<u>-25.926.232</u>	<u>-24.131.370</u>
Book value 31 December 2019	<u>5.492.126</u>	<u>3.439.686</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
11. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	41.173.159	63.771.169
Additions during the year	8.368.162	2.276.190
Disposals during the year	<u>0</u>	<u>-24.874.200</u>
Cost 31 December 2019	<u>49.541.321</u>	<u>41.173.159</u>
Revaluations, opening balance 1 January 2019	-19.386.500	-17.317.132
Translation by use of the exchange rate	713.780	606.591
Results for the year before goodwill amortisation	-2.042.287	-2.675.959
Dividend	-2.640.422	0
Other movements in capital	<u>-295.564</u>	<u>0</u>
Revaluation 31 December 2019	<u>-23.650.993</u>	<u>-19.386.500</u>
Amortisation of goodwill, opening balance 1 January 2019	-5.471.255	-3.550.992
Translation by use of exchange rate	-122.276	-318.522
Amortisation of goodwill for the year	<u>-2.010.167</u>	<u>-1.601.741</u>
Depreciation on goodwill 31 December 2019	<u>-7.603.698</u>	<u>-5.471.255</u>
Book value 31 December 2019	<u>18.286.630</u>	<u>16.315.404</u>
The items include goodwill with an amount of	<u>9.394.261</u>	<u>11.163.461</u>
Goodwill is recognised under the item "Additions during the year" with an amount of	<u>0</u>	<u>2.641.257</u>
Group enterprises:		
	Domicile	Share of ownership
MOE Rådgivende Ingeniører AS	Oslo, Norway	100 %
Ejendomsselskabet Næstvedvej 1, Vordingborg ApS	Vordingborg, Denmark	100 %
Pacific Engineering Services HK Ltd.	Hong Kong, China	92 %
PacificTech Solutions Ltd.	Manilla, Philippines	92 %

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
12. Amounts owed by group enterprises		
Cost 1 January 2019	0	3.912.820
Additions during the year	<u>0</u>	<u>4.084.956</u>
Cost 31 December 2019	<u>0</u>	<u>7.997.776</u>
Book value 31 December 2019	<u>0</u>	<u>7.997.776</u>
Specified as follows:		
Amounts owed by Pacific Engineering Services HK Ltd.	<u>0</u>	<u>7.997.776</u>
	<u>0</u>	<u>7.997.776</u>
13. Other securities and equity investments		
Cost 1 January 2019	441.613	10.000
Additions during the year	<u>0</u>	<u>431.613</u>
Cost 31 December 2019	<u>441.613</u>	<u>441.613</u>
Book value 31 December 2019	<u>441.613</u>	<u>441.613</u>
14. Other debtors		
Cost 1 January 2019	7.801.308	7.703.512
Additions during the year	2.230.811	97.796
Disposals during the year	<u>-9.000</u>	<u>0</u>
Cost 31 December 2019	<u>10.023.119</u>	<u>7.801.308</u>
Book value 31 December 2019	<u>10.023.119</u>	<u>7.801.308</u>
Specified as follows:		
Deposits	<u>10.023.119</u>	<u>7.801.308</u>
	<u>10.023.119</u>	<u>7.801.308</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
15. Work in progress for the account of others		
Sales value of the production of the period	1.625.641.672	1.420.628.651
Payments on account received	<u>·1.620.518.952</u>	<u>·1.426.639.022</u>
Work in progress for the account of others, net	<u>5.122.720</u>	<u>-6.010.371</u>
The following is recognised:		
Work in progress for the account of others (Current assets)	30.339.744	26.231.319
Work in progress for the account of others (Short-term liabilities)	<u>-25.217.024</u>	<u>-32.241.690</u>
	<u>5.122.720</u>	<u>-6.010.371</u>
16. Accrued income and deferred expenses		
Accrued income and deferred expenses comprise prepaid insurance, subscriptions and other costs.		
17. Contributed capital		
Contributed capital 1 January 2019	2.140.000	2.112.600
Cash capital increase	<u>0</u>	<u>27.400</u>
	<u>2.140.000</u>	<u>2.140.000</u>
Cash capital increase 2018, DKK 27 thousand		
Cash capital increase 2017, DKK 86 thousand		
Cash capital increase 2015, DKK 20 thousand		

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
18. Provisions for deferred tax		
Provisions for deferred tax 1 January 2019	60.913.015	56.300.060
Deferred tax of the results for the year	12.614.060	4.612.955
Adjustment of international joint taxation	-2.512.478	0
	<u>71.014.597</u>	<u>60.913.015</u>
The following items are subject to deferred tax:		
Intangible fixed assets	0	10.789
Tangible fixed assets	-3.540.659	-3.724.018
Current assets	81.775.590	72.080.944
Debt	-7.220.334	-7.454.700
	<u>71.014.597</u>	<u>60.913.015</u>
19. Other provisions		
Other provisions 1 January 2019	3.576.262	3.730.000
Change of the year in other provisions	-1.250.000	-153.738
	<u>2.326.262</u>	<u>3.576.262</u>
20. Deposits		
Deposits in total	<u>226.008</u>	<u>226.008</u>
21. Other debts		
Other debts in total	20.819.731	7.863.305
Share of amount due within 1 year	-930.598	-2.679.679
Other debts in total	<u>19.889.133</u>	<u>5.183.626</u>
22. Mortgage and securities		
Bank deposits, DKK 138 thousand, at 31 December 2019 have been provided as security for third parties.		

Notes

All amounts in DKK.

23. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operational leasing contracts with a total outstanding leasing payment of DKK 1.406 thousand at 31 December 2019 over the next 4 years.

Lease liabilities:

The company has entered into lease liabilities at 31 December 2019 representing a total liability of DKK 93.897 thousand over the next 10 years.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

24. Related parties

Controlling interest

ARTELIA HOLDING SAS, 2 Avenue Lacassagne, 69003 Lyon, France	Majority shareholder
ARTELIA GLOBAL SAS, 47 Avenue de Lugo, 94600 Choisy le Roi, France.	Parent enterprise

Transactions

All transactions between consolidated enterprises take place on arm's length basis.

Consolidated annual accounts

The company is included in the consolidated annual accounts of ARTELIA HOLDING SAS, 2 Avenue Lacassagne, 69003 Lyon, France. Reg. nr.: 802044776.

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
25. Adjustments		
Depreciation and amortisation	8.651.109	9.476.409
Income from equity investments in group enterprises	4.052.454	4.349.428
Other financial income	-5.177.141	-2.901.303
Other financial costs	754.037	3.768.110
Tax on ordinary results	14.512.357	12.240.803
Other adjustments	-1.132.357	-667.052
	<u>21.660.459</u>	<u>26.266.395</u>
26. Change in working capital		
Change in debtors	-19.522.016	-38.215.196
Change in trade creditors and other liabilities	-11.417.928	29.920.318
	<u>-30.939.944</u>	<u>-8.294.878</u>

Accounting policies

The annual report for MOE A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of MOE A/S and its group enterprises are included in the consolidated annual accounts for ARTELIA HOLDING SAS, Lyon, France, reg. nr. 802044776.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Income statement

Net turnover

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

Other operating income

Other operating income comprises accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Accounting policies

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under amortisation.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 25 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Accounting policies

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset. The depreciation period is fixed at the acquisition date and re-evaluated annually. If the residual value exceeds the book value of the asset, the depreciation expires.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	20-50 years	0-20 %
Technical plants and machinery	5-10 years	0-20 %
Other plants, operating assets, fixtures and furniture	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies

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

Leases

Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Accounting policies

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Other securities and equity investments

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Accounting policies

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

MOE A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, MOE A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

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

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

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Statsautoriseret revisor

On behalf of: Statsaut. revisor - CHRISTENSEN KJÆRULFF

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