

ANNUAL REPORT

2022



Contents

MANAGEMENT'S REVIEW

OVERVIEW

Our business model	04
Milestones	05
The year in figures	06
Letter from the CEO	07
Operating and financial review	09
Financial highlights	15

NEW STRATEGY AND SPECIAL FOCUS AREAS

New strategy	17
Collaboration and partnerships	18
Civil engineering and infrastructure	19
Sustainability	20

OUTLOOK

Outlook for 2023	22
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THE BUSINESS

Portfolio model	23
MT Højgaard Danmark	24
Enemærke & Petersen	25
MT Højgaard International	26
MT Højgaard Property Development	27

THE GROUP

Sustainable >22	29
Corporate social responsibility	32
Risk management	34
Corporate governance	37
Shareholder information	38
Data ethics	39
Executive Board and Board of Directors	40

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Income statement and statement of comprehensive income	46
Balance sheet	47
Statement of cash flows	48
Statement of changes in equity, Group	49
Notes	50

PARENT COMPANY'S FINANCIAL STATEMENTS

Statement by the Executive Board and the Board of Directors	109
Independent auditor's report	110

NEW STRATEGY

The Group wants to contribute to the use of sustainable solutions in the built environment through collaboration and high professional standards. >

[Read more on page 17](#)



LETTER FROM THE CEO

2022 was a good year, and we continue building on stronger foundations.

[Read more on page 7 >](#)

BUSINESS AREAS

Strong, independent business units constitute the core of the Group.

[See their financial results on pages 24-27 >](#)



This annual report covers MT Højgaard Holding A/S and has been published in both Danish and English. In case of any discrepancy between the two versions, or in case of any doubt, the Danish version will take precedence.

CONSOLIDATED FINANCIAL STATEMENTS

The Group delivered the expected results in terms of revenue and earnings.

[Read more on page 44 >](#)

FRONT PAGE

MT Højgaard Danmark's construction of DSB's new workshop at Godsbanegården in Copenhagen is well under way. On completion in 2024, the workshop will be used for repairing and providing services for the newly acquired electric trains which will replace DSB's diesel trains in the coming years. MT Højgaard Danmark is carrying out similar projects in Næstved and Aarhus.



Overview

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BELLAHØJ REFURBISHMENT

The iconic high-rise blocks at Bellahøj are to be refurbished. Enemærke & Petersen's refurbishment of six residential blocks is well under way. The refurbishment project includes a complete replacement of facades and refurbishment of kitchens/bathrooms. It will take about a year to refurbish each block.

Photographer:
Jonathan Weimar

TERMS USED IN THE REPORT

In the annual report, "Operating profit/(loss) before special items" is generally defined as operating profit/(loss) before special items and special amortisation (goodwill and write-ups), see note 1.

Except for balance sheet, cash flows and related financial ratios, comparative figures for 2021 have been restated to reflect the expected sale of Scandi Byg.

Our business model

RESOURCES

EXPERTISE

Dedicated employees with solid expertise in civil engineering and construction processes create healthy high quality projects.

MATERIALS

Holistic thinking about materials and their use creates responsible and sustainable solutions.

SUSTAINABILITY

Active responsibility for the green and responsible transition of the construction industry. Sustainability targets for the projects are identified and set up.

PARTNERSHIPS

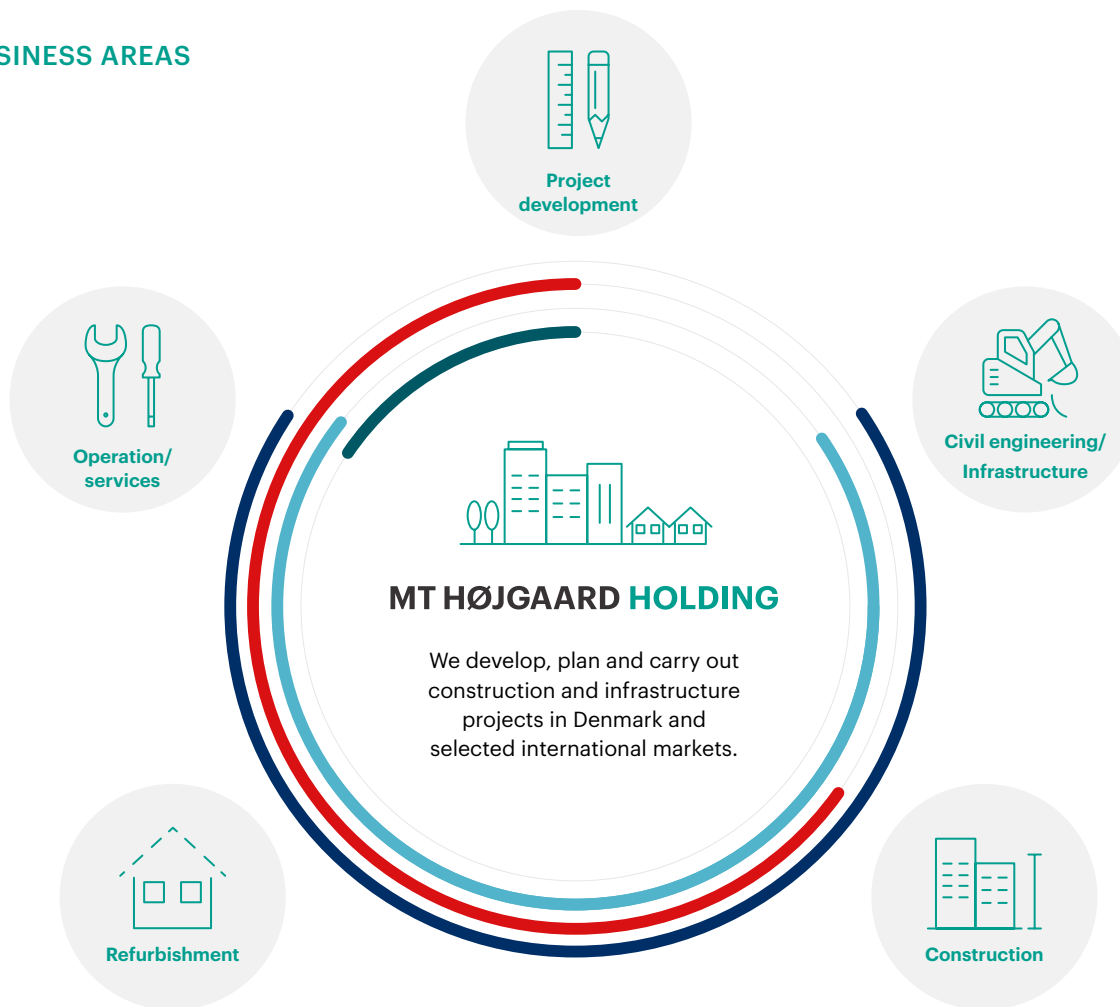
Strategic and stable partnerships are paramount to minimising risks and handling over high-value projects.

CAPITAL

Capital is raised through our operations and credit facilities. We develop some projects in-house.



BUSINESS AREAS



VALUE CREATION

VALUE FOR CUSTOMERS

High quality projects in close and binding collaboration across the value chain and between public and private clients.

VALUE FOR SOCIETY

Resource-efficient creation of a future-proof and responsible framework for the physical spaces we live in and the infrastructure which provides social cohesion.

VALUE FOR OWNERS

Continuous value creation for owners through stable economic growth and results combined with strategic ambitions.

VALUE FOR EMPLOYEES

An innovative group providing development and learning opportunities and offering the employees the opportunity of being involved in iconic construction projects which will shape Denmark for generations.



Milestones 2022

MARCH 2022

MT Højgaard Danmark signed contract for the Water Culture House

445 DKK million



Henrik Mielke took up position as Group CEO

Enemærke & Petersen signed contract for the Køge Kyst project, phase 2

563 DKK million

AUGUST 2022

MT Højgaard Danmark signed a number of major infrastructure project agreements:

- New bridge across Guldborgsund worth **DKK 509 million**
- Green workshops for DSB in Næstved worth **DKK 1.3 billion**
- Construction of North Harbour Tunnel



DECEMBER

MT Højgaard Holding initiated sales process for Scandi Byg



Rasmus Untidt took up position as Group CFO

MT Højgaard Danmark signed contract for new communal building for Arbejdernes Landsbank

482 DKK million

MAY 2022

MT Højgaard Property Development celebrated the laying of foundation stone at the Dalum Paper Factory

JULY 2022

MT Højgaard Danmark signed agreement for refurbishment of Psychiatric Hospital, Aarhus

JUNE 2022

MT Højgaard International handed over the Hising Bridge in Gothenburg



Enemærke & Petersen and its &os partners extended their partnership with KAB for two years.

OCTOBER 2022

MT Højgaard Danmark won construction project for wind power transformer station for RWE

190 DKK million

Enemærke & Petersen celebrated that the last MGO board had been replaced in the Vapnagaard residential development in Helsingør

NOVEMBER 2022

MT Højgaard Danmark signed contract with DSB for green workshops for electric trains in Aarhus

1.3 DKK billion

MT Højgaard Projektudvikling changed its name to MT Højgaard Property Development

Enemærke & Petersen signed contract for refurbishment of Bøgeparken under the Liva/Civica partnership

355 DKK million

The year in figures

MT Højgaard Holding's revenue and earnings improved for the fourth year in a row, matching the Group's financial outlook as announced in December 2022.

Figures have been adjusted to reflect the sale of Scandi Byg.

DALUM KLOSTER

In the autumn of 2022, MT Højgaard Property Development acquired Dalum Kloster, a historical property situated next to the Dalum Paper Factory where MT Højgaard Property Development is already in the process of developing a large residential area.



REVENUE

8.7 DKK billion

Revenue increased by 24%, driven by high double-digit growth in MT Højgaard Denmark and Enemærke & Petersen. Organic growth was 21%.

ORDER INTAKE

11.9 DKK billion

Order intake was DKK 2 billion or 20% higher than in 2021 (excluding the North Harbour Tunnel). 54% of order intake came from strategic construction partnerships and other collaboration projects.

ORDER BOOK

13.9 DKK billion

The order book rose by 30% to an all-time high. To this figure should be added awarded but not yet contracted orders worth DKK 1.4 billion and contributions from strategic construction partnerships with an estimated value of DKK 5.5 billion.

OPERATING PROFIT BEFORE SPECIAL ITEMS

276 DKK million

Operating profit before special items and special amortisation increased by 60% compared to 2021, and the operating margin improved from 2.5% to 3.2%. The improvement was mainly attributable to MT Højgaard Denmark, which multiplied its operating result by ten.

OUTLOOK FOR 2023

300-325 DKK million

In 2023, the MT Højgaard Holding Group expects an operating profit before special items and special amortisation of DKK 300-325 million and a revenue of around DKK 9.0-9.5 billion.

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From the left:
Group CFO
Rasmus Untidt,
Chairman of
the Board of Directors
Carsten Dilling and
Group CEO Henrik Mielke

We continue building on stronger foundations

After several years of smooth sailing in the Danish construction and civil engineering market, the tide turned in 2022, and we were really put to the test. We passed the test in Denmark, our main market, but we were up against challenges internationally.

“

We have applied the finishing touches to the new strategy towards 2025, where we will continue to build on our progress in the past years.

POSITIVE DEVELOPMENT IN CHALLENGING YEAR

The conditions for carrying on contracting business deteriorated over the course of 2022. Therefore, it is particularly positive that, in 2022, MT Højgaard Holding improved its operating result for the fourth year in a row. After a 24% growth in revenue, operating profit before special items increased by 60% to DKK 276 million. We delivered on expectations – actually we slightly exceeded them – and proved that our business has become more robust.

The Danish business units – which make up 90% of the Group – performed well in a difficult year, and the performance curve of MT Højgaard Danmark, in particular, was on the rise. Our managers and employees were very good at handling market challenges, and our order book grew to an all-time high. The positive development in order intake was mainly attributable to our competitiveness, but also to the fact that more clients accepted our invitation to participate in partnerships allowing for close collaboration between clients, consultants and contractors.

INTERNATIONAL CHALLENGES

Although we passed the test in the Danish main market, we were still up against challenges internationally. We therefore had to write down the value of projects and goodwill and write-ups in connection with acquisitions, and in spite of our reorganisation, the results were not satisfactory.

In 2023, our main task will be to bring MT Højgaard International back on track and foster sustainable businesses in the few and carefully selected international markets where we have special expertise and critical mass.

STRATEGY 2025: “BUILDING ON”

We have applied the finishing touches to the Group's new strategy for 2023-2025 and on page 17 of the report, we present a number of the directions and targets set out in the new strategy.

We call our new strategy: “Building on”, and this is to be understood quite literally. We will continue building on the basis of the achievements made in the past three years with the Sustainable >22 strategy, which has helped us to achieve a good deal of our targets. The business units are now standing in their own right with clearly defined responsibilities; operations and earnings have improved significantly; project and risk management has been strengthened; we have costs under control; and we have succeeded in placing collaboration on the agenda – both internally and externally.

EXPANSION OF PORTFOLIO

Acquisition of companies within our core areas is one of the tools available under the new strategy. Acquisitions may help accelerate the development of our existing activities for the purpose of further strengthening our offerings to customers and the market.

In recent years, our acquisitions of Raunstrup and NemByg have been successful. However, we have also chosen to sell the business units of which we were not the best owner: Lindpro in 2020, Ajos in 2021 and most recently the expected sale of Scandi Byg in 2023. In spite of these substantial divestments, the Group has expanded in the past three years, and our profit has tripled, simply because we have focussed on the activities where we are most likely to create value.

Furthermore, we develop our business on a continuing basis through the achievement of special expertise in new areas and the development of new services and business models.

FOUR FOCUS AREAS OF THE NEW STRATEGY

In the years to come, we will continue building on those strong foundations. We will create further growth, challenge the status quo, differentiate ourselves and create results in the four focus areas: Economy, Market, Climate and environment and People.

We aim to maintain healthy and stable growth. Our ambition is that the average annual growth in operating result should exceed the growth in revenue, thus improving profitability. We will also strengthen our return on invested capital to increase our financial latitude.

This will be achieved by us being the preferred business partner in the markets where we can make a difference and create maximum value. We will reinforce our leading position within collaboration and partnership projects and strengthen our activities within civil engineering and infrastructure and assign a more important role to building services.

At the same time, we will speed up our efforts to create and document sustainable solutions. We will assume responsibility for the green transition by setting clear targets for projects and for the Group as a whole. We will contribute to boosting industry ambitions and rethink the way in which we construct and use buildings.

We also have the ambition of being a preferred workplace which provides employees with the best framework for development and for making a difference in society and which offers room for diversity in an environment that promotes and recognises commitment.

GROWTH IN 2023

We expect that conditions in the Danish construction and civil engineering industry will be very challenging in 2023. On the one hand, it seems that the prices of energy and building

materials have peaked and that the pressure on the supply of building materials and labour is no longer so high. But on the other hand, both private and social housing clients are somewhat reluctant to launch new projects due to rising interest rates, high inflation, low consumer confidence and general economic uncertainty.

In spite of those challenges, we expect that MT Højgaard Holding will continue to grow in 2023, helped along by a solid order book, strong partnerships and collaboration agreements as well as high exposure to the market sectors with actual demand for civil engineering and infrastructure projects, green transition projects, etc. We therefore expect revenue of DKK 9.0-9.5 billion and an operating profit before special items of DKK 300-325 million.

In 2023, we will continue to build the Group's positive momentum and do our best to live up to the confidence that our customers, business partners and investors display in us. Finally, we would like to thank the Group's more than 2,700 employees for their great efforts, commitment and determination which form the basis for the Group's success every day.

We look forward to building on!

Carsten Dilling

Chairman of the Board of Directors

Henrik Mielke

CEO

Rasmus Untidt

CFO

Operating and financial review

As expected, MT Højgaard Holding improved its operating result for 2022 for the fourth year in a row, in spite of more challenging market conditions.

SALE OF SCANDI BYG

Scandi Byg is not included in Group revenue and operating profit for 2022, but is reported as discontinuing operations. Comparative figures have been adjusted. After a strategic review, MT Højgaard Holding decided in December 2022 to initiate a process to sell Scandi Byg and, in January 2023, MT Højgaard Holding entered into a binding collaboration and an option agreement concerning the sale of Scandi Byg to Nordic Wood Industries. The option must be exercised on 16 October 2023 at the latest, see company announcement no. 1/2023.

FOURTH-QUARTER RESULTS

The fourth quarter became the best quarter in many years, with a high activity level, healthy earnings and increasing order intake.

Revenue rose by 18% to DKK 2.6 billion, driven by double-digit growth in the two largest business units, MT Højgaard Danmark and Enemærke & Petersen.

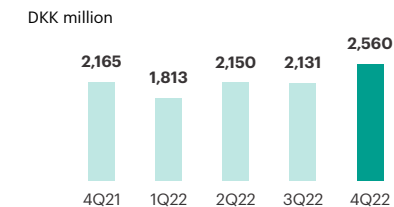
Operating profit before special items increased by 26% to DKK 108 million, and the operating margin rose from 4.0% to 4.2% – the best quarterly margin for many years.

MT Højgaard Danmark continued to improve its earnings, and the earnings of MT Højgaard Property Development (formerly MT Højgaard Projektudvikling) increased after the sale of projects, including the Dalum Paper Factory project and projects in the South Harbour of Copenhagen.

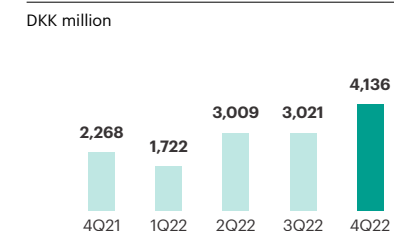
Enemærke & Petersen's earnings of DKK 41 million were lower than in the fourth quarter of 2021, but still at a satisfactory level. In contrast, MT Højgaard International recorded an unsatisfactory loss of DKK 28 million on the activities in Greenland and due to the closing down of the activities on the Faroe Islands, which led to substantial project write-downs. Furthermore, the goodwill and write-ups from the activities acquired in the North Atlantic region were written down by DKK 44 million.

In spite of the slowdown of the Danish main market, Group order intake in the fourth quarter was the highest for many years: DKK 4.1 billion after 82% growth, compared with the fourth quarter of 2021.

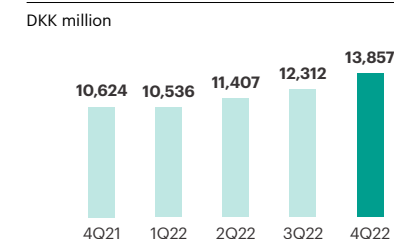
REVENUE



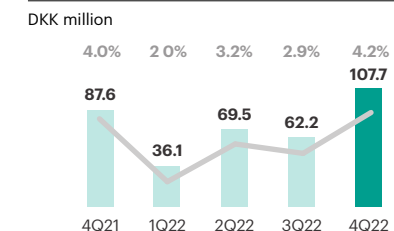
ORDER INTAKE



ORDER BOOK



OPERATING PROFIT (BEFORE SPECIAL ITEMS)



Amounts in DKK million	2022				2021			
	Revenue	Operating profit/ (loss) before special items	Order intake	Order book	Revenue	Operating profit/ (loss) before special items	Order intake	Order book
MT Højgaard Danmark	4,277	156.8	7,157	7,374	3,091	15.6	4,415	4,494
Enemærke & Petersen	3,650	150.5	4,173	5,670	2,835	152.4	4,326	5,147
MT Højgaard International	720	-37.1	352	614	860	0.7	782	982
MT Højgaard Property Development	489	30.7	437	472	494	23.1	1,013	525
Other, including eliminations of intragroup revenue	-482	-25.4	-231	-274	-314	-19.5	-658	-523
MT Højgaard Holding Group*	8,654	275.5	11,888	13,857	6,966	172.3	9,877	10,624

* Continuing activities

The earnings of MT Højgaard Holding's Danish activities were somewhat affected by the volatile prices of materials and energy.

FULL-YEAR RESULTS

Group full-year revenue rose by 24% to DKK 8.7 billion, matching the expected revenue of around DKK 8.5 billion.

Operating profit before special items rose by 60% to DKK 276 million, matching the expected operating profit of around DKK 260 million.

These positive results were achieved in spite of the market becoming more and more challenging over the course of the year. The first half of 2022 was affected by explosive price rises, scarce materials, such as iron, steel, wood, timber and aluminium, and extreme energy price rises which further increased production and transport costs. Consequently, a number of planned public and social housing projects were cancelled since they could not be executed within the economic framework.

In the second half of the year, the prices of raw materials and energy somewhat stabilised, but still remained at a high level. However, at the same time the all-time high inflation, the rising interest rates and the prospect of economic recession started to affect client demand. There were several examples of awarded contracts being cancelled or put out to tender again, and the number of bankruptcies in the construction industry increased significantly.

The earnings generated by MT Højgaard Holding's Danish activities were somewhat affected

by the volatile prices of materials and energy. However, by virtue of our close collaboration with clients, suppliers and others, the Group succeeded in taking remedial initiatives, but not all price rises could be offset by the contingency reserves, the clients' willingness to collaborate or the adjustment mechanisms incorporated into the vast majority of Danish contracts.

MT Højgaard Holding's Danish business units did not have any confirmed orders cancelled, but a number of planned but not yet contracted orders or project sales were either postponed or cancelled.

The prices of raw materials had a larger effect on MT Højgaard International since a number of the international contracts do not include the same adjustment mechanisms as the Danish contracts. During the year, new initiatives were taken to improve earnings internationally, e.g. through reorganisation and process improvements on the Faroe Islands and in Greenland.

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NORTH HARBOUR TUNNEL, COPENHAGEN

Critical infrastructure is one of the Group's growth areas. In 2022, MT Højgaard Danmark was awarded the North Harbour Tunnel project in Copenhagen, which will be constructed in a joint venture with BESIX. This project will really take off in 2023.



ORDER INTAKE

Although demand in the Danish construction and civil engineering market declined, particularly in the second half of 2022, MT Højgaard Holding experienced an increased order intake throughout the year. The business units contracted new orders and extra works amounting to DKK 11.9 billion, up 20% on 2021. The figure for 2022 does not include MT Højgaard Danmark's share of the North Harbour Tunnel project (DKK 1.3 billion) which is being constructed in a joint venture.

54% of order intake came from the strategic construction partnerships with the City of

Copenhagen, the Capital Region of Denmark, Civica and KAB and from various other collaboration projects, including IPD projects, dialogue-based tenders, projects with early involvement and phased tenders.

The high percentage underlines the importance of MT Højgaard Danmark's and Enemærke & Petersen's multi-year focus on close collaboration with clients and consultants. This focus is even more important at a time when the actual tendering market is slowing down and an increasing number of large clients prefer to enter into contracts directly with solid contracting companies having strong collaboration skills.

MT Højgaard Danmark's order intake of DKK 7.2 billion was 62% higher than in 2021. MT Højgaard Danmark benefitted from the demand for critical infrastructure and other civil engineering projects where the business unit has solid expertise and many years of experience. Civil engineering and infrastructure projects, such as bridges, green energy, harbours as well as workshops and railway facilities for electric trains, made up about half of the orders received.

Enemærke & Petersen recorded a robust order intake of DKK 4.2 billion, down 4% on

2021. The primary reason for the decline was that last year's order intake had been lifted by the acquisitions of Raunstrup and NemByg. MT Højgaard International's order intake decreased by 55% to DKK 352 million, while the order intake of MT Højgaard Property Development decreased by 57% to DKK 437 million.

SELECTED, MAJOR PROJECTS IN THE GROUP IN 2022

Company	Project	Order type	Amount
MT Højgaard Danmark	The North Harbour Tunnel in Copenhagen for the Danish Road Directorate (joint venture with BESIX)	Invitation to tender	DKK 1.3 billion (MTH share)
MT Højgaard Danmark	DSB workshop with railway facilities in Aarhus	Phased tender	DKK 1.3 billion
MT Højgaard Danmark	DSB workshop with railway facilities in Næstved	Phased tender	DKK 1.3 billion
MT Højgaard Danmark	Production facilities as well as conversion and extension works for Novo Nordisk	Collaboration-based contract	DKK 515 million for MTH DK
Enemærke & Petersen	Housing development for PensionDanmark in Køge	IPD project	DKK 563 million
MT Højgaard Danmark	Railway bridge across Guldborgsund for Banedanmark	Invitation to tender	DKK 509 million
MT Højgaard Danmark and MT Højgaard Property Development	Communal building for Arbejdernes Landsbank in Copenhagen	Bid	DKK 482 million
MT Højgaard Danmark	The Water Culture House on Paper Island in Copenhagen for Ejendomsfonden	Phased tender	DKK 445 million
Enemærke & Petersen	Refurbishment of Bøgeparken in Odense for Civica	Strategic partnership (Liva)	DKK 355 million
MT Højgaard Danmark	B313 Climate Challenge Laboratory for DTU in Lyngby	Collaboration project, dialogue-based tender	DKK 345 million

COLLABORATION

Collaboration, construction partnerships and collaboration projects are key words in the strategic development of the Group.



ORDER BOOK

After several quarters of stable, high order intake, the total order book of final, unconditional orders reached an all-time high of DKK 13.9 billion, corresponding to a 30% increase in one year.

MT Højgaard Danmark's order book rose by 64% to DKK 7.4 billion, excluding the share of DKK 1.3 billion of the North Harbour Tunnel project which is carried out in a joint venture. Enemærke & Petersen's order book grew by 10% to DKK 5.7 billion, while MT Højgaard International's order book decreased by 38% to DKK 614 million. Finally, MT Højgaard Property Development had an order book of DKK 472 million, 10% lower than in 2021.

In addition to the DKK 13.9 billion order book, the Group had orders awarded but not yet contracted worth a total of DKK 1.4 billion (2021: DKK 3.8 billion). The decrease mainly reflected the final award of orders worth DKK 2.6 billion under two large phased agreements with DSB. MT Højgaard International won new orders in Greenland in the fourth quarter which have not yet been contracted.

DEVELOPMENT IN THE ORDER BOOK

Amounts in DKK million

	4Q22	4Q21	2022	2021
Order book, beginning of period	12,281	10,521	10,624	7,713
Order intake during the period	4,136	2,268	11,888	9,877
Production during the period	2,560	2,165	8,654	6,966
Order book, end of period	13,857	10,624	13,857	10,624

To this figure should be added the value of future projects under the strategic partnerships with Civica, the Capital Region of Denmark, the City of Copenhagen and KAB. The activities of these partnerships will have a potential value of around DKK 5.5 billion. In June, Enemærke & Petersen and its &os partners extended their partnership with KAB for two more years. According to KAB, the revenue to be generated under this partnership is expected to be around DKK 400 million until 2025.

REDUCED RISK

In 2022, MT Højgaard Holding continued its efforts to reduce total risks in spite of the growth in both business volume and order book.

Most noticeably is the significant growth in the number of collaboration projects where MT Højgaard Danmark and Enemærke & Petersen together with clients, architects and other consultants prepare project proposals and make sure that projects are buildable before project start-up. In that way, the construction process becomes predictable all the way from idea to handover of the finished project, and the resulting transparency reduces the risk of disputes and budget overruns. Up until

now, no collaboration projects or strategic construction partnerships have been affected by disputes or conflicts.

On the Faroe Islands, the last five disputes were resolved and all related payments made in 2022 – an important step in the closing-down of activities, except for RTS Contractors. In Denmark, the efforts to settle or resolve old disputes also progressed well, especially in MT Højgaard Danmark. However, this did not apply to the disputes concerning the Niels Bohr Institute, the New Aalborg University Hospital and the Gødstrup Regional Hospital where the public-sector clients were still unwilling to engage in mediation.

In 2022, the Group closed the last of the 29 cases relating to the replacement of MgO boards that had commenced in 2018 when, in an unexpected change of practice, the Danish Building and Construction Arbitration Board had placed the liability for the use of the moisture-soaking boards on contractors. All works were completed without exceeding the original provisions of just under DKK 400 million, and all the employees who had been working on this were freed up for income-generating work.

ACCOUNTING FIGURES IN GENERAL

Scandi Byg is not included in Group revenue and operating profit for 2022, but is reported as discontinuing operations. Comparative figures for 2021 have been adjusted to reflect the expected sale of Scandi Byg and the sale of the Ajos activities in 2021. Comparative figures are shown in parenthesis.

REVENUE IN 2022

Group revenue increased by 24% to DKK 8.7 billion. Organic growth was 21%, and the remaining growth was attributable to the full-year effect of the acquisitions of Raunstrup and NemByg in 2021.

The Group's two largest business units both generated double-digit growth. MT Højgaard Danmark's revenue grew by 38%, and Enemærke & Petersen reported 29% growth, of which the acquisitions of Raunstrup and NemByg contributed two thirds.

MT Højgaard Property Development's revenue reached the 2021 level, while MT Højgaard International's revenue decreased by 15%.

25% of Group revenue was generated by strategic construction partnerships and other collaboration projects. This percentage is expected to increase in the future, driven by the high order intake in this area.

RESULTS FOR 2022

MT Højgaard Holding's operating profit before special items increased by 60% to DKK 276 million (2021: DKK 172 million), and the operating margin improved from 2.5% to 3.2%.

MT Højgaard Danmark, in particular, contributed to the improvement by multiplying its operating profit by ten to DKK 157 million and by increasing its operating margin to 3.7%, up from 0.5% in 2021. The increase was driven by increasing activity, better capacity utilisation, higher margins and lower write-downs.



RAUNSTRUP BUILDING SERVICE

Enemærke & Petersen's subsidiary Raunstrup expanded its capacity within building services in 2022, opening new departments several places in Denmark.

Enemærke & Petersen's operating profit of DKK 151 million remained almost unchanged compared to 2021. NemByg made solid contributions, while the total revenue generated by the business unit was affected by a few projects with low profitability. However, the operating margin of 4.1% was still satisfactory.

MT Højgaard Property Development increased its operating profit by 33% to DKK 31 million, and the operating margin rose from 4.7% to 6.3%. In contrast, MT Højgaard International's operating profit decreased by DKK 38 million compared to 2021, thus resulting in a negative operating margin of 5.0%, against 0.1% in 2021.

The Group's gross profit of DKK 626 million resulted in a stable gross margin of 7.2% in spite of large write-downs of activities in the North Atlantic region, particularly in the fourth quarter. The write-downs depressed operating profit by DKK 95 million net (2021: DKK 70 million), of which two thirds were related to Greenland and the closing down on the Faroe Islands.

Total selling and bidding costs decreased by 6% to DKK 144 million. The decrease was partly due to the fact that expenses relating to a few collaboration projects were covered by the customer. Selling and bidding costs as a percentage of revenue decreased to 1.7% (2021: 2.2%).

Administrative expenses increased by 5% to DKK 221 million, partly as a result of acquisitions. Costs as a percentage of revenue decreased to 2.6% (2021: 3.0%) as a result of economies of scale.

The profit from joint ventures was DKK 16 million (2021: DKK 43 million). The Portuguese company Seth recorded lower earnings, and, in 2021, MT Højgaard Property Development had also recorded proceeds from the sale of equity interests in four PPP companies.

Special items were recorded as an expense of DKK 9 million, and they were related to MT Højgaard International's organisation, especially the closing-down on the Faroe Islands and the write-down of a lease asset (the lease of the Søborg head office). In 2021, special items were recognised as an expense of DKK 12 million after write-down of an ERP asset in MT Højgaard Danmark.

Special amortisation was recognised as an expense of DKK 85 million (2021: DKK 38 million). This includes normal PPA amortisation of DKK 27 million and write-downs of DKK 58 million relating to goodwill and write-ups in Greenland and on the Faroe Islands.

After the large write-downs – which had no effect on cash flows – EBIT reached DKK 182 million (2021: DKK 123 million), and the EBIT margin improved to 2.1%, up from 1.8% in 2021. Return on invested capital (ROIC) was 20.0% (2021: 14.6%).

Net financials were an expense of DKK 86 million (2021: DKK 33 million). The substantial increase

mainly reflected an adjustment of the liability concerning the purchase of another 40% of the shares in the well-earning NemByg in 2024 and higher interest expenses relating to mortgage debt.

After a tax revenue of DKK 34 million (2021: DKK 41 million), primarily resulting from a reversal of write-downs of deferred tax assets made in previous years, net profit for the year from continuing operations was DKK 130 million (2021: DKK 131 million).

The operating result after tax from discontinuing operations was a loss of DKK 118 million, compared to a loss of DKK 13 million in 2021. This figure includes the operating loss of Scandi Byg of DKK 58 million, write-downs of the Scandi Byg assets to a fair value of DKK 38 million and adjustments concerning the sale of the Ajos activities, including a loss of DKK 22 million on the sale of a building plot.

In 2022, Scandi Byg recorded a revenue of DKK 342 million, which was 9.5% lower than in 2021. The decrease was mainly due to a very low order book at the beginning of the year. The result for the year after tax was a loss of DKK 88 million in 2022, which was a negative result compared with a profit of DKK 1 million in 2021. 2022 was highly affected by price rises in the construction industry and the low order book at the beginning of the year.

The net result was thus a profit of DKK 12 million (2021: a profit of DKK 118 million). The Board of Directors recommends that the loss be transferred to reserves.

BALANCE SHEET

The balance sheet total increased by 10% in 2022 to DKK 4.8 billion due to the Group's increasing level of activity.

Intangible assets, property, plant and equipment and lease assets totalled DKK 1.0 billion (2021: DKK 1.2 billion). The decrease was mainly due to write-downs relating to goodwill and write-ups.

The value of building plots and properties developed in-house for resale rose to DKK 0.4 billion (2021: DKK 0.3 billion) following the acquisition of two plots for existing urban district projects. The focus on reducing the capital tied up in the portfolio of building plots continues.

Total receivables amounted to DKK 2.0 billion, compared to DKK 1.9 billion at the end of 2021. The increase reflected the higher level of activity.

Construction contracts in progress were a liability item of DKK 532 million net (2021: DKK 448 million), while trade payables amounted to DKK 1,384 million, against DKK 996 million in 2021, mainly due to the higher activity in MT Højgaard Danmark and Enemærke & Petersen.

Total working capital, excluding plots for resale, amounted to DKK 4 million (2021: DKK 126 million). The change was mainly due to higher trade payables, which were only partially offset by higher trade receivables.

The Group's net interest-bearing debt (NIBD) decreased to DKK 548 million, from DKK 668 million in 2021.

EQUITY

Equity increased to DKK 751 million (2021: DKK 737 million). The solvency ratio was 15.3% (2021: 16.6%) and including a subordinated loan of DKK 400 million from Knud Højgaards Fond, the solvency ratio was 23.7% (2021: 25.8%).

CASH FLOWS

Operating activities generated a cash inflow of DKK 213 million (2021: DKK 59 million). This increase reflected the change in working capital and included the payment of deferred A-taxes and labour market contributions for 2021.

Investing activities generated a cash outflow of DKK 32 million (2021: a cash inflow of DKK 385 million). This change mainly reflected the significant proceeds earned in 2021 from the sale of the Ajos activities and equity interests in PPP companies as well as other activities.

Financing activities generated a cash outflow of DKK 47 million (2021: DKK 358 million). The decrease was mainly due to the repayments on lease debt in 2021 in connection with the sale of the Ajos activities, lower repayments on lease debt and the taking out of mortgages in 2022. The purchase of treasury shares amounted to DKK 2 million (2021: DKK 19 million).

The net increase in cash and cash equivalents amounted to DKK 134 million (2021: DKK 85 million), and cash and cash equivalents improved to DKK 386 million (2021: DKK 252 million).

MT HØJGAARD HOLDING A/S

The parent company is in charge of a variety of Group functions, including finance, strategy,

business development, sustainability, Group purchases, investor relations, IT and legal affairs. In 2022, the EBIT reported by the parent company was a loss of DKK 33 million (2021: a loss of DKK 13 million), a profit of subsidiaries DKK 61 million (2021: DKK 152 million) and profit for the year was DKK 12 million (2021: DKK 118 million). The total assets of the parent company made up DKK 3,134 million (2021: DKK 2,837 million) and the equity was DKK 734 million (2021: DKK 721 million).

A negative EBIT of around DKK 30-35 million is expected for 2023.

CAPITAL RESOURCES

In the opinion of the Board of Directors, total capital resources will be adequate to cover

the planned level of activity and realise the strategic plans. The focus to strengthen the Group's financial latitude is maintained.

EVENTS AFTER REPORTING DATE

In January 2023, MT Højgaard Holding entered into a binding collaboration and an option agreement concerning the sale of Scandi Byg to Nordic Wood Industries. The buyer must exercise the option on 16 October 2023 at the latest. The transaction is subject to approval from the competition authorities.

No other material events have arisen between the reporting date and the date of publication of the annual report that have not already been included herein or have a material effect on the assessment of the Group's financial position.



FJÆLLEBRO

Concrete specialists from MT Højgaard Danmark renovated the 180-year-old fauna passage under the railway line at Fjællebro on Zealand.

Consolidated financial highlights

Amounts in DKK million	2022	2021*	2020	2019	2018	Amounts in DKK million	2022	2021*	2020	2019	2018
INCOME STATEMENT						OTHER INFORMATION					
Revenue	8,654	6,966	5,780	4,672	58	Order intake	11,888	9,877	7,370	5,061	-
Gross profit/(loss)	626	495	435	185	12	Order book, year-end	13,857	10,624	8,015	6,595	-
Operating profit/(loss) before special items	276	172	104	77	6	Working capital	4	126	-142	-119	-
Special items	-93	-49	-71	-100	-	Net interest-bearing deposit/debt (+/-)	-548	-668	-823	-967	-16
EBIT	182	123	33	-23	6	Average invested capital incl. goodwill	1,352	1,426	1,468	1,123	-
Net financials	-86	-33	-44	112	13	Average number of employees	2,774	2,536	2,595	2,178	29
Net profit/(loss) for the year from continuing operations	130	131	4	62	-						
Net profit/(loss) for the year from discontinued operations	-118	-13	97	4	-	FINANCIAL HIGHLIGHTS, %					
Net profit/(loss) for the year	12	118	101	66	-300	Gross margin	7.2	7.1	7.5	5.4	20.7
						Operating margin before special items	3.2	2.5	1.8	0.3	
						EBIT margin	2.1	1.8	0.6	-0.5	10.3
						Return on invested capital incl. goodwill (ROIC)	20.0	14.6	10.4	10.7	-
						Return on invested capital incl. goodwill after tax	15.6	11.4	8.1	8.3	-
						Return on equity (ROE)	1.6	17.7	18.0	17.4	-97.2
						Solvency ratio	15.3	16.6	15.2	11.5	86.8
						Solvency ratio incl. subordinated loan	23.7	25.8	25.2	20.6	86.8
BALANCE SHEET						SHARE-RELATED RATIOS					
Non-current assets	1,270	1,453	1,647	1,937	207	Number of shares at year-end, million shares	7.8	7.8	7.8	7.8	4.2
Current assets	3,519	2,886	2,363	2,471	12	Earnings per share (EPS), DKK	1.5	15.2	12.9	8.8	-71.4
Total assets	4,789	4,339	4,010	4,408	219	Diluted earnings per share (EPS-D), DKK	1.5	15.1	12.9	8.8	-71.4
Share capital	156	156	156	156	84	Earnings per share from continuing operations, DKK	16.9	17.0	0.4	8.2	-71.4
Equity	751	737	624	521	190	Diluted earnings per share from continuing operations, DKK	16.6	16.9	0.4	8.2	-71.4
Non-current liabilities	988	1,151	1,150	1,233	27	Book value per share, DKK	94.1	92.4	78.2	65.0	45.2
Current liabilities	3,050	2,451	2,235	2,653	1	Total market capitalisation, DKK million	1,133	1,698	1,324	650	245
CASH FLOW											
Cash flows from operating activities	213	59	137	123	-17						
Cash flows for investing activities, net	-32	385	159	-202	28						
Of which for investments in property, plant and equipment	-76	-239	-84	-134	-						
Cash flows from financing activities	-47	-358	-134	83	-						
Net increase (decrease) in cash and cash equivalents	134	85	161	5	11						

Please note that the financial highlights for the MT Højgaard Holding Group for the year 2018 are for Højgaard Holding A/S, and figures for 2019 cover the period 5 April 2019 to 31 December 2019 for the MT Højgaard Holding Group. Financial highlights have not been restated to reflect IFRS 16 for 2018. Financial ratios have been calculated in accordance with CFA Society Denmark's "Recommendations and Financial highlights", and are defined on page 89 in the notes under accounting policies. Operating profit/(loss) before special items is used as an alternative performance measure for the MT Højgaard Holding Group to provide a more accurate picture of the Group's total ordinary operating activities. Special items and special amortisation, which consists of amortisation of the write-ups as a result of purchase price allocations, have been eliminated from the performance measure used.

* Except for balance sheet, cash flows and related financial ratios, comparative figures for 2021 have been restated to reflect the sale of the Scandi Byg activities. Comparative figures for 2018-2020 have not been adjusted.



New strategy and special focus areas

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AALBORG UNIVERSITY

In October 2022, MT Højgaard Danmark handed over the AAU Sund faculty building to Aalborg University and the Danish Road Directorate. Owing to good collaboration and mutual understanding, the project was completed at the agreed quality, time and price.

2025 strategy: Building On

With our new Group strategy, we want to contribute to the use of sustainable solutions in the built environment through collaboration and high professional standards.

The previous Sustainable >2022 strategy helped the MT Højgaard Holding Group to achieve many of its targets by ensuring Group consolidation and creating structure for the companies which are now standing on strong foundations and in their own right with clearly defined responsibilities. The foundations have been laid, and we now launch our new 2025 strategy: "Building On".

Based on more than a hundred years of experience, the Group will continue developing, planning and performing construction, civil engineering and infrastructure projects and services in Denmark and selected international markets. The new strategy covers the period 2023-2025 and aims at ensuring continued business development and improving our initiatives and results in four focus areas: Economy, Market, Climate and environment and People.

ECONOMY

Our efforts to focus and expand Group activities will continue during the strategy period. Our economic ambition is to maintain continued healthy and stable growth in both revenue and profitability. Our ambition is that the average annual growth in operating result should exceed the growth in revenue, thus improving profitability. Against that background, the return on invested capital

must be strengthened to increase our financial latitude.

MARKET

The Group companies are to be the preferred business partners in attractive markets where they can make a difference and create maximum value. The positive experience from strategic collaboration and partnership projects must be utilised to strengthen the Group's leading position in this area and ensure stability, lower risks and long-term relationships. In order to contribute to a more balanced portfolio, the activities within civil engineering and infrastructure must be strengthened and, moreover, building services will have to play a more important role in the future.

We want to improve our market positions by developing our existing activities and by using a structured approach to the acquisition of attractive businesses within the Group's core areas.

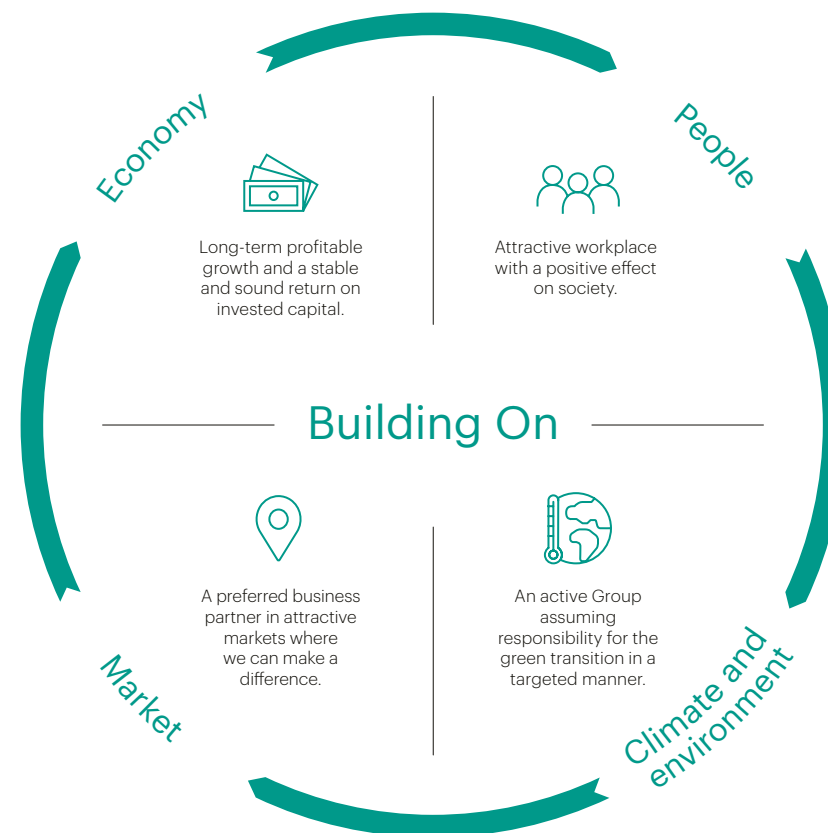
CLIMATE AND ENVIRONMENT

The efforts to create sustainable solutions must be speeded up and documented in the years to come to strengthen the companies' competitiveness and to boost industry ambitions and establish clear framework conditions in this area. The Group will assume responsibility for

the green transition in an active and targeted manner by setting clear targets for projects and for the Group as a whole and by increasing the use of digital solutions.

PEOPLE

The employees drive the positive development of the companies and must be provided with the best framework for development. The



Group has the ambition of being a preferred workplace with a positive effect on society, room for diversity and an environment promoting and acknowledging commitment. In the years to come, MT Højgaard Holding and the Group employees will continue the positive development and strive for further progress, challenge the status quo and develop better and more sustainable solutions.

Collaboration and partnerships

New forms of collaboration and partnerships have gained momentum in recent years, and they come in many different shapes, from more informal partnerships with early involvement of all the parties involved in the construction process and IPD projects to more formal partnerships stretching over several years and projects.

Enemærke & Petersen was among the front-runners regarding partnerships when, already six years ago, the business unit entered into the TRUST partnership which, over a four-year period, carried out refurbishment projects and new builds of schools, daycare centres, etc. for the City of Copenhagen. In 2021 when the municipality invited new tenders for the contract, the TRUST partnership was awarded the contract, and this time projects have an increased focus on sustainability.

The experience from the first partnerships has clearly shown that close collaboration between the many parties involved result in more efficient construction processes and handing over at the agreed time and price. Furthermore, the partnerships enable the individual players to organise work in a more flexible manner, thus ensuring optimum capacity utilisation and almost eliminating the risk of disputes.

Based on the positive experience, an increasing number of other municipalities, regions, housing associations and other clients have become interested in these new forms of collaboration. More specifically this

means that more tenders are expected to be invited for projects with early involvement, IPD projects or long-term partnerships.

PARTNERSHIPS AND COLLABORATION PROJECTS CONTRIBUTE AN INCREASING SHARE OF REVENUE

In 2022, 54% of order intake came from the construction partnerships with the City of Copenhagen, the Capital Region of Denmark, Civica and KAB and from various other collaboration projects, including IPD projects, dialogue-based tenders, projects with early involvement and phased tenders.

Out of the Group's ten largest orders in 2022, seven were collaboration projects, and 25% of Group revenue was generated by strategic construction partnerships and other collaboration projects. The Group's focus on partnerships and other collaboration projects is even more valuable at a time when the tendering market is slowing down.

Going forward, the positive experience from strategic collaboration and partnership projects will be utilised to strengthen the Group's leading position in this area. The ambition is to keep on increasing the share of collaboration and partnership projects to maintain stability, optimise capacity utilisation, reduce risks and strengthen long-terms relationships which may contribute to the achievement of the best possible results for all parties involved in the construction process.



EXAMPLES OF STRATEGIC PARTNERSHIPS IN THE GROUP

- **TRUST I and II** in which Enemærke & Petersen participates in e.g. the refurbishment and new builds of schools and childcare centres for the City of Copenhagen with a focus on sustainable solutions.
- **Sammenholdet**, a strategic partnership in which MT Højgaard Danmark participates in the refurbishment and new builds of hospitals etc. in the Capital Region of Denmark.
- **LIVA**, a strategic partnership between Enemærke & Petersen and Civica, a housing association in Funen, concerning regular construction and refurbishment work.

KLITMØLLERVEJ DAYCARE CENTRE IN VANLØSE

Enemærke & Petersen has constructed an integrated daycare centre at Klitmøllervej in Vanløse as part of the TRUST partnership. The construction site was a pilot project aiming at promoting sustainability in the construction industry. By way of example, the machines in the building site were fossil-free or emission-free, which means that they did not emit any particles harming the environment. Moreover, all outdoor sheds at the daycare centre are made of recycled materials.

Photographer: Jonathan Weimar

Civil engineering and infrastructure

According to the Government's 2035 Infrastructure Plan, investments will be made in a number of new initiatives in the transport sector. Combined with the existing investments in renewal and maintenance projects, the investments, which will include investments in the development of public transport and harbours, will amount to almost DKK 160 billion.

At the same time, the level of investments in energy and heating supply driven by the transition in Denmark from fossil fuels to renewable energy sources is expected to increase. This development has further accelerated due to the war in Ukraine and the resulting energy crisis with soaring gas prices etc. and the ambition of making Denmark

independent of Russian gas as soon as possible.

NEW OPPORTUNITIES, ESPECIALLY FOR MT HØJGAARD DANMARK

The positive development within civil engineering and infrastructure opens up new opportunities for the Group allowing MT Højgaard Danmark in particular to benefit from its solid expertise and many years of experience in this field. Civil engineering and infrastructure projects made up about half of the orders received in 2022. The revenue generated by civil engineering and infrastructure projects reached almost DKK 2 billion, while the order book for such projects amounted to almost DKK 3 billion at year-end.

Some of the most significant projects are the North Harbour Tunnel in a joint venture with BESIX, the construction of a new railway bridge across Guldborgsund and green workshops with railway facilities in Copenhagen, Aarhus and Næstved for DSB's new electric trains. MT Højgaard Danmark is also working on harbour projects in Rønne and Kalundborg, while MT Højgaard International is carrying out coastal protection projects on two islands in the Maldives.

Also green transition projects contribute to the generation of revenue. Last spring, MT Højgaard Danmark handed over the Viking Link transformer station to Energinet. Furthermore, MT Højgaard Danmark is carrying

out an extension of the district heating supply in Gladsaxe.

MT Højgaard Danmark and its partners also participate in the market dialogue concerning the construction of the new energy island in the North Sea, hoping to become an active participant.

CONTINUED STRATEGIC FOCUS

In the years to come, the Group will invest in a clearer position within civil engineering in order to obtain a good balance between the Group's market segments. Activities within new builds and refurbishments are expected to decrease in the next few years, and therefore the opportunities presented by civil engineering, infrastructure and the green transition constitute an important element in making the Group more robust against business cycle fluctuations.



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THE HISINGSBRON BRIDGE, GOTHENBURG

The final handing over of the Hising Bridge in Gothenburg took place in October. The bridge was constructed in a joint venture between MT Højgaard International and Skanska.

Sustainability

The energy crisis and increased focus on supply security coupled with the increasing climate changes have led to an even higher demand for green construction and civil engineering projects. The demand for documented sustainability is also on the rise, and certifications such as DGNB and the Nordic Swan Ecolabel play a key role. It is therefore more important than ever that the Group is able to offer solutions living up to the requirements and demand for sustainable solutions of the outside world.

As the same time, the Group operates in a dynamic regulatory landscape where success depends on whether we are able constantly to keep up to date with new Danish and EU sustainability legislation. On 1 January 2023, a number of new environmental requirements took effect in Denmark, meaning that the environmental impact of construction projects must be assessed from a life cycle perspective. On the basis of many years of experience with life cycle assessments of construction projects, the Group is ready to meet the new requirements.

In 2022, MT Højgaard Danmark initiated the construction of PFA Marina Park in Copenhagen, which is the first DGNB Platinum certified project for both MT Højgaard Danmark and PFA. Only three other office buildings in Denmark are Platinum certified.

In a climate partnership with VELUX, MOE and EFFEKT, Enemærke & Petersen is building seven homes to demonstrate how quality

homes can be built with a very low carbon footprint and first-class indoor climate. The homes have the lowest carbon footprint in Denmark so far and will serve to prove that this can be achieved without extra costs in the building process.

SYSTEMATIC INITIATIVES EXTENDING BEYOND THE GROUP

In 2022, the Group took steps to implement a more systematic and extensive sustainability approach across business units. The activities include the implementation of a new reporting system for carbon emissions and a screening procedure to determine whether projects comply with the technical screening criteria of the EU Taxonomy.

As an increasing number of initiatives are taken to establish a circular economy, life cycle-based data collection and documentation are the focus of attention. Reliable data on Group activities and their consequences from cradle to grave for human beings, society, the climate and the environment are essential to be able to take action in the areas where it will make the greatest difference.

SUSTAINABILITY IN THE ENTIRE VALUE CHAIN

Going forward, it will be an essential focus area for us to ensure that, to a much higher extent, our sustainability activities extend to the entire supply chain. The Group plays an important role communicating its own

requirements and ambitions and those of the outside world to clients, suppliers and subcontractors – especially as regards the climate and human rights. At the same time, partnerships with other ambitious players within the value chain constitute a separate strategic focus area.

For further information about our sustainability work, activities and results, see pages 32-33 of this report and the Group's 2022 Sustainability Report at <https://mthh.eu/Responsibility/CSR>.

JERNBANEBYEN, COPENHAGEN

Living Places Copenhagen is an experimental prototype, built by VELUX, in Jernbanebyen Copenhagen, with EFFEKT as architects, MOE as engineers and Enemærke & Petersen as contractors.

Render:
EFFEKT Arkitekter





Outlook

>

EMPLOYEES

The Group's more than 2,700 employees have made a tremendous effort in order to reinforce the foundation of the Group,

This foundation will be further strengthened in the years to come.

Outlook for 2023

In 2023, MT Højgaard Holding expects increasing revenue and operating profit. The outlook is supported by a healthy order book and a strong exposure to growth areas in an otherwise slumping market.

Revenue for 2023 is expected to be around DKK 9.0-9.5 billion, corresponding to a growth of 4-10%. Increasing revenue is expected from projects in progress, orders already contracted with start-up in 2023 and the strategic construction partnerships.

Operating profit before special items is expected to be around DKK 300-325 million, corresponding to an increase of 9-18%. The increase is expected to be driven by slightly higher activity and better margins in the Danish construction and civil engineering companies and by reduced losses from international activities after the restructuring in 2022.

Based on the known phasing of projects and orders, revenue and earnings are expected to peak in the second half of the year.

The outlook is supported by a healthy order book, a solid pipeline and a strong exposure to the market sectors which are expected to grow. The outlook is only sensitive to an expected decreasing demand in the overall Danish construction and civil engineering market to a minor extent since about 85% of the year's expected revenue was already contracted in January 2023.

In 2023, the Group will focus on initiatives that will strengthen the competitiveness of the business units and allow them to differentiate themselves in the market, e.g. sustainability, digitalisation, partnerships, services and geographical coverage. The Group will also focus on risk management, working capital optimisation and positive cash flows from projects.

KEY ASSUMPTIONS

Key assumptions relating to market and demand in 2023:

- Total demand in the Danish construction and civil engineering sector is expected to decline. Especially new builds and refurbishment of housing etc. for private, public and social housing clients are expected to be affected.
- A strong demand for civil engineering works is expected, especially a demand for climate end energy solutions, transition of the supply system to district heating and digital infrastructure.
- To an increasing extent, clients are expected to choose solid contractors who, as part of trust-based partnerships, may contribute to increase the value of construction and civil engineering projects.

- Across customers and projects, the high level of interest in sustainable projects is expected to continue.
- The challenges created by increasing prices and scarcity of building materials are expected to stabilise at the level of the second half of 2022.
- Inflation is expected to ease compared to 2022, but inflation and high interest rates are still expected to slow down or postpone new projects.
- The shortage of skilled labour is expected to decline in 2023.
- Postponements of project start-ups or delays in contract signing may occur, but the effect is assumed to be limited.

The acquisition and sale of enterprises and activities may affect the full-year outlook.

REVENUE

9.0-9.5 DKK billion

Outlook 2023



Realised 2022



OPERATING PROFIT BEFORE SPECIAL ITEMS

300-325 DKK million

Outlook 2023



Realised 2022



FORWARD-LOOKING STATEMENTS

The annual report contains forward-looking statements, including projections of financial performance in 2023, which, by their nature, involve risks and uncertainties that may cause actual performance to differ from that contained in the forward-looking statements. Reference is made to the risk section on pages 34-36 of the annual report.

Business units



Enemærke & Petersen

Nationwide contractor specialising in new builds, refurbishments and building services as well as strategic partnerships

[Read more on page 25 >](#)



MTHøjgaard
Property Development

Development and realisation of construction projects and urban development

[Read more on page 27 >](#)



MT HØJGAARD HOLDING

 **MTHøjgaard**
Danmark

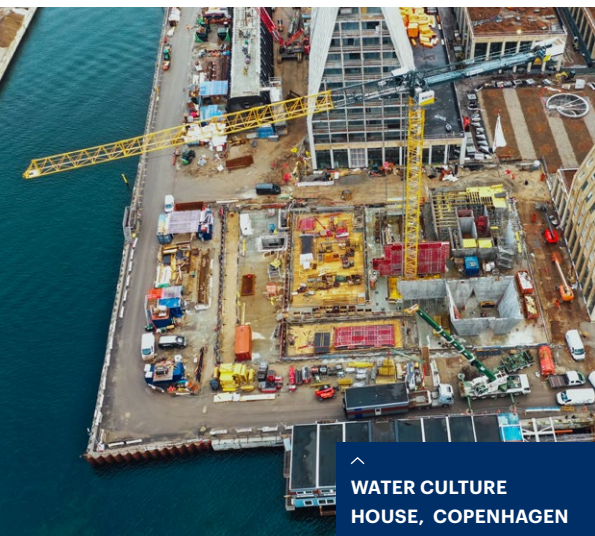
Major contractor specialising in construction, civil engineering and infrastructure projects

[Read more on page 24 >](#)

 **MTHøjgaard**
International

International contractor specialising in construction, civil engineering and technical installations projects in selected markets

[Read more on page 26 >](#)



WATER CULTURE HOUSE, COPENHAGEN

The year in figures

REVENUE

4,277
DKK million

OPERATING PROFIT

156.8
DKK million

ORDER INTAKE

7,157
DKK million

ORDER BOOK

7,374
DKK million

FINANCIAL PERFORMANCE

MT Højgaard Danmark recorded a highly satisfactory financial performance in the fourth quarter. The growth in revenue, earnings and order intake during the year clearly shows that the turnaround initiated two years ago has had a positive development and that MT Højgaard Danmark is now standing on a solid platform for future development – even at a time of more challenging and uncertain market conditions.

Revenue for 2022 rose by 38% compared to last year, reaching DKK 4,277 million (2021: DKK 3,091 million). Fourth-quarter revenue was DKK 1,368 million (2021: DKK 958 million). Civil engineering and infrastructure projects as well as green transition projects made up about half of the company’s order intake in 2022. The high order intake and revenue resulted in improved capacity utilisation throughout the year, which also improved earnings significantly quarter by quarter.

Earnings significantly improved to DKK 156.8 million in 2022 (2021: DKK 15.6 million). Fourth-quarter earnings were DKK 66.8 million (2021: DKK 5.1 million).

SPECIAL PROJECTS AND INITIATIVES

As in the preceding months, MT Højgaard Danmark recorded strong growth in order intake in the fourth quarter, collaboration projects making a strong contribution to the order book. Among the most significant orders were a new DSB workshop in Aarhus, new headquarters for Arbejdernes Landsbank in the South Harbour of Copenhagen and new production facilities for Novo Nordisk in Bagsværd.

In December, MT Højgaard Danmark handed over a major project in the Port of Rønne, and owing to good collaboration with the client, the project was completed at the agreed quality, time and price.

MT Højgaard Danmark closely monitors developments in the industry and the related markets as regards the rising inflation and the supply challenges. In the fourth quarter, the positive dialogue with clients on how to find common solutions to the current challenges was an important focus area which will continue for yet some time.

ORDER INTAKE AND ORDER BOOK

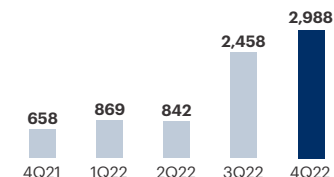
MT Højgaard Danmark’s fourth-quarter order intake was DKK 2,988 million (2021: DKK 658 million). The order intake was DKK 7,157 million in 2022 (2021: DKK 4,415 million). Consequently, the order book totalled DKK 7.4 billion at the end of 2022 (2021: DKK 4.5 billion).

NEW MAJOR PROJECTS IN 2022

- DSB workshops for electric trains in Copenhagen, Aarhus and Næstved
- The North Harbour Tunnel in a joint venture with BESIX
- New bridge across Guldborgsund
- Extension of Gladsaxe Fjernvarme
- The Water Culture House in Copenhagen
- The Water Environment House in Randers
- New headquarters for Arbejdernes Landsbank in Copenhagen
- New production facilities for Novo Nordisk
- Laboratory building, DTU building 313
- School and leisure centre in Gellerup

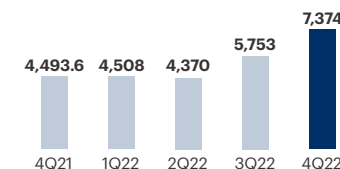
Order intake

DKK million



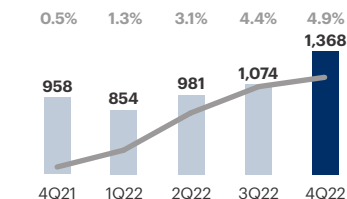
Order book

DKK million



Revenue and operating margin

DKK million





RESIDENTIAL HOUSING PROJECT, KØGE KYST

The year in figures

REVENUE

3,650
DKK million

OPERATING PROFIT

150.5
DKK million

ORDER INTAKE

4,173
DKK million

ORDER BOOK

5,670
DKK million

FINANCIAL PERFORMANCE

Full-year revenue was DKK 3,650 million (2021: DKK 2,835 million). Fourth-quarter revenue was DKK 1,026 million (2021: DKK 863 million). The increase compared to last year was primarily the result of the all-time high order books of Enemærke & Petersen and the subsidiaries Raunstrup and NemByg. Operating profit was DKK 150.5 million in 2022 (2021: DKK 152.4 million). Fourth-quarter operating profit was DKK 41.1 million, which was lower than in 2021 (2021: DKK 51.2 million). The fourth-quarter result is considered satisfactory in a market with price rises and supply problems.

Here at the beginning of 2023, it is still very uncertain how the markets for new builds and refurbishment will develop. Although, inflation is believed to have peaked, increasing interest rates affect investors' willingness to invest, while subcontractor bankruptcies and economic instability increase the pressure on prices. Consequently, competition has become significantly fiercer during the past quarters.

SPECIAL PROJECTS AND INITIATIVES

Enemærke & Petersen refurbished 96 units in Nøjsomheden, an 8-storey social housing property in Helsingør. The refurbishment project was the first IPD project carried out by Enemærke & Petersen, and it enabled the construction of better housing in close collaboration between users and the entire project team.

The subsidiary NemByg constructed Lanternen, a maritime centre in Esbjerg, with an area of around 3,000 m². The building has become an architectural icon and symbol of the Port of Esbjerg and maritime life. The subsidiary

Raunstrup constructed Udsigten, a terraced housing development in Silkeborg consisting of 15 cluster houses and 60 apartments in three tower blocks.

In November, Enemærke & Petersen acquired a stake in Genbyg, a DIY centre focussing on recyclable materials, together with Carl Ras. A partnership between partners all wanting to speed up recycling in the construction industry. Enemærke & Petersen carries out a large number of refurbishment projects and therefore has access to demolished materials which can be recycled through Genbyg.

ORDER INTAKE AND ORDER BOOK

The order intake in 2022 decreased by 4% compared to last year, amounting to DKK 4,173 million (2021: DKK 4,326 million). Fourth-quarter order intake was DKK 1,072 million (2021: DKK 790 million). The reason for the slightly lower order intake compared with 2021 was primarily a low order intake in the third quarter when a number of tenders were postponed or cancelled.

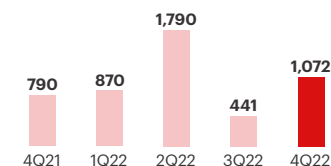
The order book amounted to DKK 5,670 million at year-end, up 10% on the same period in 2021. The high order book was primarily due to a high order intake in the first half and in the fourth quarter of 2022.

NEW MAJOR PROJECTS IN 2022

- The TRUST partnership: Refurbishment of Nørre Fælled Skole; complete refurbishment and modernisation of Guldberg Skolen; refurbishment of Tingbjerg Skole
- The LIVA partnership: Refurbishment of Bøgeparken in the Vollsmose residential area
- Enemærke & Petersen: The Køge Kyst housing development in Køge
- Enemærke & Petersen: Refurbishment and development of Building 208 – DTU
- Enemærke & Petersen: Refurbishment of Skt. Jørgensgården for Boligselskabet Sjælland
- NemByg: Refurbishment of Hedegårdene, Esbjerg, for Boligforeningen DAB
- Raunstrup: Facade refurbishment for Boligforeningen Vesterport in Aalborg

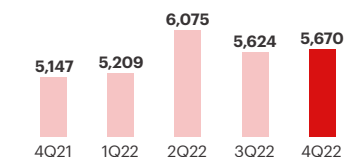
Order intake

DKK million



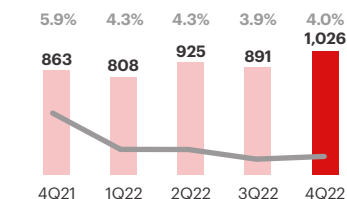
Order book

DKK million



Revenue and operating margin

DKK million





^
**HARBOUR PROJECT,
MALDIVERNE**

The year in figures

REVENUE

720
DKK million

OPERATING PROFIT

-37.1
DKK million

ORDER INTAKE

352
DKK million

ORDER BOOK

614
DKK million

FINANCIAL PERFORMANCE

The revenue and operating result for 2022 were lower than expected and not satisfactory. In 2022, MT Højgaard International had a revenue of DKK 720 million (2021: DKK 860 million), while fourth-quarter revenue was DKK 169 million (2021: DKK 246 million). The operating result for 2022 was a loss of DKK 37.1 million (2021: a profit of DKK 0.7 million). The fourth-quarter result was affected by the negative performance of the Greenlandic companies, whose efforts to strengthen the local organisation and improve processes continued. The fourth-quarter result also reflected an operating loss reported by Seth, which was due to delayed project start-ups.

SPECIAL PROJECTS AND INITIATIVES

In Greenland, the work on the new international airport in Nuuk continued. MT Højgaard Grønland and the technical installations company Arssarnerit collaborate on the construction of a terminal and service building and a new air traffic control tower. In Qaqortoq, the design of the future domestic airport continued in collaboration with Kalaallit Airports Domestic. A number of collaboration projects were won in the fourth quarter with expected contracting in 2023.

Greenland Contractors was not awarded the maintenance contract for the Thule Air Base. Consequently, Greenland Contractors, which was responsible for maintenance for nearly 50 years until 2017, has no prospects of activities in the foreseeable future. However, the good collaboration with the US Air Force on construction projects on the air base is expected to continue even though the maintenance contract was not awarded.

On the Faroe Islands, the closing down of activities continued in the fourth quarter, and only a few projects were still ongoing. The closing down is expected to be completed sometime in the first quarter of 2023, and five old disputes have been closed. RTS Contractors continues its activities with a healthy order book and prospects of increased earnings in 2023.

In the Maldives, the activities focussed on two core segments in 2022, i.e. coastal protection as a safeguard against climate changes and the manufacturing and assembly of prefabricated concrete elements. At the moment, two coastal protection projects are in progress on the southern island of Fuvahmulah and on the northern island of Kudarikilu. In 2022, the concrete plant produced prefabricated elements etc. for a new resort development project with 40 water villas, and a contract was signed for a prefabricated bridge between two resort islands. The activity level is expected to increase in the period to come, especially as regards prefabricated concrete elements.

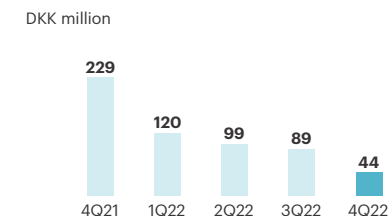
ORDER INTAKE AND ORDER BOOK

At DKK 352 million, the order intake in 2022 was lower than last year (2021: DKK 782 million). The order book stood at DKK 614 million at year-end (2021: DKK 982 million).

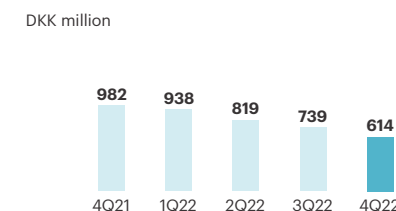
NEW MAJOR PROJECTS IN 2022

- RTS Contractors: Development of building plots, roads, sewers, etc. in Torshavn
- Airport in Qaqortoq, design project with Kalaallit Airports Domestic

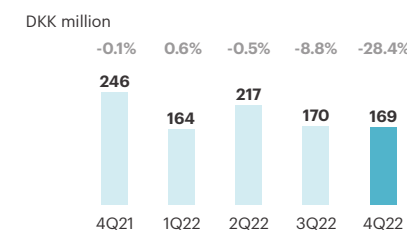
Order intake



Order book



Revenue and operating margin





↑
**KILDEGÅRDEN BYHUSE,
ROSKILDE**

The year in figures

REVENUE

489
DKK million

OPERATING PROFIT

30.7
DKK million

ORDER INTAKE

437
DKK million

ORDER BOOK

472
DKK million

FINANCIAL PERFORMANCE

Throughout the year, the activities of MT Højgaard Property Development (formerly MT Højgaard Projektudvikling) were affected by the uncertain market conditions. This meant, among other things, that the start-up of some projects was postponed. Nevertheless, the results for the year ended up satisfactory.

Revenue for 2022 was DKK 489 million (2021: DKK 494 million), while fourth-quarter revenue was DKK 168 million (2021: DKK 188 million). Operating profit before special items was DKK 30.7 million in 2022 (2021: DKK 23.1 million). Fourth-quarter operating profit was DKK 37.0 million (2021: DKK 34.7 million). The quarterly result was mainly driven by property transactions at Dalum and in the South Harbour and by the reasonable progress of other projects. A number of construction projects were postponed until 2023 due to the current market situation and sale of owner-occupied dwellings slowed down.

The value of the portfolio of building plots was DKK 310 million at year-end (2021: DKK 282 million). The fourth-quarter increase was mainly due to the acquisition of a major commercial property in the South Harbour of Copenhagen. The objective is to optimise the portfolio of building plots in the coming years.

SPECIAL PROJECTS AND INITIATIVES

In the South Harbour of Copenhagen, MT Højgaard Property Development is in the process of developing a number of commercial projects, both in-house and in collaboration with Arbejdernes Landsbank. The first project is under construction, whereas the other

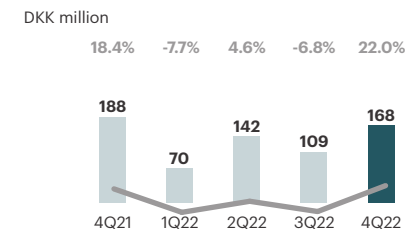
projects will start up sometime in 2023. These projects make up an important part of the company's portfolio.

At the Dalum Paper Factory, the construction of rental housing for a major Swedish investor is well under way. In the light of the current market situation, the planned construction of housing units developed in-house has been postponed until the last part of 2023. MT Højgaard Property Development has invested in Dalum Kloster, which will contribute to a coherent development plan for the area. The property was taken over on 1 January 2023.

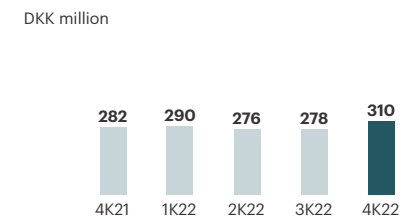
The construction of Teglsøerne, a residential development in Nivå, is proceeding according to plan, and the last phases will be handed over in the second and third quarters of 2023. All first phase units have been sold. Kildegården, a residential development, is almost completed and ready for handing over. As planned, 35 apartments will be handed over to a German investor in the second quarter of 2023. Rullestenen, a cohousing community which has been developed in collaboration with EcoVillage and which carries the Nordic Swan Ecolabel, is under construction. The first phase will be handed over in the second quarter of 2023, while the second phase will be handed over in the third quarter of 2023.

The sustainability department is busy with a number of project certifications, including two projects which will be DGNB Platinum certified. Furthermore, a PhD project has been launched for the purpose of minimising the building materials and resources going to waste at the Group's construction sites.

Revenue and operating margin



Portfolio of building plots*



* Excluding own building projects

In the fourth quarter, a planned generational change took place at management level, while the organisation was adjusted at the end of the year to suit the current market situation.

ORDER INTAKE AND ORDER BOOK

Order intake was DKK 437 million in 2022 (2021: 1.013 mio. kr.), and the order book stood at DKK 472 million at year-end (2021: 525 mio. kr.).



The Group

>

LIVAS HAVE

MT Højgaard Property Development developed Livas Have, a residential development with 54 exclusive apartments situated at the boundary between the new and old Frederiksberg.

Strategy Sustainable >22

For the past three years, the Sustainable >22 strategy has set the course for the Group's development. 2022 was the last year in the strategy period, and in this section we will assess the actions taken and the results achieved during the strategy period at Group level and in the individual companies.

ESTABLISHMENT AND DEVELOPMENT OF STRONG GROUP PORTFOLIO MODEL

A key element of the Sustainable >22 strategy was to establish a portfolio model making each business unit responsible for its own operation, economy and development. Under the portfolio model, the Group was in charge of developing the overall portfolio of business units, exercising active ownership of the units and operating a limited number of joint support functions across the portfolio.

During the strategy period, a number of portfolio adjustments were made to concen-

trate Group activities in the areas in which MT Højgaard Holding is in fact the best owner. This resulted in the sale of the electrical installations company Lindpro (2020) and a phased sale of the Ajos activities (2020-2021). The closing down of the activities in MT Højgaard Føroyar P/F started in the third quarter of 2022, and in December 2022 the process to sell Scandi Byg was initiated. During the strategy period, a number of acquisitions were also made, notably Ene-mærke & Petersen's acquisition of Raunstrup and NemByg (both in 2021).

FIVE FOCUS AREAS SET THE COURSE FOR DEVELOPMENT

Another key element of the Sustainable >22 strategy was the development of the Group and its business units on the basis of five focus areas: Employees, Collaboration, Sustainability, Innovation and Processes. The business units of the Group are project companies, and the keynote of all focus areas was to centre the development of employees and processes around projects.

Collaboration was a particular focus area throughout the strategy period, both internal collaboration within the Group and external collaboration with customers, business partners, investors and others. The Group's business units focussed on new forms of collaboration, construction partnerships and projects with early involvement of all parties. Now that a new strategy period has begun, it is clear to us that the new forms of collaboration are here to stay and that market demand is increasing. Therefore, collaboration and partnership projects will remain one of the focus areas of the new strategy, and it is our

ambition that an increasing share of revenue is to be generated by that type of projects.

During the strategy period, sustainable construction practices moved further up the agenda, and at the end of 2022 sustainability had become a basic market condition. Therefore, sustainability is now a permanent focus area in the entire Group and also in a large number of the projects carried out by the business units, e.g. through certifications. The strategic focus on sustainability will continue in the new strategy period in which the Group wants to become an industry leader in terms of knowledge, innovation and quality craftsmanship which may contribute to the construction of the durable, energy efficient and healthy buildings of the future.

THE FIVE FOCUS AREAS OF THE SUSTAINABLE >22 STRATEGY



EMPLOYEES



SUSTAINABILITY



INNOVATION



PROCESSES



COLLABORATION





During the strategy period, MT Højgaard Danmark went through a major turnaround where work relating to the focus areas **Employees, Collaboration and Sustainability** laid the foundations of a sustainable and profitable business.

EMPLOYEES

Targeted efforts were made during the strategy period to set up strong project teams combining professional high standards, responsibility and collaboration in each project. The company succeeded in creating a strong collaboration environment across the organisation with projects as the centre of attention and a focus on team spirit and employee satisfaction. The specific activities included the introduction of a new collaboration model and a new on-boarding programme to be used in connection with project start-ups to create well-functioning teams. The results were reflected in an increasing employee satisfaction score.



< In 2022, MT Højgaard Danmark and Enemærke & Petersen held a joint apprentice day with a large number of activities across the companies.

SUSTAINABILITY

During the period, the company focussed on strengthening its position as a responsible and climate-conscious contracting company. By way of example, a sustainability team was set up with special expertise in sustainable solutions, energy savings and certifications. The number of projects that were certified or reported under the EU Taxonomy increased during the period.

COLLABORATION

During the period, the company focussed on increasing the share of phased collaboration projects and long-term framework agreements in collaboration with clients, consultants and contractors. The efforts had the intended effect in the form of more new collaboration projects, including DSB's green workshops in Copenhagen, Næstved and Aarhus; DTU Building 313, the AAU Science & Innovation Hub; the Water Culture House and new production facilities for Novo Nordisk in Bagsværd.

During the strategy period, MT Højgaard Property Development focussed primarily on the areas **Employees, Sustainability and Innovation**.

EMPLOYEES

During the period, the company focussed on developing MT Højgaard Property Development as an attractive workplace with a good working environment, e.g. by means of joint workshops and regular appraisal interviews with an extra focus on culture and employee satisfaction.

SUSTAINABILITY

Sustainability was at centre-stage with an aim of keeping up to date with any sustainability requirements from clients and investors in order to be able to provide good consultancy services and future-proof projects. By way of example, a client sustainability programme was developed and the requirements for initiatives and materials for own development projects and construction sites were mapped out. Three employees completed their training as DGNB consultants, while four other employees became DGNB auditors.

> The introduction of a new company name, a new logo and separate communication channels helped MT Højgaard Property Development to boost its corporate identity and create a team spirit among its employees.



INNOVATION

A new cooperative housing concept was developed during the strategy period, and most recently an investment plan with fixed criteria was prepared to ensure a systematic approach to new development projects, investments and the acquisition of building plots. Furthermore, a great effort was made to market development projects, boosting visibility and effectiveness in the social media.





During the strategy period, MT Højgaard International developed its portfolio of businesses. Apart from that, the company mainly worked with the focus areas Collaboration and Employees.

EMPLOYEES

Great efforts were made to recruit a sufficient number of qualified employees in Greenland, e.g. at education fairs and through social activities.

COLLABORATION

Throughout the period, an important theme was to allocate more responsibility and decision-making power to the executing, local entities with projects at centre-stage. Both as regards market approach and internally, MT Højgaard International focussed on collaboration in order to increase the share of collaboration projects and strengthen collaboration in and between local entities. The design collaboration with Kalaallit Airports Domestic concerning a new airport in Qaqortoq illustrates the opportunities presented by collaboration projects.

<

A joint project model focussing on processes, quality assurance and working environment was implemented in MT Højgaard International to ensure more efficient execution of projects and solid documentation.

All five focus areas supported a period of growth and development for Enemærke & Petersen.

EMPLOYEES

Enemærke & Petersen made a great effort to set up construction project teams with the right expertise and experience. In 2022, the new CEO made a tour around Denmark to say hello and gather input on how to further develop the company. NemByg performed the huge task of training the apprentices that will constitute the next generation of skilled craftsmen. In 2022, NemByg employed 21 apprentices, and the company maintains that the training obligation is part of the company's DNA.

SUSTAINABILITY

Sustainability in general was an extremely important focus area during the strategy period. By way of example, processes and partnerships for the recirculation of building materials were developed. Energy consumption was also in focus. Consumption data were collected from the company's own offices and projects for the purpose of creating the basis for energy optimisation, and a special task force recently took a number of optimisation initiatives. Enemærke & Petersen also participated in a project for the development of sustainable housing with a low carbon footprint and a focus on health. This project is

being developed in collaboration with Effekt, Moe and Velux.

INNOVATION AND PROCESSES

Sustainability also played an important role in a number of innovation projects. By way of example, Rastrup entered into a strategic collaboration agreement with the kitchen firm Stykka for the purpose of carrying out efficient and sustainable assembly work with a minimum production of waste. Enemærke & Petersen set up a data team which will focus on making the construction process more systematic by extracting various data from BIM models (quantity calculations, purchases, etc.). Data are used for improving the planning and quality assurance of the project basis.

COLLABORATION

IPD projects constituted a focus area. This collaboration model aims at obtaining "more construction projects for money" in the form of projects with reduced risks, fewer disputes and more professional solutions. On the basis of the existing projects and project experience, Enemærke & Petersen held two industry seminars and participated in a large number of customer dialogues and internal meetings focussing on the IPD model. In 2022, market trends were positive with more projects put out to tender where the client required an IPD model.



Corporate social responsibility



The MT Højgaard Holding Group has prepared a separate Sustainability Report constituting the Group's corporate social responsibility report for the period 1 January – 31 December 2022 under section 99a of the Financial Statements Act; our report on the gender composition of management under section 99b of the Financial Statements Act; and our report on the diversity of governance bodies under section 107d of the Financial Statements Act.

The Sustainability Report also constitutes the Group's reporting in relation to the EU Taxonomy Regulation requirements on reporting of the Taxonomy-aligned share of revenue, CAPEX and OPEX.

MT Højgaard Holding supports the UN Global Compact, which we joined in 2015.

There is an increasing focus on sustainability in the construction and civil engineering industry. Both public and private customers are asking for solutions that take environmental and social factors into account. As a major player in the industry – and in society in general – the MT Højgaard Holding Group has an important obligation to create climate-friendly, healthy and sustainable environments.

MT Højgaard Holding's sustainability strategy forms the framework for the Group's sustainability work. The strategy comprises five sustainability themes covering both social and environmental sustainability as well as collaboration and certifications. Under each theme, the Group works on a number of initiatives and sets a number of targets for how to create sustainable results, both at Group level and in the business units.

A number of activities and results under the five sustainability themes are highlighted below, while reference is made to the Sustainability Report for further information. The report can be found at <https://mthh.eu/Responsibility/CSR>.

GENBYG

Together with Carl Ras, Enemærke & Petersen acquired a stake in Genbyg, a DIY centre focussing on recyclable materials. A partnership between three partners all wanting to increase recycling in the construction industry.



Local and social responsibility

Through our building projects, we promote local collaboration and social responsibility

If possible and in close collaboration with the client, the Group's business units seek to involve residents and create diverse and socially cohesive residential areas. We also collaborate with municipalities, socio-economic enterprises and educational institutions to help people find a job and interest more young people in becoming skilled craftsmen.

Our target for 2023 is that 15% of the Group's employees should be women. The present proportion of women is 10.7%, which is 0.9 percentage points less than in 2021. This is due to a higher proportion of hourly paid workers in 2022 compared to 2021. Especially on the construction sites, we strive to increase the recruitment and retention of women.



Health and learning

We are a healthy and safe workplace that stimulates learning and knowledge-sharing

The Group's accident rate rose to 13.7% in 2022. This is definitely unacceptable, and our efforts to reduce the number of accidents and ensure a healthy working environment will continue in 2023. In 2022, two employees tragically died. Both accidents gave rise to a number of preventive training, registration and evaluation initiatives, and also a number of physical safety measures were taken.

The Group helps to train the next generation, including apprentices, trainees, student assistants and PhD students. The percentage share of training posts increased from 7.1% to 7.9%, bringing us closer to the target of 8% in 2023.



Climate and environment

Ambitious climate and environmental initiatives form an integral part of our core operations and business models

Total scope 1 and scope 2 emissions increased significantly in 2022 as a result of a more accurate data basis and the inclusion of new construction site locations and new companies in the MT Højgaard Holding Group, which were not previously included in the climate accounts. Emissions from fuels (scope 1) and heating and electricity (scope 2) increased by a total of 96% from 7,250 tonnes in 2021 to 14,236 tonnes in 2022. The emission intensity increased from 1.0 to 1.6.

In 2022, the Group prepared its first scope 3 climate accounts, which will form the basis of reduction strategies for all the Group's business units in 2023.



Circular economy

We create a closed loop that eliminates the concept of waste

The Group aims at increasing the percentage of recirculated waste (reuse, recycling and recovery) to 70% in 2023. Management focus on waste separation and collaboration with a number of companies in the waste industry have considerably increased the reuse and recycling of waste in a number of projects. As a result, recirculation rose from 57.6% in 2021 to 69.1% in 2022. At the same time, all business units have taken initiatives to use recycled materials, reduce waste and incorporate the dismantling of materials into the design process

The ESG numbers include Scandi Byg



Collaboration and certifications

We give priority to collaboration and promote recognised standards

The Group is experiencing a heavily increasing demand for voluntary sustainability certifications, especially DGNB and the Nordic Swan Eco-label. In 2022, the revenue from the Group's 38 certified or pre-certified projects rose to 33.8%, compared with 21.5% in 2021. This shows that sustainability certifications have become an integral part of our projects. Our skills and experience have improved in this area, and we strive to improve the way we deal with the requirements for documentation and data from certification programmes and new sustainability legislation.

Risk management

Good risk management of projects, in the business units and at Group level is vital to ensure long-term value creation in the MT Højgaard Holding Group. Risk management therefore forms an integral part of Group strategy and day-to-day operations where risk assessments are made on a continuous basis and close to projects.

The Board of Directors is in charge of the Group's overall risk management. The Board of Directors oversees the Executive Board, which lays down the principles for risk management reporting, risk assessments and risk mitigation. The management of each business unit reports risks to the Executive Board on a monthly or quarterly basis or as required and, together with the Group's finance department, the Executive Board reports risks to the Board of Directors and the Audit Committee.

RISK ASSESSMENT AND MANAGEMENT IN 2022

Bidding

As was the case in 2021, bidding is considered to be the Group's highest risk. This risk is managed by using people with bidding experience and by maintaining close dialogue with clients, architects and consultants to be able to identify risks already during the bidding phase and enter into agreements on how to manage, mitigate or eliminate such risks.

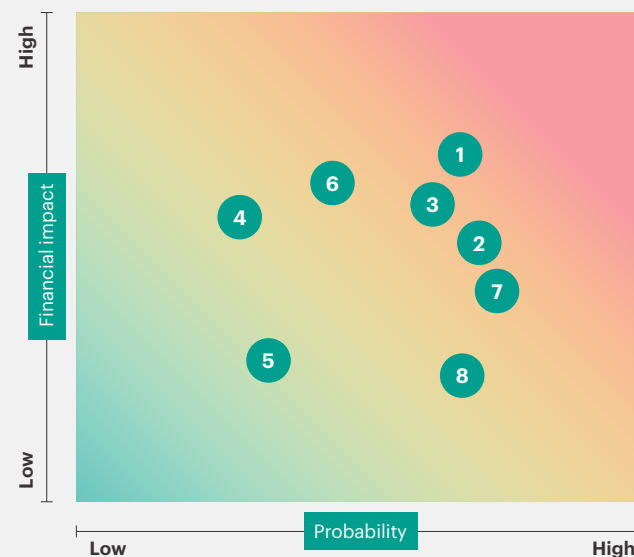
Employees

The order intake and order book rose during 2022, and as and when these orders are to be executed, the risk in this area will increase. This risk is managed by creating good career and development opportunities for our employees, a safe working environment and competitive terms of employment. The individual companies are making considerable investments in training and talent development.

Climate and environment

Climate-related risks pose an increasing threat in both Denmark and globally, and they have an increasing impact on Group projects since, on the one hand, projects need to be adapted to the climate changes and, on the other hand, projects have an impact on the climate and the environment. The management of those risks is an important part of Group strategy and is considered as a competitive advantage creating new opportunities. Group strategy aims at making use of these opportunities by addressing legislation, resource efficiency and other sustainability-related issues proactively since these issues are of increasing interest to clients, investors and financial institutions.





RISK MANAGEMENT MATRIX



RISICI

- | | |
|---------------------|---------------------------|
| 1 Bidding | 5 Image |
| 2 Project execution | 6 Market fluctuations |
| 3 Employees | 7 IT Security |
| 4 Disputes | 8 Climate and environment |

Causes of risk and impact	<div data-bbox="230 164 286 220" data-label="Image"></div> <h3 data-bbox="309 172 421 212">Bidding</h3> <p data-bbox="230 268 665 488">The Group spends considerable resources on participating in tenders and bidding for projects without any guarantee that these efforts will result in a satisfactory proportion of orders won. In addition, the business units bid for and enter into binding contracts for projects at fixed prices.</p> <p data-bbox="230 528 665 842">The Group's performance may be adversely impacted by significant increases in raw materials prices, payroll costs and costs for subcontractors as a result of a high level of activity in the construction and civil engineering industry, which is characterised by fierce price competition at the same time. Moreover, earnings on projects depend, to a great extent, on whether the estimates of time and materials are correctly reflected in pricing.</p>	<div data-bbox="696 164 752 220" data-label="Image"></div> <h3 data-bbox="775 172 1025 212">Project execution</h3> <p data-bbox="696 268 1131 392">There are many different causes of risks, right from inadequate project management and delays in the delivery of materials to theft from construction sites.</p> <p data-bbox="696 432 1131 557">The causes of risks may also be the lack of communication with clients and subcontractors; or lack of decisions or wrong decisions.</p>	<div data-bbox="1153 164 1209 220" data-label="Image"></div> <h3 data-bbox="1232 172 1400 212">Employees</h3> <p data-bbox="1153 268 1588 488">In general, the demand for qualified employees is high. It is vital to the Group to be able to attract and retain competent managers, project managers and other employees in order to win contracts, execute projects and identify and manage potential risks.</p>	<div data-bbox="1612 164 1668 220" data-label="Image"></div> <h3 data-bbox="1691 172 1836 212">Disputes</h3> <p data-bbox="1612 268 2069 424">The Group may become involved in litigation, arbitration or public authority proceedings, which may arise from claims concerning delays or defects, warranty claims or breach of contracts.</p> <p data-bbox="1612 464 2069 588">Negative outcomes of disputes may result in reassessment of the Group's financial results, and the Group may also be held responsible for any financial losses.</p>
	Risk mitigation	<ul data-bbox="230 895 665 1374" style="list-style-type: none"> • Strong bidding team for complex projects • Training of bidding team to ensure that they have the right skills • Improved quality assurance of own bids and bids from subcontractors • Contracting of largest possible share of project costs already at the conclusion of contracts • Fixed price contracts with subcontractors at an early stage of the project • Right to adjust materials prices or the like during the project phase and the use of economies of scale 	<ul data-bbox="696 895 1131 1054" style="list-style-type: none"> • Early and close collaboration with clients, consultants, architects and subcontractors • Regular risk assessment and risk management of projects in progress 	<ul data-bbox="1153 895 1588 1134" style="list-style-type: none"> • Competitive terms of employment • Good career and development opportunities in a large group with many different projects • Good and safe working environment • Further training, talent development and graduate programmes

	 <h3>Image</h3>	 <h3>Market fluctuations</h3>	 <h3>IT Security</h3>	 <h3>Climate and environment</h3>
<p>Causes of risk and impact</p>	<p>Group image may be affected by a large number of factors, such as occupational accidents, enforcement notices from the Danish Working Environment Authority, disputes with clients and/or subcontractors, bad working environment or non-compliance with environmental requirements, either directly or on the part of our subcontractors.</p> <p>The image of the Group and the business units may affect the ability to attract and retain employees or may prevent clients from entering into new contracts.</p>	<p>The activity level relating to commercial, institutional and residential building and infrastructure projects and the extent of public civil engineering projects are highly dependent on macroeconomic developments. Market fluctuations can lead to opposite effects on activity levels in the private and public sectors and have a significant impact on the Group's overall level of activity and earnings.</p> <p>Markets are sensitive to interest fluctuations, and an economic slowdown can lead to recession in the construction and civil engineering industry in Denmark and in the Group's international markets.</p>	<p>We receive an increasing number of malicious emails, such as phishing and emails with virus and ransomware. Also cyber attacks have become more frequent.</p> <p>An IT security breach may result in Group data becoming inaccessible.</p>	<p>The current level of greenhouse gas emissions (GHG emissions) is harmful to the climate and the environment on our planet. To stay competitive, we have to reduce our emissions and impact. New legislation aiming at reducing emissions may result in new construction process requirements, and the transition to a low-emission economy may give rise to considerable costs. Climate changes are also expected to lead to a scarcity of resources and supply chain disruptions. In the long term, changed weather patterns will become a risk factor.</p>
<p>Risk mitigation</p>	<ul style="list-style-type: none"> • Regular monitoring of compliance with safety and environmental requirements as regards projects carried out by us or our subcontractors • Regular inspections by the Danish Working Environment Authority to ensure compliance with current legislation and rules governing safety and the working environment • Mandatory safety course for employees • Avoid disputes through close collaboration, right from the bidding phase and until project completion 	<ul style="list-style-type: none"> • Maintain a broad project portfolio in the business units, including a balance between large and small projects and projects within new builds, civil engineering, refurbishment and service • Maintain stability and robustness through strategic partnerships and collaboration agreements • Maintain a considerable order book and portfolio of multi-year projects • Maintain collaboration with different types of customers and business partners 	<ul style="list-style-type: none"> • Continuous implementation of new and updated IT security procedures • IT security training courses for employees • Emergency plans for cyber attacks 	<ul style="list-style-type: none"> • Maintain systematic collection and reporting of climate and environmental data • Extend the climate accounts to include more scope 3 categories • Reduce energy and resource consumption during the construction phase • Integrate climate and environmental targets at an early stage of projects • Prepare the Group for expected potential claims from customers, public authorities and other stakeholders

Corporate governance

CORPORATE GOVERNANCE

The statutory corporate governance report, which forms an integral part of the management's review, can be found at mthh.eu/Corporate-governance/Corporate-governance. The report describes MT Højgaard Holding's management structure and the key elements of the company's internal control and risk management systems relating to financial reporting.

The report also describes MT Højgaard Holding's position on Recommendations on Corporate Governance, which can be found at <https://corporategovernance.dk/english> and have been implemented in Nasdaq Copenhagen's Rules for Issuers of Shares. In 2022, MT Højgaard Holding followed all recommendations except for two. Morten Hansen, the former CEO of MT Højgaard Holding, joined the Board of Directors immediately after having stepped down as CEO in 2022. This means that recommendation 3.2.2 was not followed. Moreover, the Nomination Committee and the Remuneration Committee only have two members each, one of which is Morten Hansen. This means that recommendation 3.4.2 was not followed.

The shareholders in general meeting may resolve to amend the company's articles of association provided that at least two thirds of the share capital are represented at the meeting and that the resolution is passed by at least two thirds of the votes cast and the capital represented.

MANAGEMENT STRUCTURE

The shareholders in general meeting are the company's supreme authority, and their responsibilities include electing the Board of Directors of MT Højgaard Holding, except for three board members who are elected by the Group's employees under a voluntary scheme on Group representation. The Board of Directors is responsible for the overall and strategic management; oversees the Group's activities, management and organisation; and appoints and dismisses the Executive Board. The Executive Board is responsible for the day-to-day management and for executing the strategy and decisions made by the Board of Directors. Details of the management structure are provided in the statutory corporate governance report, at mthh.eu/Corporate-governance/Corporate-governance along with the company's remuneration policy and equal opportunities policy.

SELF-EVALUATION

The Board of Directors carries out an annual self-evaluation of its work, performance, composition and skills. To enable the Board of Directors to handle its managerial and strategic tasks and at the same time be a good sparring partner for the Executive Board, the following skills are particularly relevant: knowledge of construction and civil engineering, strategic business development, project management, sustainability, risk management, financial and accounting knowledge and general management of listed companies. The Board of Directors is judged to possess

these skills. The individual members' skills of relevance to MT Højgaard Holding are set out on pages 40-43.

BOARD COMMITTEES

The Board of Directors has established an Audit Committee that assists the board in overseeing the financial reporting process and reviewing the adequacy and effectiveness of internal control systems. The Committee oversees compliance with current legislation and helps assess if accounting policies are relevant and current and how material and exceptional items are accounted for. The Committee also assesses and makes recommendations in relation to the election of auditors.

The Board of Directors has also set up a Nomination Committee that prepares decisions to be made by the Board of Directors on the composition of the Board of Directors and the Executive Board based on the skills needed by the two boards. A Remuneration Committee prepares decisions to be made by the Board of Directors on remuneration policy, guidelines for incentive pay, remuneration and terms of employment of the Executive Board as well as remuneration of the Board of Directors. Finally, a Sustainability Committee has been set up.

The policy and the Committees' terms of reference are found at mthh.eu/Corporate-governance/Corporate-governance.

BOARD OF DIRECTORS/EXECUTIVE BOARD

The Board of Directors of MT Højgaard Holding has ten members, seven of whom are elected by the general meeting for one year. Except for Morten Hansen, who was a member of

the Executive Board of MT Højgaard Holding within the past five years, the members elected are considered as independent. Carsten Dilling is Chairman of the Board of Directors, and Morten Hansen is Deputy Chairman. By the end of 2021, Jesper Hoffman, elected by the employees, resigned from the Board of Directors and was replaced by Stine Marie Søderdahl Friis on 1 January 2022. At the Annual General Meeting on 16 March 2022, Morten Hansen was elected as new Board member, and the other Board members were re-elected. There were no other changes to the Board of Directors in 2022.

The Board of Directors met six times in 2022 (2021: six meetings). Attendance details are shown in the figure below.

There were changes to the Executive Board in 2022. Morten Hansen resigned as CEO in March when Henrik Mielke took over. Martin Solberg resigned in December, and Rasmus Untidt took over the position as CFO. As a result, Group management consists of Henrik Mielke and Rasmus Untidt.

Board member	Meeting attendance
Carsten Dilling	●●●●●●●●
Morten Hansen*	●●●●●
Anders Lindberg	●●●●●●
Pernille Fabricius	●●●●●●●●
Christine Thorsen	●●●●●●●●
Steffen Baungaard	●●●●●●●●
Janda Campos	●●●●●●●●
Lars Tesch Olsen	●●●●●●●●
Peter Martin Facius	●●●●●●●●
Stine Marie Søderdahl Friis	●●●●●●●●

* Morten Hansen was elected at AGM on 16 March 2022

Shareholder information

INVESTOR RELATIONS POLICY

The management of MT Højgaard Holding strives to maintain an open, honest and trusting dialogue with all market participants to ensure that the Group's actual and expected value creation is reflected in the share price. The company's IR policy can be found at <https://mthh.eu/Corporate-governance/Corporate-governance>.

IR ACTIVITIES IN 2022

The Executive Board is in regular dialogue with investors, share analysts, the media and other stakeholders. CFO Rasmus Untidt is responsible for contact with investors and analysts. The constructive and positive dialogue with investors and analysts continued in 2022. Annual and interim financial reports and company announcements can be found at www.mthh.eu/Investor/Announcements. The company also publishes information about major orders through other investor channels.

ANALYST COVERAGE

Danske Bank Markets and ABG Sundal Collier cover the MT Højgaard Holding share.

THE SHARE

At 31 December 2022, MT Højgaard Holding's share capital remained unchanged at DKK 155,741,380, divided into 7,787,069 shares of DKK 20 each. There is only one class of shares, and no shares carry any special rights. All shares are listed on Nasdaq Copenhagen under ISIN DK0010255975. Trading in the share decreased by 14% in 2022 compared with

2021. A total of 815,252 shares were traded (2021: 943,733), corresponding to 10% of the share capital (2021: 12%). The value of share turnover was around DKK 130 million (2021: DKK 191 million). The share closed 2022 at 145.5, compared to 218 on 31 December 2021. The decrease in the share price corresponds to a negative return of about 33%, compared to about 3% for all SmallCap shares in OMX Small Cap DKK GI (OMXCSCGI). MT Højgaard Holding's market capitalisation totalled DKK 1,133 million at year-end (2021: DKK 1,698 million). On 2 January 2023, MT Højgaard Holding was reclassified from Nasdaq Copenhagen's Small Cap Index to the Mid Cap Index.

SHAREHOLDERS

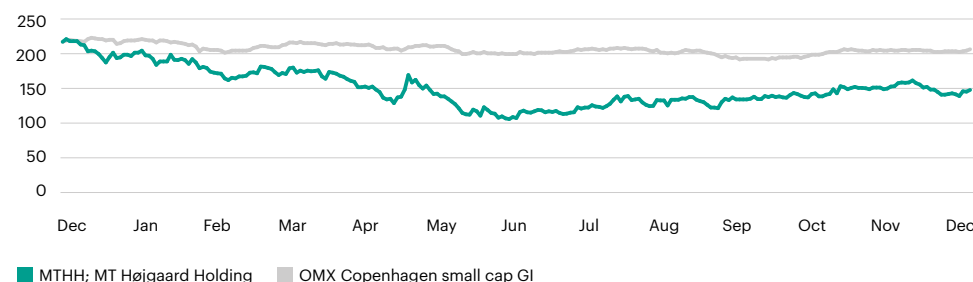
At 14 February 2023, MT Højgaard Holding had a total of 2,848 registered shareholders holding a total of 97.6% of the shares (2021: 2,972 shareholders holding a total of 97.1%). The 20 largest shareholders held about 85% of the share capital (2021: about 83.4%). Top 20 consisted of foundations and private individuals associated with the two original owner companies, companies associated with the families behind the original owner companies and Danish institutional investors.

TREASURY SHARES

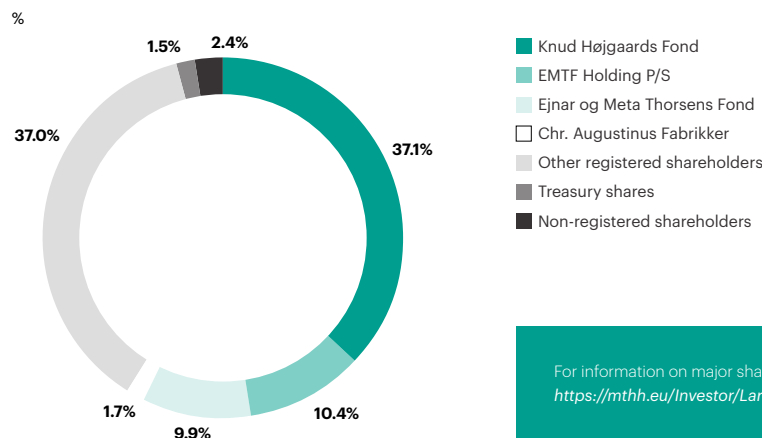
The Board of Directors is authorised to let the company acquire treasury shares up to a total of 10% of the share capital until 1 April 2024.

On 28 September 2021, MT Højgaard Holding launched a new share buyback programme to

SHARE PRICE PERFORMANCE COMPARED WITH OMX SMALL CAP DKK GI (INDEXED)



SHAREHOLDER COMPOSITION AT 14.02.2023



For information on major shareholders, see <https://mthh.eu/Investor/Largest-shareholders>

repurchase shares worth up to a total amount of DKK 11 million. The purpose was to meet the obligations arising under the company's share-based incentive programme. The programme ended on 28 February 2022. In 2021 and 2022, the company purchased 40,000 shares at a total price of around DKK 8 million under this programme, holding 113,442 treasury shares at year-end, corresponding to 1.46%, compared with 1.34% at year-end 2021.

DIVIDEND POLICY

MT Højgaard Holding seeks to pay dividends, considering the need to reduce debt as well as the Group's liquidity forecast and solvency, see the Group's dividend policy at <https://mthh.eu/Investor/Investor>.

The Board of Directors recommends that no dividends be paid for 2022. The objective of 20% solvency has not yet been met.

Data ethics

DATA ETHICS REPORT

MT Højgaard Holding has introduced a separate data ethics policy. The policy aims to clarify how the Group works with data ethics and data use, and to establish a framework for data ethical conduct. The policy also sets out the Group's data ethics guidelines for the collection, use and sharing of data with a view to ensuring good practice and respecting the rights of customers, business partners and employees. The policy also describes how these principles are embedded in the business units and the efforts made to promote knowledge-sharing and ensure training of relevant representatives across the Group.

The policy is to support and supplement the Group's CSR and privacy policy as well as its GDPR policy.

The MT Højgaard Holding Group collects, uses and shares data in accordance with current legislation and for legitimate business purposes. Data are stored safely and with a clear legal basis in accordance with fixed procedures for erasure, subject access requests, etc.

The Group does not use algorithms or systematic collection and recording of data on customers, business partners or employees. The MT Højgaard Holding Group works systematically to protect stored data against cyber attacks. Data security is monitored continuously, and immediate action is taken if an attack is suspected. Any breaches of data security or leaks of personal data are reported to the Danish Data Protection Agency.

OEHLenschLÆGERSGADES SKOLE

Enemærke & Petersen has refurbished and extended the preservation-worthy Oehlenschlägersgades Skole for the TRUST partnership. The project was nominated for the City of Copenhagen's building award 2022.

Photographer: Jonathan Weimar



Executive Board



HENRIK MIELKE
President and CEO

Joined: 15 March 2022
Born: 1964
Gender: Male
Nationality: Danish
Education: MBA Technology, Market and Organisation; Diploma in Specialised Business Studies, BSc in Engineering, skilled bricklayer

External appointments:

- Enemærke & Petersen A/S (CB)
- NemByg A/S (CB)
- MT Højgaard Danmark A/S (CB)
- MT Højgaard Property Development A/S (CB)
- NemByg (CB)
- MT Højgaard International A/S (E, B)
- MT Højgaard Grønland ApS (B)
- Arssarnerit A/S (DCB)
- MT Højgaard Føroyar P/F (CB)
- MTHI Projects A/S (CB)
- Scandi Byg A/S (B)
- Boligfonden Kuben (B)
- Fonden for Billige Boliger (B)
- Udviklingselskabet for Billige Boliger P/S (B)
- Danish Construction Federation (DI Byggeri) (B)
- Confederation of Danish Industry (DI) (B)

Shareholding: 0
Change in 2022: 0



RASMUS UNTIDT
CFO

Joined: 9 December 2022
Born: 1972
Gender: Male
Nationality: Danish
Education: Graduate Diploma in Business Administration (Financial and Management Accounting), MBA

External appointments:

- Enemærke & Petersen A/S (B)
- MT Højgaard Danmark A/S (DCB)
- MT Højgaard Property Development A/S (B)
- MT Højgaard International A/S (CB)
- MT Højgaard Grønland ApS (B)
- Arssarnerit A/S (B)
- MT Højgaard Føroyar P/F (B)
- Scandi Byg A/S (B)

Shareholding: 0
Change in 2022: 0



^
THE REFUGEE MUSEUM FLUGT

NemByg has carried out extensive works for the Varde Museums for the refurbishment, conversion and extension of the refugee camp hospital buildings so that, in future, they may house a modern refugee museum.

Board of Directors

External appointments at 31 December 2022

(CB) = Chairman of the board of directors
 (DCB) = Deputy chairman of the board of directors
 (B) = Member of the board of directors
 (E) = Executive officer



CARSTEN DILLING
 Chairman of the Board
 of Directors

Born: 1962
Gender: Male
Nationality: Danish

Independent: Yes

Elected first time in: 2018

Board committees: Chairman of the Nomination Committee and the Remuneration Committee of MT Højgaard Holding A/S

Position: Professional board member

Education: BSc and Graduate Diploma in Business Administration (International Business)

External appointments:

- Icotera A/S, Denmark (CB)
- NNIT A/S, Denmark (CB) (Member of the remuneration committee)
- SAS AB, Sweden (CB) (Member of the nomination committee and chairman of the remuneration committee)
- Terma A/S, Denmark (CB)
- Bank of America, Senior Advisor
- Member of Maj Invest investment committees

Special skills: Strategic and operational management experience across sales, commercial and operational departments; mergers and acquisitions; economic and financial management of service, project and technology enterprises; digital transformation; board experience from listed companies.

Shareholding: 0

Change in 2022: 0



MORTEN HANSEN
 Deputy Chairman of
 the Board of Directors

Born: 1963
Gender: Male
Nationality: Danish

Independent: No

Elected first time in: 2019

Board committees: Member of the Nomination Committee and the Remuneration Committee of MT Højgaard Holding A/S since March 2022.

Education: BSc in Civil and Structural Engineering

External appointments:

Wholly-owned companies:

- Omnia Invest A/S (E)
- Tirsbæk Bakker A/S (E)
- Juulsbjerg Ejendomme A/S (E)

Other companies:

- Raunstrup A/S (CB)
- Ejendomsselskabet Vejle A/S (CB)
- Jansson A/S (CB)

Special skills: Strategy and management experience from contracting and project development company, board experience from listed company and other board work.

Shareholding: 45,931

Change in 2022: 0



CHRISTINE THORSEN

Born: 1958
Gender: Female
Nationality: Danish

Independent: Yes

Elected first time in: 2016

Board committees: Member of the Sustainability Committee of MT Højgaard Holding A/S

Position: Member of the executive board, Dynamic Approach ApS (E)

Education: Master of Management of Technology (DTU), Diploma in Consulting and Coaching for Change (INSEAD)

External appointments:

- ANT-FONDEN, Denmark (CB)
- World Guide Foundation, Denmark (B)

Special skills: Change management, cost optimisation and experience from the construction industry, board experience from listed company.

Shareholding: 20,000

Change in 2022: +999

Board of Directors

External appointments at 31 December 2022

(CB) = Chairman of the board of directors
 (DCB) = Deputy chairman of the board of directors
 (B) = Member of the board of directors
 (E) = Executive officer



PERNILLE FABRICIUS

Born: 1966
Gender: Female
Nationality: Danish

Independent: Yes

Elected first time in: 2014

Board committees: Member of the Audit Committee of MT Højgaard Holding A/S

Position: EVP, Strategy, Transformation and M&A, NNIT

Education: MSc in Business Economics and Auditing, MSc in Finance, LLM (EU law), MBA

External appointments:

- K3 Technologies (B and head of audit committee)
- Brdr. Hartmann A/S, Denmark (B, head of audit committee and member of hiring committee and nomination committee)
- Greengo Energy A/S (B)

Special skills: Management and strategy across industries, geographies, ownership structures and company sizes. Financial reporting, auditing, financing, mergers and acquisitions, board experience from listed companies.

Shareholding: 0
Change in 2022: 0



JANDA CAMPOS

Born: 1973
Gender: Female
Nationality: Brazilian and Danish

Independent: Yes

Elected first time in: 2021

Board committees: Member of the Sustainability Committee of MT Højgaard Holding A/S

Position: Global Head of Sustainability, Grundfos

Education: MSc in Business Administration and Philosophy

External appointments:

- ProfilService A/S (B)

Special skills: Knowledge and experience of ESG from both a Danish and an international perspective, including strategic integration of sustainability in organisations, ESG analyses, sustainability forecasts and related reporting.

Shareholding: 0
Change in 2022: 0



ANDERS LINDBERG

Born: 1965
Gender: Male
Nationality: Swedish

Independent: Yes

Elected first time in: 2019

Board committees: Chairman of the Audit Committee of MT Højgaard Holding A/S since August 2020

Position: CEO Dellner Couplers AB

Education: MSc in Engineering, MBA

External appointments:

- IEC Holden Inc, Canada (B)
- Cilmeon AB, Sweden (B)

Special skills: Complex projects, including risk management and understanding of the value chain as well as cooperation with many stakeholders; technical understanding; understanding of the market; broad management experience, including practical experience with change management processes.

Shareholding: 0
Change in 2022: 0

Board of Directors

External appointments at 31 December 2022

- (CB) = Chairman of the board of directors
 (DCB) = Deputy chairman of the board of directors
 (B) = Member of the board of directors
 (E) = Executive officer

EMPLOYEE REPRESENTATIVES ON THE BOARD OF DIRECTORS



STEFFEN BAUNGAARD

Born: 1967
Gender: Male
Nationality: Danish

Independent: Ja

Elected first time in: 2021

Position: Professional board member

Education: MSc in Economics (HD-A), Constructing Architect and various leadership courses through IMD/Harvard

External appointments:

- DEKO A/S (CB)
- Brøndum Holding A/S (CB)
- M.B.P A/S (CB)
- Frederikshøj Ejendomme A/S (CB)
- Din ByggeRådgiver ApS (CB)
- Arkil Holding A/S (DCB)
- EBK Huse A/S (B)
- Carl Ras A/S (B)
- Nordic Waterproofing AB (B) (Member of the remuneration committee)
- Durapor A/S (B)
- Dansk Celleglas ApS (B)
- Dansk Installations Teknik A/S (B)

Special skills: More than 20 years' experience from the construction industry through NCC and HusCompagniet

Shareholding: 0
Change in 2022: 0



PETER MARTIN FACIJS

(1976, M, Danish)

Elected first time in: 2021

Position: Skilled carpenter

Selskab: MT Højgaard Danmark A/S

Education: Skilled carpenter/joiner
 Trained as a FDB sales assistant

External appointments:

- Tømmerklubben of MT Højgaard Danmark (CB)
- Bjmf Brancheklub (B)
- Vestegnens Brancheklub (B)

Special skills: Gang foreman. Opinion-former. Extensive knowledge of the company after many years' employment.

Shareholding: 0
Change in 2022: 0



LARS TESCH OLSEN

(1970, M, Danish)

Elected first time in: 2021

Position: Skilled carpenter

Selskab: Enemærke & Petersen A/S

Education: Skilled carpenter; completed board member training course

External appointments:

- Club of Enemærke & Petersen (B)
- Main Working Environment Organisation of Enemærke & Petersen

Special skills: Extensive knowledge of Enemærke & Petersen after 24 years' employment as a skilled craftsman.

Shareholding: 0
Change in 2022: 0



STINE MARIE SØDERDAHL FRIIS

(1984, F, Danish)

Elected first time in: 2021

Position: Skilled carpenter

Selskab: Scandi Byg A/S

Education: Skilled carpenter

External appointments:

- Shop steward Scandi Byg

Shareholding: 0
Change in 2022: 0

The employee representatives are elected for four-year terms, while members elected by the shareholders in general meeting are elected for one-year terms.



Consolidated financial statements

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**MARITIME CENTRE,
ESBJERG**

NemByg constructed the Maritime Centre in Esbjerg with an area of around 3,000 m². The building kicked off the Havneøen Esbjerg Strand project which will create a new interesting urban district. Lanternen has a beautiful exterior combined with high functionality, and it is situated as a lighthouse right next to the sea.

Consolidated financial statements

CONTENTS

Consolidated financial statements

Income statement	46
Statement of comprehensive income	46
Balance sheet	47
Statement of cash flows	48
Statement of changes in equity	49
Introduction to notes	50
Notes	51

NOTES

1. Income statement

1.1 Segment information	51
1.2 Revenue	53
1.3 Staff costs	55
1.4 Share-based payments	55
1.5 Depreciation, amortisation and impairment losses	57
1.6 Special items	58
1.7 Income tax and deferred tax	58
1.8 Earnings per share	62
2. Invested capital and working capital	
2.1 Intangible assets	63
2.2 Property, plant and equipment	66
2.3 Leasing	67
2.4 Investments in joint ventures	69
2.5 Inventories	71
2.6 Receivables	72
2.7 Construction contracts	74
2.8 Provisions	75

3. Capital structure and financing

3.1 Share capital	77
3.2 Capital management	77
3.3 Finance income and costs	77
3.4 Cash and cash equivalents	78
3.5 Bank loans, subordinated loan and interest rate risks	78
3.6 Liabilities from financing activities	79
3.7 Financial instruments, currency risks and liquidity risks	80
3.8 Contingent liabilities and security arrangements	83

4. Miscellaneous

4.1 Fees paid to auditor appointed at the Annual General Meeting (EY)	84
4.2 Adjustments for non-cash operating items etc.	84
4.3 Acquisition of enterprises	84
4.4 Discontinued operations and assets held for sale	86
4.5 Related parties	87
4.6 Events after the reporting date	88

5. General

5.1 Accounting policies	89
5.2 New standards and interpretations	92
5.3 Significant accounting estimates and judgements	92
5.4 Company overview	93

Income statement

Amounts in DKK million	Note	2022	2021
Revenue	1.2	8,654.4	6,966.2
Production costs	1.3 1.5	-8,028.9	-6,471.6
Gross profit/(loss)		625.5	494.6
Distribution costs	1.3	-144.3	-153.6
Administrative expenses	1.3 1.5 4.1	-221.2	-211.6
Profit/(loss) before share of profit/(loss) of joint ventures		260.0	129.4
Share of profit/(loss) of joint ventures	2.4	15.5	42.9
Profit/(loss) before special items		275.5	172.3
Special items	1.6	-93.2	-49.4
EBIT		182.3	122.9
Finance income	3.3	3.0	4.1
Finance costs	3.3	-89.1	-36.7
Profit/(loss) before tax from continuing operations		96.2	90.3
Tax on profit/(loss) for the year from continuing operations	1.7	33.6	41.0
Net profit/(loss) for the year from continuing operations		129.8	131.3
Net profit/(loss) for the year from discontinued/discontinuing operations	4.4	-117.7	-13.1
Net profit/(loss) for the year		12.1	118.2
Attributable to:			
Shareholders of MT Højgaard Holding A/S		11.7	117.6
Non-controlling interests		0.4	0.6
Total		12.1	118.2
Earnings per share	1.8		
Earnings per share (EPS), DKK		1.5	15.2
Diluted earnings per share (EPS-D), DKK		1.5	15.1
Earnings per share from continuing operations, DKK		16.9	17.0
Diluted earnings per share from continuing operations, DKK		16.6	16.9

Statement of comprehensive income

Amounts in DKK million	Note	2022	2021
Net profit/(loss) for the year		12.1	118.2
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign exchange adjustments arising on translation of foreign entities		0.7	-1.9
Capital items, joint ventures		-	7.0
Other capital items		0.2	-1.5
Other comprehensive income after tax		0.9	3.6
Total comprehensive income		13.0	121.8
Attributable to:			
Shareholders of MT Højgaard Holding A/S		12.6	121.2
Non-controlling interests		0.4	0.6
Total		13.0	121.8

Balance sheet

Amounts in DKK million	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets	2.1	428.2	529.0
Property, plant and equipment	2.2	323.2	367.2
Lease assets	2.3	250.2	256.3
Investments in joint ventures	2.4	69.1	90.8
Receivables	2.6	24.6	13.0
Deferred tax assets	1.7	174.7	196.8
Total non-current assets		1,270.0	1,453.1
Current assets			
Inventories	2.5	444.2	356.2
Receivables	2.6	2,029.9	1,876.1
Construction contracts	2.7	447.9	379.6
Income tax		3.4	1.9
Prepayments		54.2	20.4
Cash and cash equivalents	3.4	386.4	252.0
		3,366.0	2,886.2
Assets held for sale	4.4	152.5	-
Total current assets		3,518.5	2,886.2
Total assets		4,788.5	4,339.3

Amounts in DKK million	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	3.1	155.7	155.7
Translation reserve		1.8	1.1
Retained comprehensive income		576.5	563.9
Equity attributable to shareholders		734.0	720.7
Non-controlling interests		17.1	16.1
Total equity		751.1	736.8
Non-current liabilities			
Deferred tax liabilities	1.7	44.8	110.5
Provisions	2.8	145.5	187.6
Mortgage debt	3.5	35.9	12.0
Lease liabilities	2.3	230.6	241.1
Subordinated loan	3.5	320.0	400.0
Payables to related parties	3.7	-	17.3
Other liabilities	3.7	211.1	182.9
Total non-current liabilities		987.9	1,151.4
Current liabilities			
Mortgage debt	3.5	2.0	5.3
Bank loans	3.5	3.4	1.0
Lease liabilities	2.3	64.0	65.1
Subordinated loan	3.7	80.0	-
Construction contracts	2.7	979.8	827.9
Trade payables		1,384.2	996.4
Other liabilities		263.5	363.0
Income tax		15.3	10.5
Provisions	2.8	98.1	171.2
Deferred income		2.9	10.7
		2,893.2	2,451.1
Liabilities related to assets held for sale	4.4	156.3	-
Total current liabilities		3,049.5	2,451.1
Total liabilities		4,037.4	3,602.5
Total equity and liabilities		4,788.5	4,339.3

Statement of cash flows

Amounts in DKK million	Note	2022	2021	Amounts in DKK million	Note	2022	2021
EBIT		182.3	122.9	Purchase of intangible assets	2.1	-9.2	-8.9
EBIT from discontinued operations		-109.2	-12.0	Purchase of property, plant and equipment	2.2	-76.4	-238.5
Adjustments for non-cash operating items etc.	4.2	341.3	303.6	Sale of property, plant and equipment		40.5	78.2
Cash flows from operating activities before working capital changes		414.4	414.5	Acquisition of enterprises and activities	4.3	-	-90.0
Working capital changes:				Disposal of enterprises and activities	4.4	-	536.5
Inventories		-114.2	74.8	Dividends from joint ventures		55.4	17.5
Receivables		-258.5	-310.5	Loans to joint ventures		-42.2	89.9
Construction contracts		115.3	-53.7	Cash flows from investing activities		-31.9	384.7
Trade and other current payables		115.0	-5.2	Loan financing:	3.6		
Cash flows from operations (operating activities)		272.0	119.9	Decrease in bank loans		-15.3	-5.3
Finance income		3.1	3.4	Decrease in lease debt		-73.5	-334.6
Finance costs		-46.8	-57.4	Decrease in loans from related parties		-17.3	-
Income taxes paid		-14.5	-7.0	Increase in non-current liabilities		61.9	-
Cash flows from operating activities		212.8	58.9	Shareholders:			
				Purchase of treasury shares		-2.3	-18.5
				Cash flows from financing activities		-46.5	-358.4
				Net increase (decrease) in cash and cash equivalents		134.4	85.2
				Cash and cash equivalents at 01-01		252.0	166.8
				Cash and cash equivalents at 31-12	3.4	386.4	252.0

Statement of changes in equity

	2022					
Amounts in DKK million	Share capital	Translation reserve	Retained comprehensive income	Equity attributable to shareholders	Non-controlling interests	Total equity
Equity at 01-01	155.7	1.1	563.9	720.7	16.1	736.8
Net profit/(loss) for the year	-	-	11.7	11.7	0.4	12.1
Other comprehensive income:						
Foreign exchange adjustments arising on translation of foreign entities	-	0.7	-	0.7	-	0.7
Other capital items	-	-	0.2	0.2	-	0.2
Transactions with owners:						
Purchase of treasury shares	-	-	-2.3	-2.3	-	-2.3
Share-based payments	-	-	3.0	3.0	-	3.0
Additions non-controlling interests	-	-	-	-	0.6	0.6
Equity at 31-12	155.7	1.8	576.5	734.0	17.1	751.1
						2021
Amounts in DKK million	Share capital	Translation reserve	Retained comprehensive income	Equity attributable to shareholders	Non-controlling interests	Total equity
Equity at 01-01	155.7	3.0	450.9	609.6	14.8	624.4
Net profit/(loss) for the year	-	-	117.6	117.6	0.6	118.2
Other comprehensive income:						
Foreign exchange adjustments arising on translation of foreign entities	-	-1.9	-	-1.9	-	-1.9
Capital items, joint ventures	-	-	7.0	7.0	-	7.0
Other capital items	-	-	-1.5	-1.5	-	-1.5
Transactions with owners:						
Purchase of treasury shares	-	-	-18.5	-18.5	-	-18.5
Share-based payments	-	-	8.4	8.4	-	8.4
Additions non-controlling interests	-	-	-	-	0.7	0.7
Equity at 31-12	155.7	1.1	563.9	720.7	16.1	736.8

Introduction to notes

NOTE 1

Income statement

Further information on the Group's segments, revenue and costs

NOTE 2

Invested capital and working capital

Further information on fixed assets, receivables and construction contracts

NOTE 3

Capital structure and financing

Further information on the financing of the Group's activities and the associated risks

NOTE 4

Miscellaneous

Further information on acquisition of enterprises and discontinuing operations and assets held for sale

NOTE 5

General

Accounting policies, significant accounting estimates and judgements and company overview

BASIS OF PREPARATION

MT Højgaard Holding A/S is a listed public limited company with its registered office in Denmark. The financial part of the annual report for the period 1 January – 31 December 2022 comprises both the consolidated financial statements of MT Højgaard Holding A/S and its subsidiaries (the Group) and separate financial statements for the parent company.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

On 23 February 2023, the Board of Directors and the Executive Board discussed and approved the Annual Report 2022 of MT Højgaard Holding A/S. The annual report will be presented to the shareholders of MT Højgaard Holding A/S for approval at the Annual General Meeting on 20 March 2023.

The consolidated financial statements are presented in Danish kroner (DKK million), which is also the parent company's functional currency.

The Group's general accounting policies are described in note 5.1, while the accounting policies for the respective areas are explained in continuation of the individual notes

CLIMATE-RELATED TOPICS

Climate-related risks constitute an increasingly serious threat, both in Denmark and globally, and have a growing impact on the Group's projects in relation to both the adaptation of projects to climate change and the way in which projects affect the climate and the environment. Managing these risks is an important part of the Group's strategy and is considered to constitute a competitive advantage that will create new opportunities. The Group's strategy aims to exploit these opportunities through a proactive approach to legislation, efficient use of resources and other factors in the field of sustainability, with which clients, investors and financial institutions are increasingly preoccupied.

The Group is operating in a dynamic regulatory environment in which one criterion for success is to constantly keep abreast of new sustainability regulations from the Danish government and the EU. On 1 January 2023, new climate requirements for construction entered into effect in Denmark. As a result, the environmental impact of construction must be determined from a lifecycle perspective. With its many years' experience of lifecycle assessments on construction projects, the Group is well equipped to deliver in accordance with the new requirements.

When preparing the annual report, management assessed the effects of climate change. The effects have not had any significant influence on the estimates or judgements in the consolidated financial statements. Moreover, in management's opinion, climate change is not expected to have a significant effect on the Group as a going concern or in the long term (the next five years).

DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

The Danish business units – which constitute 90% of the Group – delivered an excellent performance in a difficult year and met expectations. The Group was faced with challenges internationally, which led to impairment losses on projects, goodwill etc. The impairment losses on goodwill etc. reflect lower expectations concerning revenue growth rates and EBIT margins, which depend on socio-economic developments, including changes in the costs of wages, materials and transport.

One of the main tasks for 2023 is to create sustainable companies in the few, carefully selected international markets where the Group operates. Conditions in 2023 are expected to be very challenging for the Danish construction and civil engineering industry. Both private and public clients are holding back on new projects, because they are faced with rising interest rates, high inflation, low consumer confidence and general economic uncertainty. On the other hand, the steep rise in the prices of energy and materials seems to have peaked and the availability of building materials and labour is no longer under quite so much pressure.

The developments in the international economy do not change the assessment of the Group as a going concern or in the long term (the next five years).

Notes

Note 1.1 Segment information

							2022
Amounts in DKK million	MT Højgaard Danmark	Enemærke & Petersen	Scandi Byg*	MT Højgaard International	MT Højgaard Property Development**	Ajos	Total
Revenue to external customers	4,215.0	3,292.6	291.1	718.2	485.3	-	9,002.2
Intersegment revenue	62.0	356.9	50.7	1.6	3.6	-	474.8
Total segment revenue	4,277.0	3,649.5	341.8	719.8	488.9	-	9,477.0
Depreciation and amortisation	-26.7	-23.9	-10.0	-40.5	-3.1	-	-104.2
Impairment losses	-	-	-30.0	-	-	-	-30.0
Profit/(loss) from joint ventures	-	-	-	-10.5	4.4	-	-6.1
Profit/(loss) before special items	156.8	150.5	-87.8	-37.1	30.7	-	213.1
Impairment losses (special items)	-	-	-7.4	-59.0	-	-	-66.4
Total assets	2,565.9	1,882.0	194.6	557.7	826.7	-	6,026.9
Total liabilities	1,667.9	1,402.7	156.3	535.0	724.1	-	4,486.0
							2021
Amounts in DKK million	MT Højgaard Danmark	Enemærke & Petersen	Scandi Byg*	MT Højgaard International	MT Højgaard Property Development**	Ajos*	Total
Revenue to external customers	2,999.5	2,756.0	236.8	852.6	491.4	104.6	7,440.9
Intersegment revenue	91.5	78.8	141.0	7.4	2.9	80.2	401.8
Total segment revenue	3,091.0	2,834.8	377.8	860.0	494.3	184.8	7,842.7
Depreciation and amortisation	-27.8	-24.4	-11.6	-29.2	-3.3	-50.3	-146.6
Impairment losses	-	-	-	-	-	-16.7	-16.7
Profit/(loss) from joint ventures	-	-	-	1.8	21.6	-	23.4
Profit/(loss) before special items	15.6	152.4	2.5	0.7	23.1	-15.9	178.4
Impairment losses (special items)	-9.2	-	-	-	-	-16.7	-25.9
Total assets	2,257.5	1,602.3	197.4	588.0	572.2	206.9	5,424.3
Total liabilities	1,372.6	1,149.3	120.2	585.5	490.1	101.3	3,819.0

*) Recognised as discontinuing operation

**) In 2022, MT Højgaard Projektudvikling changed its name to MT Højgaard Property Development.



Accounting policies

The Group's segment information is based on the Group's management control and internal control and reporting, which is broken down by activity.

Segment income and segment expense and assets and liabilities are those items that can be directly attributed to the individual segment or allocated to the individual segment on a reliable basis.

The business units/segments are presented so that they correspond to the internal management reporting. Top management is made up of the Executive Board and the Board of Directors.

Segment information is recognised and measured in accordance with IFRS.

Notes

Note 1.1 Segment information (continued)

Geographical breakdown of revenue and non-current assets

Amounts in DKK million	2022	2021
Revenue		
Denmark	8,293.4	6,592.4
Rest of world	718.6	850.2
Hisingsbron Bridge (joint venture)	-66.5	-134.9
Discontinuing operations	-291.1	-341.5
Total revenue from continuing operations	8,654.4	6,966.2
Non-current assets		
Denmark	866.0	979.6
Rest of world	229.3	276.7
Total non-current assets	1,095.3	1,256.3

Reconciliation of revenue, profit/(loss) from joint ventures, profit/(loss) from continuing operations, assets and liabilities, for reportable segments

Amounts in DKK million	2022	2021
Revenue		
Segment revenue for reporting segments	9,477.0	7,842.7
Revenue MT Højgaard Holding	9.8	1.7
Elimination of intersegment revenue	-474.8	-401.8
Revenue Hisingsbron Bridge (joint venture)	-66.5	-135.0
Revenue from discontinuing operations	-291.1	-341.4
Revenue, see income statement	8,654.4	6,966.2
Profit/(loss) from joint ventures		
Profit/(loss) from joint ventures for reporting segments	-6.1	23.4
Profit/(loss) Hisingsbron Bridge	21.6	19.5
Profit/(loss) from joint ventures, see income statement	15.5	42.9
Profit/(loss) from continuing operations		
Profit/(loss) before special items for reporting segments	213.1	178.4
Profit/(loss) before special items for discontinuing operations	87.8	13.4
Unallocated Group expenses	-25.4	-19.5
Special items	-93.2	-49.5
Net financials	-86.1	-32.5
Profit/(loss) before tax from continuing operations, see income statement	96.2	90.3
Assets		
Total assets for reporting segments	6,026.9	5,424.3
Other unallocated assets	535.3	431.8
Elimination of intersegment balances	-1,773.7	-1,516.8
Total assets, see balance sheet	4,788.5	4,339.3
Liabilities		
Total liabilities for reporting segments	4,486.0	3,819.0
Other unallocated liabilities	1,325.1	1,300.3
Elimination of intersegment balances	-1,773.7	-1,516.8
Total liabilities, see balance sheet	4,037.4	3,602.5

Notes

Note 1.2 Revenue

Amounts in DKK million	2022	2021
Products:		
Construction contracts	8,207.1	6,325.4
Project development	108.4	334.7
Other (services etc.)	338.9	306.1
Total revenue	8,654.4	6,966.2
Primary geographical markets:		
Denmark	8,002.3	6,250.9
Rest of world	652.1	715.3
Total revenue	8,654.4	6,966.2

The Group is engaged in construction and civil works activities in Denmark and internationally,

The Group is engaged in international activities in the North Atlantic (Faroe Islands and Greenland), Asia (Maldives and Vietnam), and

in Sweden, Portugal and Africa through joint ventures.

Sale of properties, DKK 103 million (2021: DKK 335 million), is recognised on delivery of the property (point-in-time). All other revenue is recognised over time.

Accounting policies

General

Revenue comprises construction contracts, sale of development projects, sale of properties as well as services determined on a contract basis.

Where several contracts have been entered into with the same customer at the same time, the contracts are combined if they have a single commercial objective, the amount of consideration in one contract depends on the

other contract, and the goods or services promised are a single performance obligation.

The Group's sales contracts are broken down into separately identifiable performance obligations, which are recognised and measured separately at fair value. Where a sales contract comprises several performance obligations, the total selling price is allocated to each separate performance obligation based on the selling price of each performance obligation.

Revenue is recognised when control of each separately identifiable performance obligation has transferred to the customer.

The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes collected on behalf of third parties. All forms of discounts granted are recognised in revenue. Fair value corresponds to the agreed price discounted to present value if the payment terms are greater than 12 months.

The amount of variable consideration, for example in the form of performance bonuses, incentives, penalties, etc., is only recognised in revenue if it is highly probable that a reversal of the amount of consideration will not occur in future periods, for example as a result of failure to meet targets.

Any contract modifications are recognised when they have been approved by all parties to the contract. Modifications and the associated revenue are accounted for based on an assessment of the standalone price of the modifications and an actual assessment of the elements of the contract compared with the other performance obligations under the sales contract.

Construction contracts

Revenue from construction contracts related to work performed on a customer's land can be categorised as improvements of the customer's property and is consequently recognised over time.

Revenue from construction contracts is also recognised over time if the subject matter of the contract is of such a specialised nature that there is no alternative use for it and the contract states that the Group is entitled to payment for work performed in the event of the contract being terminated for reasons that are not due to breach on the part of the Group.

The Group's construction contracts comprise the construction of major construction and civil engineering projects for private and public customers. Construction contracts basically comprise a single performance obligation as the customer only obtains benefits from the performance of the whole construction contract and

Notes

Note 1.2 Revenue (continued)

the contract involves a high degree of integration of the various contract components.

The transfer of control and recognition of revenue are determined using input methods based on costs incurred relative to total estimated costs for the contract, as these methods are considered to best depict the continuous transfer of control.

If the outcome of a construction contract cannot be estimated reliably, revenue is only recognised corresponding to costs incurred and indirect production costs, insofar as it is probable that these will be recovered.

Project development

Revenue from project development where the overall project has not been sold prior to project start-up is recognised over time during the construction period based on the number of apartments sold and the overall percentage of completion. Recognition of revenue over time is based on an assessment that the apartments are so specialised that they cannot be used for any other purpose and that the Group is legally entitled to payment and that payment will be received.

Unsold apartments are recognised at cost under inventories.

Direct property sales, both as sales of individual assets and sale of an enterprise, are recognised in revenue when control of the separately identifiable performance obligation in the sales contract transfers to the customer, i.e. at the acquisition date according to the terms of sale.

Services

Services such as facility management are considered to be a series of homogenous services that have the same pattern of transfer to the customer. Service contracts are accounted for as a single performance obligation. As customers receive and obtain benefits from the work performed on an ongoing basis, revenue is recognised over time. Revenue is recognised using input methods based on costs incurred relative to total estimated costs.

Rental income

Rental income comprises building hire under operating leases. Rental is accrued and recognised as income on a straight-line basis over the lease period under the lease agreement.



Significant accounting estimates and judgements

For construction contracts, management considers that they essentially constitute a single performance obligation. The ongoing transfer of control of the work performed occurs either because the construction work is being carried out on the customer's property whereby the title, and hence control, passes to the customer as the work is performed, or because the facilities are of such a specialised nature that, unless disproportionate sums of money are expended, there is no alternative use for them, while at the same time the customer is under obligation to pay for the work performed, including a reasonable profit for same, on a continuous basis.

Progress is measured using input methods based on actual costs incurred as a proportion of total expected costs, as this method is estimated to best reflect the continuous transfer of control. When determining the percentage of completion of a contract, account is taken of costs incurred that are attributable to inefficiencies or do not reflect the transfer of control to the customer. An important criterion for using the percentage-of-completion method is that it must be possible to estimate income and costs associated with the individual contracts reliably.

Variable consideration is only recognised in revenue if it is highly probable that a reversal of the amount of consideration will not occur in future periods. This assessment is made by regular review during the performance of the individual construction contracts. Expected income and costs on a construction contract may change as the contract is being carried out and any uncertainties are resolved. Similarly, the contract may be modified during the performance of the contract work, and assumptions on which the performance of the contract work are based may be found not to have been met.

The assessment of disagreements relating to extra work, extensions of time, demands concerning liquidated damages, etc., is based on the nature of the circumstances, knowledge of the client, the stage of negotiations, previous experience and consequently an assessment of the likely outcome of each case. For major disagreements, external legal opinions are a fundamental part of the assessment.

The Group's internal business processes, financial management and calculation tools, coupled with the project management's knowledge and expertise, provide a basis for reliable measurement of work in progress in accordance with the percentage-of-completion method.

Notes

Note 1.3 Staff costs

Amounts in DKK million	2022	2021
Wages and salaries	1,536.7	1,426.7
Defined-contribution pension schemes	110.6	109.0
Other social security costs	35.2	39.8
Share-based payments	3.9	2.0
Total	1,686.4	1,577.5
Average number of employees	2,774	2,536
Board remuneration	4.6	4.0
Executive Board:		
Salaries and fees	16.4	17.2
Share-based payments	3.1	1.7
Total Executive Board	19.5	18.9

The remuneration package for the Executive Board consists of fixed remuneration (base salary), a short-term bonus and a long-term incentive programme (LTI programme, see note 1.4).

In addition, in individual cases, the Board of Directors may award a member of the Executive Board an option programme and/or an extraordinary bonus.

The above amounts for 2022 include severance pay to former CEO (President and CEO) of DKK 0.3 million and DKK 3.6 million to former CFO.

Note 1.4 Share-based payments

In 2020, the Group introduced a restricted share programme for executive officers employed by the parent company and subsidiaries in the MT Højgaard Holding Group ("LTI programme"). The LTI programme entitles participants to invest the equivalent of 25-100% of any short-term bonus earned under the executive bonus programme in restricted shares in MT Højgaard Holding A/S ("LTI grant") subject to a three-year vesting period.

As part of the LTI programme, the participants' share of the LTI grant may be either increased by a number of additional restricted shares ("Matching Shares") paid for by the Group, or reduced, provided certain conditions are met. This adjustment will be made on the basis of an annual statement showing how the MT Højgaard Holding A/S share has performed. Any dividend on shares under the LTI grant, including any Matching Shares, will be automatically reinvested in shares in MT Højgaard Holding A/S ("Dividend Shares").

MT Højgaard Holding A/S is under obligation to settle the LTI grant, including any Matching Shares and Dividend Shares, at the vesting date. Shares comprised by the LTI grant will be purchased by the Group and placed in a depository with MT Højgaard Holding A/S, so that they are available for release on vesting and fulfilment of the vesting conditions.

The LTI programme was granted on 17 March 2020, 18 March 2021 and 16 March 2022 and comprises the grant of a total of 75,858 nos. restricted shares. The LTI programme has a rolling vesting period of three years from the date of the Annual General Meeting of MT Højgaard Holding A/S until the expiry of the deadline for adoption of the financial statements of MT Højgaard Holding A/S at the Annual General Meeting three years later, following which the executive officers become the owners of the LTI grant. The entitlement to restricted shares that do not vest on this date will lapse without any compensation. The LTI grant is conditional upon the executive officers remaining employed by the company on the final vesting date.

Management expects to be able to increase the LTI grant in 2022 by approx. 14% additional restricted shares during the vesting period, corresponding to 3,721 nos. shares, based on an expected increase in the share price over the period until the vesting date. The LTI programme will be settled in shares.

Five persons were participating in the LTI programme at 31 December 2022. Three persons left the LTI programme in 2022.

Notes

Note 1.4 Share-based payments (continued)

Breakdown of outstanding restricted shares

No. shares	Parent company Executive Board	Other employees
Outstanding at 1 January 2021	17,319	17,364
Cancelled	0	-10,169
Granted	36,036	26,055
Expected further grant	13,873	11,759
Outstanding at 31 December 2021	67,228	45,009
Forfeited	-11,567	-10,842
Granted	43,265	11,530
Expected further grant	3,401	1,770
Exercised	-46,267	-1,558
Transferred	-24,916	24,916
Outstanding at 31 December 2022	31,144	70,825
Number of restricted shares that may be sold at 31 December 2021	0	0
Number of restricted shares that may be sold at 31 December 2022	0	0

The price per share at the grant date, 17 March 2020, has been calculated at DKK 78.10.

The price per share at the grant date, 18 March 2021, has been calculated at DKK 96.59.

The price per share at the grant date, 16 March 2022, has been calculated at DKK 176.04.

The average remaining term to vesting for outstanding restricted shares at 31 December 2022 was approx. 1.25 years.

In 2022, an expense of DKK 3.9 million was recognised in the income statement in respect of the LTI programme (2021: DKK 2.0 million), ex-

cluding the share of the short-term management bonus for 2021 invested in the LTI programme, which was expensed in 2021.

The fair value of "Matching Shares" at the grant date was calculated using a Monte Carlo simulation model based on the following assumptions:

Amounts in DKK million	2022	2021
Share price at grant date (average of first five trading days of the year)	176.04	96.59
Expected term	3 years	3 years
Volatility	30%	25%
Required return on equity	14%	15%
Fair value per share at grant date (March)	177.73	195.62
Payment of dividend or decrease in non-current debt		

Volatility was determined based on a five-year observation period for the return for a representative group.

Notes

Note 1.4 Share-based payments (continued)



Accounting policies

MT Højgaard Holding A/S has established a long-term bonus-based share programme in accordance with the current remuneration policy ("LTI programme").

Share-based payments are recognised over the period in which the participant renders the service entitling him/her to the payment. This is, in principle, from the date of grant until the date on which the vesting conditions may have been met.

The portion of vested short-term executive bonus used by the participant to invest in the LTI programme is recognised as staff costs under production or distribution costs or admin-

istrative expenses, depending on the participant's affiliation with the company in the year in which the short-term bonus vests, and it is not included in the fair value of the LTI programme on the date of grant.

The LTI programme is classified as an equity-settled plan. The value of services received as consideration for the granted right to restricted shares is measured at the fair value of the shares at the date of grant. The fair value of the granted right to restricted shares is not subsequently adjusted. The component of the fair value that can be attributed to employees that do not meet the vesting conditions is adjusted and recognised over the vesting period.

Note 1.5 Depreciation, amortisation and impairment losses

Amounts in DKK million	2022	2021
Amortisation of intangible assets	42.8	64.0
Impairment of intangible assets	66.4	9.2
Depreciation of property, plant and equipment	48.7	65.7
Impairment of property, plant and equipment	5.5	7.6
Depreciation of lease assets	61.3	89.9
Impairment of lease assets	28.2	7.1
Total amortisation, depreciation and impairment losses	252.9	243.5

Amortisation and impairment charges on intangible assets are recognised in production costs with DKK 12.6 million (2021: DKK 23.7 million) and in special items with DKK 85.9 million (2021: DKK 45.1 million) and DKK 10.7 million (2021: DKK 4.4 million) is recognised in discontinuing operations.

Depreciation and impairment charges on property, plant and equipment, DKK 9.2 million, (2021: DKK 33.1 million) and depreciation and impairment charges on lease assets, DKK 30.2 million (2021: DKK 43.7 million), are recognised in the item discontinuing operations. Depreciation and impairment charges of DKK 104.3 million (2021: DKK 93.5 million) are recognised in production costs.

Impairment charges on intangible assets in 2022 mainly related to goodwill and write-ups. For further information, see note 2.1. The impairment charges in 2021 related to the ERP system.

Impairment charges on property, plant and equipment and lease assets in 2022 mainly related to building and plant and machinery in Scandi Byg. For further information, see note 4.4. Impairment charges in 2021 mainly related to Ajos.

Notes

Note 1.6 Special items

Amounts in DKK million	2022	2021
Redundancy costs and severance pay etc.	-2.1	1.5
Impairment charges and cost related to lease assets	-3.8	0.4
Impairment charges and cost related to ERP system	-2.8	-13.7
Special items before amortisation and impairment losses on goodwill etc.	-8.7	-11.8
Amortisation of write-ups	-26.9	-37.6
Impairment losses on goodwill etc.	-57.6	-
Total special items	-93.2	-49.4

Special items amounting to an expense of DKK 8.7 million relate to changes in MT Højgaard International's organisation, especially the closing down in the Faroe Islands, and write-down on a lease asset (the lease for the headquarters in Søborg).

The impairment test in 2022 led to the recognition of impairment charges on intangible assets related to Arssarnerit, RTS Contractors, MT Højgaard Føroyar, MT Højgaard Grønland and MT Højgaard Maldiverne. For further information, see note 2.1.

§ Accounting policies

Special items comprise material income and costs not directly attributable to the Group's ordinary operating activities. Income and costs relate to considerable restructuring of processes, ERP systems and structural adjustments as well as the resulting gains or losses. Special amortisation is amortisation and impairment losses on goodwill and the write-ups

In 2021, costs and write-downs were incurred as a result of the implementation of the Sustainable>22 strategy, mainly write-down of the ERP system, which is no longer used at Group level.

Expenses under special items would have been recognised in production costs with DKK 87.6 million (2021: DKK 50.9 million) and in administrative expenses with DKK 5.6 million (2021: expense of DKK 1.5 million) if it had not been decided to use special items.

of customer relationships, brand and order book in connection with enterprise acquisitions. These items are presented as separate items in the income statement to provide a better basis for assessing the Group's operating profit/(loss) without any effect from income or costs considered to be special.

Note 1.7 Income tax and deferred tax

Amounts in DKK million	2022	2021
Income tax expense for the year can be broken down as follows:		
Tax on profit/(loss) for the year from continuing operations	33.6	41.0
Tax related to discontinued operations	-6.5	8.7
Tax in the income statement	27.1	49.7
Tax on profit/(loss) for the year from continuing operations can be broken down as follows:		
Current tax	-18.3	12.0
Deferred tax	52.0	29.2
Adjustments to deferred tax in respect of prior years	-1.8	2.4
Adjustments to current tax in respect of prior years	1.7	-2.6
Tax on profit/(loss) for the year from continuing operations	33.6	41.0
Calculated 22% tax on profit/(loss) before tax from continuing operations	-21.2	-20.8
Adjustments of calculated tax in foreign group enterprises in relation to 22%	3.3	0.3
Tax effect of:		
Non-deductible expenses/non-taxable income	-18.1	6.8
Share of profit/(loss) after tax of joint ventures	-1.3	9.3
Adjustment of current and previous years' tax assets	71.0	45.6
Adjustments to tax in respect of prior years	-0.1	-0.2
Tax on profit/(loss) for the year from continuing operations	33.6	41.0
Effective tax rate (%)	-34.9	-45.4

The Group's effective tax rate for 2022 was affected by the reversal of previous years' write-downs of the tax asset.

Notes

Note 1.7 Income tax and deferred tax (continued)

Amounts in DKK million	2022	2021
Deferred tax at 01-01	-86.3	-53.7
Addition on acquisition of subsidiary	-	23.1
Deferred tax related to discontinued operations	7.6	-24.1
Deferred tax related to operations held for sale	-1.0	-
Deferred tax recognised in profit/(loss) for the year	-50.2	-31.6
Deferred tax at 31-12	-129.9	-86.3
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	-174.7	-196.8
Deferred tax liabilities	44.8	110.5
Deferred tax at 31-12, net	-129.9	-86.3
Deferred tax relates to:		
Intangible assets	41.2	70.6
Property, plant and equipment	-26.7	-5.7
Current assets	141.9	143.5
Provisions	-38.9	-94.1
Tax loss carryforwards	-247.4	-200.6
Deferred tax at 31-12	-129.9	-86.3
Deferred tax liabilities not recognised in the balance sheet		
Temporary differences relating to distributable reserves in foreign subsidiaries	15.0	13.9
Deferred tax assets not recognised in the balance sheet		
Tax loss carryforwards	63.7	127.3

Deferred tax liabilities not recognised in the balance sheet relate to distributable reserves in foreign subsidiaries that are subject to higher taxation if distributed. These liabilities have not been recognised, as the Group checks whether they will crystallise. It is probable that the liabilities will not crystallise in the foreseeable future.

RECOVERY OF DEFERRED TAX ASSETS

Like last year, tax loss carryforwards have not been fully capitalised in the assessment of deferred tax assets. They have been capitalised based on expected positive earnings in the next five years.

MT Højgaard Danmark performed extremely well, and the turnaround that commenced two years ago provides a solid platform for the future as also reflected in the outlook for the company's future earnings. In addition, both MT Højgaard Danmark and Enemærke & Petersen had record-high order books at 31 December 2022. This led to capitalisation of losses previously written down with DKK 64.9 million.

Non-capitalised tax assets amounted to DKK 63.7 million and related to tax losses that can be carried forward indefinitely.

The non-capitalised tax asset, which can be utilised within the Danish joint taxation, may be recognised as income when the Group reports the necessary positive results.

Notes

Note 1.7 Income tax and deferred tax (continued)

	2022				
Amounts in DKK million	Opening balance sheet	Addition on acquisition of subsidiary	Recognised in profit/(loss) for the year	Discontinued operations	Closing balance sheet
Intangible assets	70.6	-	-26.8	-2.6	41.2
Property, plant and equipment	-5.7	-	-16.6	-4.4	-26.7
Other current assets	143.5	-	20.5	-22.1	141.9
Provisions	-94.1	-	36.6	18.6	-38.9
Tax loss carryforwards	-200.6		-63.9	17.1	-247.4
Total	-86.3	0.0	-50.2	6.6	-129.9

	2021				
Amounts in DKK million	Opening balance sheet	Addition on acquisition of subsidiary	Recognised in profit/(loss) for the year	Discontinued operations	Closing balance sheet
Intangible assets	72.9	13.7	-15.2	-0.8	70.6
Property, plant and equipment	37.7	0.3	23.8	-67.5	-5.7
Current assets	110.4	11.6	26.0	-4.5	143.5
Provisions	-108.2	-1.2	-23.7	39.0	-94.1
Tax loss carryforwards	-166.5	-1.3	-42.5	9.7	-200.6
Total	-53.7	23.1	-31.6	-24.1	-86.3

Notes

Note 1.7 Income tax and deferred tax (continued)



Accounting policies

Income tax expense, consisting of current tax and changes in deferred tax, is recognised in net profit/(loss) for the year, other comprehensive income or directly in equity.

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

MT Højgaard Holding A/S is the management company for the Danish joint taxation and consequently settles all income tax payments to the Danish tax authorities.

Current tax is allocated among the jointly taxed Danish companies in proportion to their taxable income.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The following temporary differences are

not provided for: goodwill not deductible for tax purposes and office premises. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question have previously been recognised in equity.

Deferred tax assets, including the value represented by the tax base of tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised either by set-off against deferred tax liabilities or tax on future profits/(losses) of the parent company and the other jointly taxed enterprises in the same country. Deferred tax assets are entered as a separate line item within other non-current assets.



Significant accounting estimates and judgements

Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available, in the foreseeable future (normally 3-5 years), against which tax loss carryforwards, etc., can be offset. The amount to be recognised as deferred tax assets is determined on the basis of an estimate of the probable timing and amount of future taxable profits and taking into account current tax legislation.

The projections of future profits in the enterprises in which losses can be utilised are updated annually. At the end of the financial year, management assesses the extent to which,

under current tax legislation, taxable profits can be realised in the foreseeable future, and the tax rates that will apply at the date of utilisation. The recognition of deferred tax assets is reviewed against this background.

Non-capitalised tax assets in the Group relate to tax losses in the Danish companies that can be carried forward indefinitely. They may be recognised as income when the Group reports the necessary positive results. Deferred tax is calculated using the tax rates effective in the respective countries to which the deferred tax relates.

Notes

Note 1.8 Earnings per share

Amounts in DKK million	2022	2021
Net profit/(loss) for the year	12.1	118.2
Non-controlling interests' share of Group profit/(loss)	0.4	0.6
Group share of net profit/(loss) for the year	11.7	117.6
Average number of shares, number	7,787,069	7,787,069
Average number of treasury shares, number	-112,901	-62,633
Average number of shares outstanding, number	7,674,168	7,724,436
Average diluting effect of share-based incentive programme, number	112,901	62,633
Average number of shares outstanding, number	7,787,069	7,787,069
Earnings per share (EPS), DKK	1.5	15.2
Diluted earnings per share (EPS-D), DKK	1.5	15.1
Earnings per share from continuing operations, DKK	16.9	17.0
Diluted earnings per share from continuing operations, DKK	16.6	16.9

Notes

Note 2.1 Intangible assets

	2022					
Amounts in DKK million	Goodwill	Brands	Order book	Customer relationships	Other intangible assets	Total
Cost at 01-01	250.4	211.4	88.6	90.1	94.3	734.8
Additions	-	-	-	-	9.2	9.2
Disposals	-	-	-	-	-2.2	-2.2
Transfers to assets held for sale	-	-5.5	-1.7	-11.8	-4.5	-23.5
Cost at 31-12	250.4	205.9	86.9	78.3	96.8	718.3
Amortisation and impairment losses at 01-01	-	27.5	83.5	30.8	64.0	205.8
Amortisation	-	10.6	5.1	13.9	13.2	42.8
Impairment losses	29.6	18.8	-	15.0	3.0	66.4
Disposals	-	-	-	-	-2.2	-2.2
Transfers to assets held for sale	-	-5.5	-1.7	-11.8	-3.7	-22.7
Amortisation and impairment losses at 31-12	29.6	51.4	86.9	47.9	74.3	290.1
Carrying amount at 31-12	220.8	154.5	0.0	30.4	22.5	428.2
	2021					
Amounts in DKK million	Goodwill	Brands	Order book	Customer relationships	Other intangible assets	Total
Cost at 01-01	152.8	193.4	69.8	65.6	95.9	577.5
Addition on acquisition of subsidiary	97.6	21.9	18.8	24.5	0.4	163.2
Additions	-	-	-	-	8.9	8.9
Disposals	-	-3.9	-	-	-10.9	-14.8
Cost at 31-12	250.4	211.4	88.6	90.1	94.3	734.8
Amortisation and impairment losses at 01-01	-	16.9	66.7	18.2	42.1	143.9
Amortisation	-	11.1	16.8	12.6	23.5	64.0
Impairment losses	-	-	-	-	9.2	9.2
Disposals	-	-0.5	-	-	-10.8	-11.3
Amortisation and impairment losses at 31-12	0.0	27.5	83.5	30.8	64.0	205.8
Carrying amount at 31-12	250.4	183.9	5.1	59.3	30.3	529.0

Notes

Note 2.1 Intangible assets (continued)

GOODWILL, BRANDS, CUSTOMER RELATIONSHIPS AND ORDER BOOK

The overall impairment test of the carrying amount of goodwill in the MT Højgaard Holding Group was prepared based on accounting figures at 30 September 2022. The impairment test is based on the estimated value in use.

In connection with the impairment test for 2022, revenue was determined for each business unit on the basis of accounting figures at

30 September, forecasts for 2023 and 2024 and estimates for the years 2025-2027 approved by management. Growth in the terminal period was set at 2%.

Profit/(loss) is also based on accounting figures at 30 September and forecasts for 2023 and 2024, and the pre-tax margin is consequently increased over time to a long-term target of 3.1%-6.3%. Earnings are underpinned by the order book and the strategic initiatives launched by the companies.

Amounts in DKK million	2022	2021
MT Højgaard Danmark	63.3	63.3
MT Højgaard Property Development	11.2	11.2
Enemærke & Petersen	59.6	59.6
Raunstrup	30.9	30.9
NemByg A/S	55.8	55.8
RTS Contractors SP/F	0.0	10.9
Arssarnerit A/S (Matu)	0.0	18.7
Total goodwill	220.8	250.4

The business units are reviewed individually and the outlook for each may be adjusted up or down based on management's expectations, knowledge and estimates. Net cash flows are determined on this basis.

The present value has been determined using a discount rate set for each unit. The Group applies two different discount rates. The discount rate depends on the size of the company and thus the illiquidity premium (company supplement) applied. The discount rates

applied before tax are 15.75% for the large companies (revenue above DKK 350 million) and 19.3% before tax for the small companies. In 2021, the discount rate applied before tax was 14.91% for both types of company.

Large companies comprise MT Højgaard Danmark, Enemærke & Petersen, Raunstrup, MT Højgaard Property Development and MT Højgaard Grønland. Small companies comprise NemByg, Arssarnerit, RTS Contractors, MT Højgaard Private Limited (Maldives) and MT Højgaard Føroyar.

As a result of the impairment test, goodwill was written down to the recoverable amount for the companies Arssarnerit (Matu) (DKK 18.7 million) and RTS Contractors (DKK 10.9 million).

The impairment losses reflect lower expectations concerning revenue growth rates and EBIT margins, which depend on the socio-economic development, including changes in the costs of wages, materials and transport.

Management also tested for impairment the carrying amounts at 30 September 2022 of customer relationships and brands recognised in connection with the merger of Højgaard Holding A/S and Monberg & Thorsen A/S and the acquisitions of Matu, RTS Contractors,

Raunstrup and NemByg. The impairment tests led to write-downs for the companies Arssarnerit (Matu) (DKK 12.0 million), RTS Contractors (DKK 2.7 million), MT Højgaard Føroyar (DKK 1.5 million), MT Højgaard Grønland (DKK 9.9 million), MT Højgaard Private Limited (in the Maldives) (DKK 1.9 million) and Scandi Byg (DKK 7.5 million). For further information about Scandi Byg, see note 4.4.

The write-downs are recognised in special items in the 2022 income statement, with the exception of Scandi Byg. For Scandi Byg, the write-downs have been recognised in discontinuing operations.

OTHER INTANGIBLE ASSETS

The impairment of other intangible assets in 2022 and 2021 related to the ERP system.

At the end of the year, the carrying amount of the ERP platform in MT Højgaard Danmark was DKK 8.4 million and the HR platform for the MT Højgaard Holding Group DKK 2.0 million.

The cost of fully amortised assets still in use was DKK 13.2 million.

Management did not identify any factors indicating a need for impairment testing of other intangible assets.

Notes

Note 2.1 Intangible assets (continued)

§ Accounting policies

On acquisition of enterprises, the identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Any excess of the cost over the fair value is recognised as goodwill. Goodwill is not amortised.

Other intangible assets comprise customer relationships, brands, order book and ERP and other IT systems, which are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life. The basis of amortisation is reduced by any impairment losses.

Expected useful lives:

- | | |
|----------------------------|-----------|
| • Brands | 20 years |
| • Order book | 1-3 years |
| • Customer relationships | 5 years |
| • ERP and other IT systems | 3-7 years |

The carrying amount is reviewed at least annually and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed. Impairment losses relating to goodwill are not reversed.

! Significant accounting estimates and judgements

In connection with impairment testing of goodwill, estimates are made of how the relevant enterprises or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the goodwill and other net assets in the relevant part of the enterprise. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied. The carrying amounts of

goodwill are tested annually for impairment. Goodwill is primarily attributable to the merger of Højgaard Holding A/S and Monberg & Thorsen A/S, to which should be added goodwill attributable to the acquisitions in 2021 of Raunstrup A/S, NemByg A/S and RTS Contractors SP/F, and to the acquisition of Matu A/S in 2020. In connection with the conversion of MT Højgaard A/S into three separate companies for Denmark, international activities and pro-

ject development on 1 January 2021, goodwill, customer relationships and brands were reallocated on the basis of approved budgets for the following two years and estimates for the following three years, and qualitative assessments.

The recoverable amount is determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the annual test, net cash flows are determined on the basis of the latest approved budgets for the following two years and estimates for the following three years. The growth in the terminal period is kept constant.

The present value is determined using a discount rate before tax. The primary key assumptions are estimated to be the growth rates and the EBIT margins applied, which depend on the general economic development and the Group's risk management on individual projects. Budgets and estimates are determined on the basis of previous experience, including budgeted returns on the order portfolio and on anticipated orders and planned capacity, and taking into account management's expectations for the future, including announced expectations concerning future growth, EBIT margin and cash flows. In addition, sensitivity analyses are prepared in order to support carrying amounts.

For customer relationships, order book and brands, intangible assets have been recognised in connection with the merger of Højgaard Holding A/S and Monberg & Thorsen A/S, the acquisitions in 2021 of Raunstrup A/S, NemByg A/S and RTS Contractors SP/F, and the acquisition of Matu A/S in 2020.

An assessment of the recognised value is made based on expected future revenue, order book and earnings, and impairment testing is prepared in the event of any major changes. The value of customer relationships is assessed on the basis of whether there have been any changes in revenue and on key account revenue. The value of the order book is assessed on the basis of whether there have been any significant changes in earnings on expected revenue and any changes in the order book. The value of brands is assessed on the basis of the development in revenue.

Notes

Note 2.2 Property, plant and equipment

	2022				
GROUP					
Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	235.9	162.0	80.9	3.9	482.7
Additions	14.2	34.1	21.0	7.1	76.4
Transfers	11.0	-	-	-11.0	0.0
Disposals	-33.3	-38.3	-15.6	-	-87.2
Transfers to assets held for sale	-26.6	-6.0	-	-	-32.6
Cost at 31-12	201.2	151.8	86.3	0.0	439.3
Depreciation and impairment losses at 01-01	15.1	65.7	34.7	-	115.5
Depreciation	7.7	25.2	15.8	-	48.7
Impairment losses	3.7	1.8	-	-	5.5
Disposals	-5.1	-19.0	-13.0	-	-37.1
Transfers to assets held for sale	-10.5	-6.0	-	-	-16.5
Depreciation and impairment losses at 31-12	10.9	67.7	37.5	0.0	116.1
Carrying amount at 31-12	190.3	84.1	48.8	0.0	323.2

For further information about transfers to assets held for sale (Scandi Byg) in 2022, see note 4.4

	2021				
GROUP					
Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	204.6	248.8	65.5	6.1	525.0
Addition on acquisition of subsidiary	3.8	6.3	5.9	-	16.0
Additions	47.4	170.7	12.4	8.0	238.5
Transfers	8.4	-	1.8	-10.2	0.0
Disposals	-28.3	-263.8	-4.7	-	-296.8
Cost at 31-12	235.9	162.0	80.9	3.9	482.7
Depreciation and impairment losses at 01-01	10.4	71.7	21.6	-	103.7
Depreciation	7.1	45.0	13.6	-	65.7
Impairment losses	4.4	2.4	0.8	-	7.6
Disposals	-6.8	-53.4	-1.3	-	-61.5
Depreciation and impairment losses at 31-12	15.1	65.7	34.7	0.0	115.5
Carrying amount at 31-12	220.8	96.3	46.2	3.9	367.2

Notes

Note 2.2 Property, plant and equipment (continued)

§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, sub-suppliers and labour as well as borrowing costs attributable to the construction of the assets.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life to the expected residual value. Useful lives are determined on an individual basis for major assets, while the useful lives of other assets are determined for groups of uniform assets.

Expected useful lives:

- Buildings 10-50 years
- Plant and machinery 3-10 years
- Fixtures and fittings, tools and equipment 3-10 years

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the acquisition date and reviewed annually.

The carrying amount is reviewed at least annually and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are recognised in the income statement as production costs or administrative expenses.

Note 2.3 Leasing

Amounts in DKK million				2022
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01	182.2	36.3	37.8	256.3
Additions	38.2	20.4	27.5	86.1
Remeasurement of lease liability	11.1	-	-	11.1
Depreciation	-34.7	-8.8	-17.8	-61.3
Impairment losses	-3.8	-22.0	-2.4	-28.2
Disposals	-8.4	-0.6	-4.8	-13.8
Carrying amount at 31-12	184.6	25.3	40.3	250.2

For further information about impairment charges see note 1.6 and 4.4

Amounts in DKK million.				2021
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01	163.1	311.7	38.3	513.1
Addition on acquisition of subsidiary	10.4	4.5	12.5	27.4
Additions	54.4	68.7	19.4	142.5
Remeasurement of lease liability	2.1	-	-	2.1
Depreciation	-33.1	-29.2	-27.6	-89.9
Impairment losses	-7.1	-	-	-7.1
Disposals	-7.6	-319.4	-4.8	-331.8
Carrying amount at 31-12	182.2	36.3	37.8	256.3

Notes

Note 2.3 Leasing (continued)

The Group's leases primarily relate to vehicles, operating equipment and office buildings. The lease term for vehicles and operating equipment is typically between two and five years with an option to extend the lease. The lease term for office buildings is up to 10 years.

Lease assets that are hired out amounted to DKK 77.9 million at 31 December 2022 (2021: DKK 91.0 million).

Lease income is recognised in the income statement under revenue over the lease term on a straight-line basis.

Amounts in DKK million	2022	2021
Future lease income from hiring out of lease assets:		
Less income less than one year	9.3	6.8
Lease income between one and five years	37.1	20.5
Lease income more than five years	8.0	-
Amounts in DKK million	2022	2021
Due within one year	73.4	67.1
Due between one and five years	183.6	190.9
Due after more than five years	70.5	90.9
Total non-discounted lease liability at 31 December	327.5	348.9
Lease liabilities recognised in balance sheet		
Current	64.0	65.1
Non-current	230.6	241.1
Total	294.6	306.2
Amounts recognised in the income statement		
Interest expenses related to lease liabilities	12.3	11.6
Variable lease payments not recognised as part of the lease liability	7.8	4.2
Costs related to short-term leases	0.2	0.2

For 2022, the Group paid DKK 119.4 million (2021: DKK 359.2 million) related to leases, incl. variable lease payments and costs related to

short-term leases. In 2021, repayment of lease liabilities was recognised in connection with the sale of assets in Ajos.



Accounting policies

The Group enters into agreements to sublease an underlying asset to a third party while the Group remains the primary obligor under the original lease. In these arrangements, the Group acts as both the lessee and lessor of the same underlying asset. If the leased asset is subleased on terms that transfer substantially all the remaining risks and benefits under the head lease to the sublease, the right of use is deducted, and a lease receivable recognised. The gain/loss on the right-of-use asset, if any, is recognised in the income statement.

Lease assets and lease liabilities are recognised in the balance sheet when the lease asset is made available and the right to direct the use of the asset is obtained. Assets that are leased out on operating lease terms are recognised, measured and presented in the balance sheet in the same way as the Group's other assets of a similar type. The lease asset and the lease liability are presented separately in the balance sheet.

Lease assets of low value and short-term (less than 12 months) leases are not recognised in the balance sheet. Instead, lease payments relating to such leases are recognised in the income statement on a straight-line basis.

Lease assets are measured initially at cost, corresponding to the value of the lease liability less any prepayments of lease payments and with the addition of any directly related costs and estimated costs for dismantling, restoration or similar and less any discounts or other types of incentive payments from the lessor.

The asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. Depreciation is recognised in the income statement on a straight-line basis.

Expected useful lives:

- Vehicles 2-5 years
- Properties 2-10 years
- Plant and machinery 2-4 years

Lease assets are adjusted for changes in the lease liability as a result of changes in the terms and conditions of the lease or changes in the contractual cash flows depending on changes in an index or a rate.

Notes

Note 2.3 Leasing (continued)

The carrying amount is reviewed at least annually and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed.

Lease liabilities are measured initially at the present value of future lease payments discounted using the Group's alternative borrowing rate.

The following lease payments are recognised as part of the lease liability:

- Fixed payments
- Variable payments that depend on an index or a rate, based on the index or interest rate in question
- Payments due under residual value guarantees
- The exercise price of a purchase option if management is reasonably certain to exercise that option

- Payments comprised by an option to extend the lease if the Group is reasonably certain to exercise that option
- Penalties related to an option to terminate the lease unless the Group is reasonably certain not to exercise that option.

The lease liability is measured at amortised cost under the effective interest method. The lease liability is reassessed if the underlying contractual cash flows change as a result of:

- changes in an index or a rate,
- if there are changes in a residual value guarantee or the amount the Group expects to be payable under a residual value guarantee,
- if the Group changes its assessment of whether it is reasonably certain to exercise a purchase option or an option to extend or terminate the lease.

Note 2.4 Investments in joint ventures

Amounts in DKK million	2022	2021
Cost at 01-01	105.3	88.2
Additions	20.1	-
Disposals	-	17.1
Cost at 31-12	125.4	105.3
Adjustments at 01-01	-14.5	-1.7
Foreign exchange adjustments	-1.9	1.9
Dividends	-55.4	-17.5
Share of net profit/(loss) for the year	15.5	26.8
Other adjustments	-	7.0
Disposals	-	-31.0
Adjustments at 31-12	-56.3	-14.5
Carrying amount at 31-12	69.1	90.8

Four PPP companies were divested in 2021, yielding a gain of DKK 16.1 million, which has been recognised in profit/(loss) of joint ventures.

Notes

Note 2.4 Investments in joint ventures (continued)

Financial information (100%) for each of the Group's individually material joint ventures, adjusted to reflect any differences in accounting policies.

Amounts in DKK million	Soc. de Empreitadas e Trabalhos Hidráulicos, S.A.		Skanska-MTH Hisingsbron HB	
	2022	2021	2022	2021
Ownership interest	60%	60%	30%	30%
Statement of comprehensive income				
Revenue	238.3	276.3	220.0	407.9
Net profit/(loss) for the year	-16.6	3.0	66.1	65.5
Other comprehensive income	0.3	3.6	-	-
Total comprehensive income	-16.3	6.6	66.1	65.5
Dividends received	-	-	52.2	-
Balance sheet				
Non-current assets	33.8	38.8	-	-
Current assets	189.4	188.5	23.6	175.2
Cash and cash equivalents	20.0	13.0	41.7	178.6
Non-current liabilities	2.2	38.9	33.0	-
Current liabilities	148.9	122.5	22.6	230.3
Equity	92.1	78.9	9.7	123.5
Equity attributable to the Group	54.8	47.3	2.9	37.1

Soc. de Empreitadas e Trabalhos Hidráulicos, S.A. (Seth) carries out contracting activities in Portugal and has activities in Africa through joint ventures etc.

Skanska-MTH Hisingsbron HB is a joint venture between Skanska Sverige AB (70%) and MT Højgaard Danmark A/S (30%). The joint venture is constructing the Hisingsbron Bridge in Sweden for the Traffic and Public Transport Authority in Gothenburg (Göteborgs Stad Trafikkontoret).

Reconciliation of carrying amount at 31 December

Amounts in DKK million	2022	2021
Carrying amount of material joint ventures	57.7	84.4
Carrying amount of other joint ventures	11.4	6.4
Carrying amount at 31-12	69.1	90.8



Accounting policies

Joint arrangements are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Joint control means that decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are arrangements whereby the parties have direct rights to the assets, and obligations for the liabilities, while joint ventures are arrangements whereby the parties have rights to the net assets only.

All the Group's jointly owned companies are classified as joint ventures, i.e. the Group does not have any joint operations that are recognised on a pro rata basis in the consolidated financial statements. Gains and losses on disposal of subsidiaries and joint ventures are determined by deducting from the proceeds on disposal the carrying amount of net assets

including goodwill at the date of disposal and related selling expenses.

Investments in joint ventures are measured at the equity method whereby the investments are measured in the balance sheet at the proportionate shares of the joint ventures' net assets, determined applying the Group's accounting policies, plus or minus unrealised intragroup profits and losses, and plus goodwill.

Joint ventures with a negative net asset value are recognised at nil. If the Group has a legal or constructive obligation to cover a joint venture's negative balance, the negative balance is offset against the Group's receivables from the enterprise. Any balance is recognised in other provisions.

The proportionate share of profit/(loss) of joint ventures is recognised in the income statement net of tax and after elimination of intragroup gains and losses as well as profits/losses on sale of joint ventures.

Notes

Note 2.4 Investments in joint ventures (continued)

Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management regularly makes judgements, in addition to estimates, that may have a significant effect on the amounts recognised in the annual report.

IFRS 11 operates with the concept "joint arrangements", where the share of such arrangements is recognised in proportion to the financial interest in the project in the consolidated financial statements. Jointly controlled entities are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Such entities are classified as joint ventures if the rights of the parties sharing control are limited to net assets in separate legal entities, or as joint operations if the parties sharing control have direct and unlimited rights to the assets and obligations for the liabilities respectively.

Joint ventures are recognised using the equity method in the consolidated financial statements. Joint operations are recognised at the proportionate share of income, expenses, assets and liabilities. The Group's joint ventures are primarily in the PPP and PPS companies, Soc. de Empreitadas e Trabalhos Hidráulicos, S.A. ("Seth") and Skanska-MTH Hisingsbron HB.

The Group assesses on an entity-by-entity basis whether an arrangement is a joint venture or a joint operation, based on an assessment of control and joint control. The Group holds 60% of the voting rights in Seth. Under the contract between the parties, decisions about the company's relevant activities require the unanimous consent of the parties. The Group and Operatio SGPS, S.A. consequently have joint control over the arrangement. Because of this contractual arrangement, the parties have rights to net assets only, and Seth is consequently accounted for as a joint venture.

Note 2.5 Inventories

Amounts in DKK million	2022	2021
Raw materials and consumables	32.3	47.9
Construction projects developed in-house	80.5	14.4
Properties held for resale	331.4	293.9
Total	444.2	356.2

Cost of sales for properties for resale was DKK 44.3 million (2021: DKK 265.3 million).

Accounting policies

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, the carrying amount is written down to this lower value. The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

Properties held for resale include undeveloped sites held with a view to project development activities, and completed residential projects for resale.

Construction projects developed in-house consist of project development carried out with a view to sale but as yet unsold under IFRS 15.

Properties, project development in progress as yet unsold under IFRS 15 and undeveloped sites that are not classified as held for continued future ownership or use are measured at the lower of cost and net realisable value.

Notes

Note 2.5 Inventories (continued)

Significant accounting estimates and judgements

Properties held for resale are assessed on a regular basis based on location, site area, development rights, nature and planning and development stage. The carrying amounts of properties is compared with the market, with similar previous realised sales, or with an estimated value determined as the selling value of the finished building less all realisation costs (development, enabling works, design, construction, sale and financing). Input data relating to selling prices, rental prices and return requirements are based on available market reports from recognised estate agents and own empirical figures. Realisation costs are based on prices obtained from the realisation of similar projects.

Likewise, the value of unsold dwellings developed and built in-house is assessed on the basis of already realised/sold dwellings in the same project, and the general market trend based on recognised market reports.

Following a decline in the sale of dwellings at the end of 2022, we expect that the slowdown will be temporary and that the market will improve and the sale of dwellings pick up in the course of 2023.

Note 2.6 Receivables

Amounts in DKK million	2022	2021
Trade receivables	1,847.4	1,664.6
Receivables from related parties	10.0	-
Receivables from joint ventures	61.3	38.1
Receivables from subleasing	13.1	24.3
Other receivables	122.7	162.1
Total	2,054.5	1,889.1
Recognised in the balance sheet as follows:		
Non-current assets	24.6	13.0
Current assets	2,029.9	1,876.1
Total	2,054.5	1,889.1

Note 2.6 Receivables (continued)

Amounts in DKK million	2022	2021
Write-downs for bad and doubtful debts at 01-01	23.8	9.4
Write-downs for the year	12.8	20.8
Realised during the year	-3.4	-3.8
Reversals	-0.5	-2.6
Write-downs at 31-12	32.7	23.8

Trade receivables include DKK 32 million (2021: DKK 122 million) which is due after one year. The amount has been recognised in current assets.

The fair value of receivables is deemed to correspond to the carrying amount.

Trade receivables include amounts that are subject to normal contract disputes. See note 3.8 for details.

CREDIT RISKS

Credit risks are generally managed by regular credit rating of customers and business partners. The Group has no material risks relating to a single customer or business partner.

The vast majority of the Group's activities are carried out in Denmark for private and public customers, organisations and housing associations. The Group also carries out civil works projects in North Atlantic countries and a few chosen geographies. Private customers are

normally major Danish and international companies with high credit ratings. Credit risk on public customers is considered to be very limited.

The credit risk exposure relating to dealings with private counterparties other than banks is estimated to be limited, as the Group requests security to a great extent, normally in the form of bank guarantees and guarantee insurance or similar, when entering into contracts with private clients. On construction and civil works projects, customers are billed as the work is performed, reducing the Group's credit risk. Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Write-downs for bad and doubtful debts are consequently negligible and are due to disputes and compulsory winding-up or expected compulsory winding-up of customers. Historically, the Group has realised very few bad debt losses.

Notes

Note 2.6 Receivables (continued)

				2022
Amounts in DKK million	Percentage loss	Receivable	Expected loss	Total
Not due	0.0%	1,247.3	-	1,247.3
1-30 days past due	0.0%	227.4	-	227.4
31-60 days past due	0.0%	39.6	-	39.6
61-90 days past due	0.0%	24.0	-	24.0
More than 90 days past due	9.6%	341.8	32.7	309.1
Total		1,880.1	32.7	1,847.4

				2021
Amounts in DKK million	Percentage loss	Receivable	Expected loss	Total
Not due	0.0%	972.4	-	972.4
1-30 days past due	0.0%	217.4	-	217.4
31-60 days past due	0.0%	99.8	-	99.8
61-90 days past due	1.4%	21.0	0.3	20.7
More than 90 days past due	6.2%	377.8	23.5	354.3
Total		1,688.4	23.8	1,664.6



Accounting policies

The simplified IFRS 9 expected credit loss model, where the expected loss is recognised immediately in the income statement, is applied to trade receivables and construction contract assets. The receivable is recognised at the same time as it is recognised in the balance sheet.

For the purpose of measuring expected credit losses, trade receivables and construction contract assets are grouped based on characteristics and number of days past due.

Risks related to losses on trade receivables are assessed prior to contract inception and continuously monitored until realisation in accordance with the Group's risk management policies. Write-downs are determined based on the expected percentage loss, which is determined on the basis of historical data, a default day of 90 days and adjusted for estimates of the effect of expected changes in relevant parameters, including market trends in the construction and civil engineering industry and cyclical fluctuations etc. that are expected to potentially affect the industry.

Notes

Note 2.7 Construction contracts

Amounts in DKK million	2022	2021
Progress billings	18,002.5	15,003.6
Selling price of construction contracts	-17,470.6	-14,555.3
Construction contracts (net)	531.9	448.3
Construction contracts in progress are recognised in the balance sheet as follows:		
Current liabilities	979.8	827.9
Receivables	-447.9	-379.6
Construction contracts (net)	531.9	448.3
Outstanding performance obligations related to construction contracts		
Within one year	7,334.5	5,984.1
More than one year	6,522.8	4,639.9
Total	13,857.3	10,624.0
Contract assets related to costs for the performance of construction contracts	-	-
Depreciation charge recognised under production costs	-	2.8

RECOGNISED REVENUE RELATED TO CONSTRUCTION CONTRACTS

Efforts are made to ensure that progress billings on sales contracts for construction work reflect the underlying stage of completion based on the detailed project plan. Payment terms are typically net 30-45 days. For project sales, the Group does not receive payment until the finished project has been completed and handed over, and payment is consequently not received until after the work has been completed.

Construction contracts (assets) comprise the selling price of work performed where the Group does not yet have an unconditional right to payment.

Construction contracts (liabilities) comprise agreed progress billings for work yet to be performed.

For guarantee obligations relating to projects or other sales, reference is made to note 3.8.

The selling price of work in progress rose at 31 December 2022 compared with 31 December 2021, reflecting higher activity.

Current liabilities at 31 December 2021 of DKK 822.1 million (2021: DKK 670.9 million) have been recognised in revenue in 2022.

Outstanding performance obligations related to construction contracts for 2021 have been adjusted by the values for Scandi Byg, as this company is classified as a discontinuing operation.

Notes

Note 2.7 Construction contracts (continued)

§ Accounting policies

The selling price is measured by reference to the total expected income from each construction contract and the stage of completion at the reporting date.

The stage of completion is determined on the basis of the costs incurred and the total expected costs.

When it is probable that total expected costs on a construction contract in progress will exceed total expected contract income, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual construction contract in progress is recognised in the balance sheet as a contract asset or a contract liability, depending on the selling price less progress billings and recognised losses.

Contract performance costs incurred as a direct consequence of the contract having been entered into and which are expected to be recovered, including soil investigations, manning plans etc., are capitalised and charged as expenses over the term of the contract. Costs in connection with sales work and bidding to secure contracts are recognised as distribution costs in the income statement in the financial year in which they are incurred.

! Significant accounting estimates and judgements

There have been no changes in the cases related to the Niels Bohr Institute, New Aalborg

University Hospital or Gødstrup Regional Hospital, where the public clients have still not shown a willingness to engage in mediation.

Note 2.8 Provisions

Amounts in DKK million	2022	2021
Provisions at 01-01	358.8	434.2
Provided in the year	169.4	170.8
Utilised during the year	-201.9	-192.2
Unused amounts reversed	-71.8	-54.0
Transferred to liabilities related to assets held for sale	-10.9	0.0
Provisions at 31-12	243.6	358.8
Recognised in the balance sheet as follows:		
Non-current liabilities	145.5	187.6
Current liabilities	98.1	171.2
Total provisions	243.6	358.8

Provisions comprise, for example, completed construction contracts and include costs related to one- and five-year reviews. They also include provisions for disputes on completed

construction contracts. These are held until the cases have been settled. The majority of the provisions are expected to be incurred within three years.

Notes

Note 2.8 Provisions (continued)



Accounting policies

Provisions comprise expected costs for guarantee obligations, losses on work in progress, provisions for disputes/litigation and other liabilities. Provisions for guarantee obligations are made on the basis of guarantee claims received where it has not been possible to make a final determination of the amount, and on the basis of known defects in connection with one-year and five-year reviews and, for some contracts, assessed costs in connection with longer guarantee periods.

Provisions are recognised when the Group has a legal or constructive obligation as a result of an event in the financial year or previous years, and it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. When measuring provisions the costs required to settle the obligation are discounted if this has a material effect on the measurement of the obligation.



Significant accounting estimates and judgements

Provisions for guarantee obligations in the Group are assessed individually for each construction contract and relate to normal one-year and five-year guarantee works and, for a few contracts, longer guarantee periods. The

level of provisions is based on experience and the characteristics of each project. By their nature such estimates involve uncertainty, and actual guarantee obligations may consequently differ from those estimated.

Notes

Note 3.1 Share capital

MT Højgaard Holding has a share capital of DKK 155,741,380 divided into 7,787,069 shares of DKK 20 each. There is only one class of share, and no shares carry special rights.

Note 3.2 Capital management

“The need for alignment of the Group’s and the individual subsidiaries’ capital structure is reviewed on an ongoing basis to ensure that the capital position complies with current regulations and is aligned to the business concept and the activity level.

TREASURY SHARES

At 31 December 2022, MT Højgaard Holding A/S had 113,442 treasury shares (2021: 104,299) with a nominal value of DKK 2.3 million (2021: DKK 2.1 million).

Treasury shares are mainly acquired for use in connection with the Group’s share-based incentive programme.

The solvency ratio was 15.3% at the end of 2022 (2021: 16.6%) and the solvency ratio including subordinated loan was 23.7% (2021: 25.8%).

Dividends paid in 2022 amounted to nil per share (2021: nil).

Note 3.3 Finance income and costs

Amounts in DKK million	2022	2021
Finance income		
Interest, cash and cash equivalents etc.	2.6	0.8
Interest, joint ventures	0.3	1.5
Value adjustment put option, see note 3.7	-	0.8
Foreign exchange gains (net)	0.1	1.0
Total finance income	3.0	4.1
Finance costs		
Interest, bank loans etc.	12.5	5.8
Interest, lease liabilities	12.3	11.0
Interest, Knud Højgaards Fond	20.9	19.9
Value adjustment put option, see note 3.7	43.4	-
Total finance costs	89.1	36.7



Accounting policies

Finance income and costs comprise interest income and expense, gains and losses on balances and transactions denominated in foreign

currencies, as well as finance lease costs, income tax surcharges and refunds, and value adjustments on call and put options.

Notes

Note 3.4 Cash and cash equivalents

Amounts in DKK million	2022	2021
Cash and cash equivalents	338.9	225.3
Cash and cash equivalents that are not available to the whole Group	47.5	26.7
Total cash and cash equivalents	386.4	252.0

Cash and cash equivalents that are not available to the whole Group are funds lodged in connection with projects in progress, disposals of enterprises, property transactions etc.

Note 3.5 Bank loans, subordinated loan and interest rate risks

Amounts in DKK million	2022	2021
Subordinated loan		
Non-current liabilities	320.0	400.0
Current liabilities	80.0	-
Carrying amount at 31-12	400.0	400.0
Subordinated loan can be broken down by fixed-rate and floating-rate debt as follows:		
Floating-rate debt	400.0	400.0
Carrying amount at 31-12	400.0	400.0
Average effective interest rate (%)	8.0	4.8
Average remaining term (years)	4.3	5.3

Amounts in DKK million	2022	2021
Bank loans and mortgage debt are recognised in the balance sheet as follows:		
Non-current liabilities	35.9	12.0
Current liabilities	5.4	6.3
Carrying amount at 31-12	41.3	18.3
Bank loans and mortgage debt can be broken down by fixed-rate and floating-rate debt as follows:		
Floating-rate debt	3.4	1.0
Fixed-rate debt	37.9	17.3
Carrying amount at 31-12	41.3	18.3
Weighted average effective interest rate (%)	1.9	0.3
Weighted average remaining term (years)	18.0	8.5
Weighted average remaining term on fixed rate (years)	3.6	0.8

Notes

Note 3.5 Bank loans, subordinated loan and interest rate risks (continued)

Bank loans are only denominated in DKK, and movements are made up of modest draw-downs on credit facilities. Mortgage debt is only denominated in DKK, and movements are made up of increases and decreases and repayment of debt. The subordinated loan is denominated in DKK.

SUBORDINATED LOAN

On 10 April 2019, MT Højgaard Holding A/S entered into an agreement with Knud Højgaards Fond on a subordinated loan facility of DKK 400 million. MT Højgaard Holding A/S made a DKK 400 million drawdown on the loan facility on 10 April 2019. MT Højgaard Holding A/S is charged interest on a half-yearly basis in the form of 6-month CIBOR plus a margin.

The loan facility is repayable with DKK 80 million annually, the first time on 31 March 2023 and the last time on 31 March 2027. An agreement has been made with Knud Højgaards Fond to the effect that for every DKK 80 million repayment made, a DKK 50 million credit facility will be made available up to a total of DKK 250 million. This credit facility expires on 31 March 2027.

No security has been provided in respect of the loan, and drawdowns under the loan facility will be treated as subordinated loan capital, so that any outstanding amounts will rank after claims under sections 93-97 and 98(1) of the Danish Insolvency Act.

INTEREST RATE RISKS

The Group measures and manages interest rate risks on debt and deposits, which are determined and reviewed on a continuous basis. The

Group has no material interest rate risks. Interest rate risks relate mainly to cash and interest-bearing liabilities.

At the end of 2022, cash amounted to DKK 386.4 million and was mainly placed on short-term, fixed-term deposit and escrow accounts.

The Group's interest-bearing liabilities stood at DKK 962 million at the end of 2022, with short-term borrowings accounting for 21%. The DKK 962 million can be broken down as follows: Subordinated loan DKK 400 million, bank loans DKK 3.4 million, mortgage debt DKK 37.9 million, lease liabilities DKK 294.6 million, call option 75.2 million and other liabilities DKK 151.1 million. Fixed-rate debt accounted for 31% of the Group's interest-bearing liabilities.

Other liabilities of DKK 151.1 million mainly consist of frozen holiday pay that is index-adjusted on an ongoing basis in line with the development in wages and salaries, and a liability related to the acquisition of non-controlling shareholders' equity interests.

Changes in cash flows: All other conditions being equal, the hypothetical effect of a one percentage point increase in relation to the interest rate level realised for the year on the Group's floating-rate cash/cash equivalents and debt would have been a DKK 1.5 million decrease in consolidated net profit/(loss) for the year and equity at 31 December 2022 (2021: decrease of DKK 1.7 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.



Accounting policies

Bank loans, etc., are recognised at inception at fair value net of transaction costs incurred. Subsequent to initial recognition, the liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds (net) and the nominal

value is recognised in the income statement over the term of the loan. The fair value of financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.

Note 3.6 Liabilities from financing activities

Amounts in DKK million	2022				31-12
	01-01	Cash flows	Discontinuing operations	Other non-cash movements	
Non-current liabilities	429.3	44.6	-21.2	-96.8	355.9
Current liabilities	6.3	-15.3	-2.4	96.8	85.4
Lease commitments	306.2	-73.5	-21.5	83.4	294.6
Liabilities from financing activities	741.8	-44.2	-45.1	83.4	735.9
Amounts in DKK million	2021				31-12
	01-01	Cash flows	Discontinuing operations	Other non-cash movements	
Non-current liabilities	434.6	-	-	-5.3	429.3
Current liabilities	5.3	-5.3	1.0	5.3	6.3
Lease commitments	456.6	-334.6	27.5	156.7	306.2
Liabilities from financing activities	896.5	-339.9	28.5	156.7	741.8

Notes

Note 3.7 Financial instruments, currency risks and liquidity risks

Amounts in DKK million	2022	2021
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	-	1.3
Receivables	2,054.5	1,887.8
Construction contracts	447.9	379.6
Cash and cash equivalents	386.4	252.0
Financial assets measured at amortised cost*	2,888.8	2,519.4
Financial liabilities that are measured at fair value in the income statement and recognised under other non-current liabilities	105.3	61.8
Mortgage debt	37.9	17.3
Bank loans	3.4	1.0
Lease commitments	294.6	306.2
Subordinated loan	400.0	400.0
Payables to related parties	-	17.3
Construction contracts	979.8	827.9
Trade payables	1,384.2	996.4
Financial liabilities measured at amortised cost *	3,099.9	2,566.1

* Amortised cost corresponds largely to fair value.

The Group recognises transfers between the various categories from the date on which an event or a change in circumstances results in

a change of classification. No transfers were made between levels in 2022.

Maturity analysis for the Group's liabilities		2022			
Amounts in DKK million	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Mortgage debt	37.9	48.7	3.0	11.5	34.2
Bank loans	3.4	3.4	3.4	-	-
Lease liabilities	294.6	337.5	73.4	183.6	70.5
Subordinated loan	400.0	471.5	107.0	364.5	-
Trade payables	1,384.2	1,384.2	1,384.2	-	-
Other liabilities	105.3	124.1	-	124.1	-
Total	2,225.4	2,359.4	1,571.0	683.7	104.7
		2021			
Amounts in DKK million	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Mortgage debt	17.3	18.4	5.6	5.4	7.4
Bank loans	1.0	1.0	1.0	-	-
Lease liabilities	306.2	348.9	67.1	190.9	90.9
Subordinated loan	400.0	465.0	20.0	364.0	81.0
Payables to related parties	17.3	17.8	0.4	17.4	-
Trade payables	996.4	996.4	996.4	-	-
Other liabilities	61.8	61.8	-	61.8	-
Total	1,800.0	1,909.3	1,090.5	639.5	179.3

Notes

Note 3.7 Financial instruments currency risks and liquidity risks (continued)

OTHER LIABILITIES

EARN-OUT

The selling price for the pavilion business included an earn-out of up to DKK 110 million, which runs until the end of 2025.

The recognised earn-out is determined annually at fair value and is based on future rental activities.

Recognised liabilities at the end of 2022 were DKK 30 million (2021: DKK 30 million).

LIABILITY RELATED TO THE ACQUISITION OF NON-CONTROLLING SHAREHOLDERS' EQUITY INTERESTS

The Group entered into put and call options with the non-controlling shareholders on the acquisition of NemByg A/S on 1 July 2021. The put option entitles the non-controlling shareholders to sell their remaining 40% equity interest to the Group. At the same time, the Group has a call option to acquire the non-controlling shareholders' equity interest.

The fair value of the Group's liability relating to the acquisition of the non-controlling shareholders' equity interest has been estimated based on the expected earnings of the acquired enter-

prise and an EBITDA multiple. The expected payment has been discounted using a discount rate of 15.1%. In calculating the estimate, the expected results were a key assumption. A +/- 10% change in the expected results will lead to a DKK 5.0 million change in the liability.

The total payment for NemByg A/S amounts to DKK 67.5 million as a minimum. This is a fair value measurement at Level 3 under the fair value hierarchy applied. At the end of 2022, a liability of DKK 75.2 million was recognised (2021: DKK 31.7 million). The unrealised value adjustment for the year, DKK 43.4 million, has been recognised in finance costs.

The fair value of the Group's call option relating to the acquisition of the non-controlling shareholders' equity interest corresponds to the estimated market value of the underlying asset at the balance sheet date less the estimated exercise price for the equity interests. The estimated exercise price for the call option is based on the same assumptions and calculation methods as were used to estimate the value of the liability relating to the acquisition of non-controlling shareholders' equity interests. At 31 December 2022, the fair value of the call option was estimated at nil.

LIQUIDITY RISKS

Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments. The Group's cash flow is managed centrally, mainly through a DKK cash pool and regular cash flow forecasts from the Group's subsidiaries.

CURRENCY RISKS

Currency risks are managed centrally in the Group with a view to mitigating the effects of currency fluctuations. On projects, the Group strives to minimise risks by seeking to match income to expenditure so that they balance with respect to currency and by using forward exchange contracts. Changes in the value of derivative financial instruments are recognised in the income statement under production costs as they arise, as they do not qualify for hedge accounting. EUR to DKK is not currently considered a currency exposure due to DKK/EUR fixed-rate policy.

The Group's currency exposure in MVR and USD is considered insignificant in 2021-2022, which is also the case for SEK for 2022.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expenses in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

Notes

Note 3.7 Financial instruments and currency risks (continued)



Accounting policies

The Group has entered into put and call options on the acquisition of non-controlling shareholders' equity interests in some subsidiaries. The put option entitles non-controlling shareholders to sell their non-controlling interests to the Group at a predefined exercise price that reflects an EBITDA multiple. At the same time, the Group has call options for the non-controlling shareholdings at an exercise price that is identical to the price applying to the put options referred to above. Subsidiaries with non-controlling shareholdings that are subject to put options are fully consolidated. The non-controlling equity interest that is subject to the put option is reclassified to a liability at the time the agreement is entered into.

Call options relating to non-controlling equity interests in some subsidiaries are measured at fair value through the income statement, and adjustments are recognised in net financials. The fair value adjustment includes the effect of the change in the estimated present value of the expected cash flows for acquiring the remaining equity interests. The fair value of the call options relating to non-controlling equity interests in some subsidiaries is included in the item "Other non-current assets".

Liabilities relating to the acquisition of non-controlling shareholders' equity interests are measured at fair value through the income statement, and adjustments are recognised in net financials. The liability is presented under non-current other liabilities.

Earn-out on sale of enterprises is measured at fair value through profit or loss.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost.

The Group makes limited use of derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as finance costs or finance income as they occur.

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Gains and losses on remeasurement to fair value of derivative financial instruments are recognised as other receivables and other payables respectively. Fair value is measured on the basis of recognised valuation methods in the form of discount models and observable market data such as interest rate curves and exchange rates (Level 2).

Notes

Note 3.8 Contingent liabilities and security arrangements

MT Højgaard Holding A/S has issued guarantees to financial institutions, primarily in respect of guarantees issued for contracts and

supplies. MT Højgaard Holding A/S has issued a comfort letter (støtteerklæring) for a joint venture company.

SECURITY ARRANGEMENTS

Amounts in DKK million	2022	2021
Land and buildings with a carrying amount of	126.9	104.5
Bank loans in respect of which security has been provided	37.9	17.3
Normal security in the form of guarantees from financial institutions has been provided for contracts and supplies	4,120.4	3,785.4



Significant accounting estimates and judgements

Due to the nature of its business, the Group is naturally involved in various disagreements, disputes and legal and arbitration proceedings in both Danish and a few international companies. An assessment is made in all instances of the extent to which such cases may result in obligations for the Group, and the probability of this. In some instances, a case may also re-

sult in a contingent asset or claims against other parties than the client. Management's estimates are based on available information and legal opinions from advisers. The outcome may be difficult to assess and, depending on the nature of the case, may differ from the Group's estimate.

Notes

Note 4.1 Fees paid to auditor appointed at the Annual General Meeting (EY)

Amounts in DKK million	2022	2021
Audit fees	6.2	5.3
Other assurance engagements	0.7	0.4
Tax and VAT advice	0.3	0.3
Non-audit services	0.4	0.5
Total fees	7.6	6.5

Note 4.2 Adjustments for non-cash operating items etc.

Amounts in DKK million	2022	2021
Depreciation, amortisation and impairment losses	252.9	243.5
Provisions	96.2	116.8
Share of profit/(loss) of joint ventures	-15.5	-42.9
Other non-cash operating items, net	7.7	-13.8
Total	341.3	303.6

Note 4.3 Acquisition of enterprises

2022

No enterprises were acquired in 2022.

2021

Amounts in DKK million	NemByg A/S	Raunstrup A/S	RTS Contractors	Total
Intangible assets	26.4	32.4	6.8	65.6
Property, plant and equipment	5.3	0.5	10.2	16.0
Lease assets	1.9	21.0	4.5	27.4
Current assets	36.4	93.3	7.4	137.1
Cash and cash equivalents	29.3	40.8	2.9	73.0
Bank loans	-	-	-1.0	-1.0
Lease commitments	-1.9	-21.0	-4.6	-27.5
Deferred tax liabilities	-7.7	-15.2	-1.5	-24.4
Other non-current liabilities	-32.7	-12.3	-3.3	-48.3
Provisions	-1.8	-3.7	-	-5.5
Trade payables	-17.8	-42.6	-5.5	-65.9
Other payables	-49.3	-24.0	-7.1	-80.4
Net assets	-11.9	69.2	8.8	66.1
Goodwill	55.8	30.9	10.9	97.6
Equity incl. non-controlling interests	43.9	100.1	19.7	163.7
Non-controlling interests	-	-	-0.7	-0.7
Purchase price	76.6	100.1	19.0	195.7
Due purchase price	-32.7	-	-	-32.7
Of which cash and cash equivalents	-29.3	-40.8	-2.9	-73.0
Cash consideration	14.6	59.3	16.1	90.0

Notes

Note 4.3 Acquisition of enterprises (continued)

On 4 February 2021, MT Højgaard International acquired 80% of the shares in the Faroese company RTS Contractors. With this acquisition, MT Højgaard International will gain access to strong excavation and civil works capabilities in the Faroe Islands, including blasting in Arctic conditions.

RTS Contractors is recognised in revenue with DKK 36.5 million and net profit of continuing operations with DKK 1.3 million.

Enemærke & Petersen acquired the nationwide contracting and carpentry company Raunstrup A/S effective 1 March 2021. The acquisition will strengthen Enemærke & Petersen, especially in East and Central Jutland and on Funen, and will also considerably expand Enemærke & Petersen's activities in the field of building maintenance services.

Raunstrup is recognised in revenue with DKK 390.0 million and net profit of continuing operations with DKK 4.0 million for the period since the acquisition on 1 March.

In addition, on 1 July, Enemærke & Petersen acquired 60% of the shares in the contracting company NemByg A/S. The current owners, including management, will continue as non-controlling shareholders until the end of 2024 after which Enemærke & Petersen has an option to acquire NemByg in its entirety. The purchase price for 60% of the shares was DKK 43.9 million. The price for the remaining 40%

will be determined using an earn-out model based on NemByg's financial performance.

NemByg is recognised in revenue with DKK 108.1 million and net profit of continuing operations with DKK 5.1 million for the period since the acquisition on 1 July.

Revenue and net profit for the Group for 2021 (for the continuing operations) calculated on a pro forma basis as if Raunstrup A/S and NemByg A/S were acquired on 1 January 2021, were DKK 7,375.7 million and DKK 143.3 million respectively. The pro forma figures have been determined based on the actual purchase consideration and the purchase price allocation at the acquisition date, but amortisation, loan costs etc. are recognised in the pro forma figures from 1 January 2021.

GOODWILL

The acquisition of RTS Contractors will strengthen MT Højgaard International's position in the Faroe Islands, including within strong capabilities and experience within blasting in Arctic conditions.

The acquisition of the contracting and carpentry company Raunstrup will strengthen the activities on Funen and in East and Central Jutland and within building maintenance services.

The acquisition of the contracting group NemByg will secure Enemærke & Petersen a strong foothold in South Jutland.



Accounting policies

Newly acquired enterprises are recognised in the consolidated financial statements from the acquisition date. Comparative figures are not restated for newly acquired enterprises.

Acquisitions of enterprises over which the Group obtains control are accounted for by using the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are

recognised if they are separable or arise from a contractual right, and the fair value can be determined reliably. The tax effect of the restatements performed is taken into account.

On initial recognition, non-controlling interests are measured either at the fair value of the non-controlling interests' equity interest or at their proportionate share of the fair value of the acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed.



Significant accounting estimates and judgements

On acquisition of enterprises, the acquiree's identifiable assets, liabilities and contingent liabilities must be recognised at fair value using the acquisition method. The principal assets are normally goodwill, property, plant and equipment, intangible assets, receivables, and work in progress. For a large proportion of the assets and liabilities acquired there are no efficient markets that can be used to determine the fair value. This applies particularly to intan-

gible assets acquired. The methods typically used are based on the present value of future cash flows. Accordingly, management makes estimates when determining the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determination of fair value may be subject to uncertainty and may be adjusted subsequently.

Notes

Note 4.4 Discontinued operations and assets held for sale

Amounts in DKK million	2022	2021
Revenue	291.1	341.4
Costs	-400.3	-353.4
EBIT	-109.2	-12.0
Net financials	-2.0	-12.6
EBT	-111.2	-24.6
Income tax expense	-6.5	9.0
Profit/(loss) after tax	-117.7	-15.6
Gain/(loss) on sale less distribution costs and write-downs to fair value	-	7.0
Tax effect of write-downs	-	-4.5
Net profit/(loss) for the year from discontinued operations	-117.7	-13.1
Earnings per share (EPS) for discontinued operations, DKK	-15.4	-1.8
Diluted earnings per share (EPS-D) for discontinued operations, DKK	-15.1	-1.8
Cash flows from operating activities	-70.7	0.3
Cash flows from investing activities	14.1	441.3
Cash flows from financing activities	62.7	-271.8
Total cash flows from discontinued operations	6.1	169.8
Property, plant and equipment	18.4	-
Inventories	21.2	-
Receivables	112.9	-
Assets held for sale	152.5	0.0
Bank loans	45.1	-
Provisions	10.9	-
Other liabilities	100.3	-
Liabilities related to assets held for sale	156.3	0.0

2022

In December 2022, a sales process was initiated for Scandi Byg A/S. As a result, a binding cooperation and an option agreement were entered into on 18 January 2023 concerning the sale of Scandi Byg to Nordic Wood Industries A/S, one of Denmark's leading manufacturers and suppliers of wood-based materials and prefabrication for sustainable construction. A final purchase price will be comprised of variable elements and can only be established and announced in continuation of Nordic Wood Industries' expected exercise of the option. If the option is not exercised as planned no later than 16 October 2023, Nordic Wood Industries will pay DKK 10 million to MT Højgaard Holding. Completion of the sale will be subject to approval from the Danish competition authorities. The sales process has led to an approx. DKK 30 million write-down of property, plant and equipment and lease assets to fair value less selling costs. The valuation is supported by the agreement entered into with Nordic Wood Industries in January 2023 (Level 2).

The carrying amounts of customer relationships and brands were also tested for impairment. The test led to impairment charges of DKK 7.5 million.

A loss of DKK 22.3 million has been recognised in 2022 related to the sale of the Ajos activities, including a loss on sale of a site.

2021

The crane division in Ajos was divested to the crane enterprise Normas Cranes A/S effective 1 April. The transaction comprised seven specialised employees at two locations and the crane fleet with more than 50 tower and semi-mobile cranes as well as the crane division's order book.

Ajos divested all its activities within site huts, construction site organisation, temporary installations etc. to the rental company CP ApS effective 1 October. The transaction comprised a number of specialised employees at locations in Køge and Vejle, and all equipment, incl. approx. 1,400 office and workmen's huts as well as containers and approx. 150 ordered units.

Effective 31 December, an agreement was signed on the sale of the rental activities of the Ajos business unit's pavilion business to Adapteo, the leading provider of flexible buildings in Northern Europe.

The total selling price for the assets was DKK 531.8 million, which contributed to a loss from discontinued operations of DKK 7.3 million. The assets disposed of comprised property, plant and equipment and lease assets.

A loss of DKK 8.9 million was recognised in 2021 related to adjustment of the selling price for Lindpro under profit/(loss) from discontinued operations.

Notes

Note 4.4 Discontinued operations and assets held for sale (continued)



Accounting policies

Discontinued operations are a considerable component of the business, the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the business and that have either been disposed of or are classified as held for sale and expected to be disposed of within one year according to a formal plan.

Net profit/(loss) from discontinued operations and value adjustments after tax of the associated assets and liabilities and gains/losses on sale are presented as a separate line in the income statement with restated comparative figures. Revenue, expenses, value adjust-

ments and tax of discontinued operations are disclosed in the notes.

Assets and related liabilities for discontinuing operations are reported as separate line items in the balance sheet without restatement of comparative figures. Cash flows from the operating, investing and financing activities of discontinued/discontinuing operations are reported separate from the statement of cash flows and disclosed in this note.

Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal.

Note 4.5 Related parties

Amounts in DKK million

	2022	2021
Related party transactions:		
Sales of goods and services to Knud Højgaards Fond	8.1	36.3
Sales of goods and services to joint ventures	23.9	6.1
Interest, joint ventures	0.3	1.5
Interest, Knud Højgaards Fond	-20.9	-19.9
Receivables from joint ventures	61.3	38.1
Subordinated loan; Knud Højgaards Fond	-400.0	-400.0
Balance with Knud Højgaards Fond	10.0	-17.3

Related parties with significant influence comprise the members of the company's Board of Directors and Executive Board, and Knud Højgaards Fond with a shareholding of 37%.

Remuneration to the Board of Directors and the Executive Board as well as the share-based incentive programmes are disclosed in note 1.3.

For further information on the subordinated loan of DKK 400 million from Knud Højgaards Fond, see note 3.5.

Related parties also include joint ventures in which the Group has joint control. A list of the Group's companies is provided in note 5.4.

Dividends from joint ventures are disclosed in note 2.4.

MT Højgaard Holding A/S has issued a comfort letter (støtteerklæring) for a joint venture company.

Receivables from joint ventures in 2022 relate primarily to a loan to SETH and, in 2021, subordinated loans to Hisingsbron Bridge. Receivables also include balances relating to purchases and sales of goods and services. The business-related balances are non-interest-bearing and are entered into on the same terms as apply to other customers and suppliers.

Balances with joint ventures were not written down in 2022 or 2021.

The Danish companies in the Group have been taxed jointly since 5 April 2019. In 2022, transfers of joint taxation contributions among the Danish companies were DKK 17.2 million (2021: DKK 3.8 million).

Notes

Note 4.6 Events after the reporting date

In December 2022, a sales process was initiated for Scandi Byg A/S. As a result, a binding cooperation and an option agreement were entered into on 18 January 2023 concerning the sale of Scandi Byg to Nordic Wood Industries A/S.

No other material events have arisen between the reporting date and the date of publication of the annual report that have not already been included in this annual report or have a material effect on the assessment of the company's financial position.

Notes

Note 5.1 Accounting policies

The accounting policies are unchanged from those applied for 2021, except as stated below.

CHANGES TO ACCOUNTING POLICIES

MT Højgaard Holding A/S has implemented the following new or amended standards and interpretations with effect from 1 January 2022:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020.
- MT Højgaard Holding A/S has implemented the standards and interpretations that become effective in the EU for 2022.

None of these standards or interpretations has affected recognition or measurement in 2022 or is expected to affect the Group.

GOING CONCERN STATEMENT

In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board have assessed whether it is appropriate to adopt the going concern basis of accounting. The Board of Directors, the Audit Committee and the Executive Board have concluded that there are no factors, at the time of publication of the financial statements, that cast any doubt on the Group's ability and willingness to continue as a going concern until at least the next reporting date. This conclusion

has been reached on the basis of knowledge of the Group and the future outlook.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent company MT Højgaard Holding A/S and subsidiaries controlled by MT Højgaard Holding A/S.

The Group controls an enterprise when it is exposed to, or has rights to, variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise.

When assessing control, the Group takes into account de facto control and potential voting rights that are substantive at the reporting date.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, determined applying the Group's accounting policies after elimination of intragroup income and expenses, shareholdings, balances and dividends, as well as unrealised gains/losses on transactions between the consolidated enterprises.

Subsidiaries' items are fully consolidated in the consolidated financial statements. Non-controlling interests' share of net profit/(loss) for the year and of equity in subsidiaries that are

not wholly-owned is recognised as part of the Group's profit/(loss) or equity but is presented separately.

FOREIGN CURRENCY TRANSLATION

For each of the reporting enterprises in the Group, the functional currency is determined as the primary currency in the market in which the enterprise operates. Transactions denominated in all currencies other than Danish kroner are accounted for as transactions in foreign currencies.

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the reporting date.

Foreign exchange differences arising between the exchange rate at the transaction date or the reporting date and the date of settlement are recognised in the income statement as finance income and costs.

On recognition of foreign subsidiaries and joint ventures, income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates, which do not differ significantly from the exchange rates at the transaction date, while balance sheet items

are translated at the exchange rates at the reporting date.

Foreign exchange differences arising on translation of the opening equity of foreign enterprises at the exchange rates at the reporting date and on translation of the income statement items from average exchange rates to the exchange rates at the reporting date are recognised in other comprehensive income and in a separate translation reserve in equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

INCOME STATEMENT

Expenses are presented by function in the income statement.

Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on construction contracts in progress. Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses on capital equipment, subcontractor supplies, leasing of capital equipment, design and technical assistance, remedial and guarantee works as well as subsupplier claims, for example relating to extra work, including any related interest payments, etc.

Notes

Note 5.1 Accounting policies (continued)

Distribution costs include bidding, advertising and marketing costs as well as salaries etc. relating to sales and marketing departments.

Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

BALANCE SHEET

Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

EQUITY

The translation reserve comprises foreign exchange differences that have arisen from the translation of the financial statements of foreign entities from their functional currencies to Danish kroner.

STATEMENT OF CASH FLOWS

The statement of cash flows shows cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on cash and cash equivalents.

Cash flows from operating activities are determined using the indirect method, whereby operating profit/(loss) is adjusted for the effects of non-cash operating items, changes in working capital, and net financials and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment, financial and other non-current assets.

Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends, increases and decreases in loan facilities, and decreases in lease liabilities.

Cash and cash equivalents comprise cash and cash equivalents less payables related to on-call overdraft facilities that form part of the Group's day-to-day cash management.

FINANCIAL RATIOS

Earnings per share and diluted earnings per share have been calculated in accordance with IAS 33.

Operating profit/(loss) before special items and special amortisation and impairment losses is defined as Operating profit/(loss). In order to make the operating results clearer and ensure they match the published outlook, operating profit/(loss) and operating margin are presented before special items and special amortisation and impairment losses. Special amortisation and impairment losses are amortisation and impairment losses on the write-ups on customer relationships, brand and order book in connection with enterprise acquisitions.

Order intake is determined as the total contract sum of new construction contracts and agreements on services and project development, where a commercial and identifiable agreement has been entered into with the customer on delivery and payment that has been approved by both parties and which both parties have committed to performing, and where it is probable that the consideration will be received from the customer.

Order book is determined as the total contract sum of construction contracts and agreements on services and project development less the percentage completed as at the latest financial reporting date.

Notes

Note 5.1 Accounting policies (continued)

The financial ratios in the annual report have been calculated as follows:

Working capital	Accounts receivable + inventories (excl. properties for resale) + work in progress (net) - accounts payable
Net interest-bearing debt	Interest-bearing debt - (interest-bearing assets + cash and cash equivalents)
Invested capital	Intangible assets, property, plant and equipment + working capital
Gross margin	$\frac{\text{Gross profit/(loss)} \times 100}{\text{Revenue}}$
Operating margin before special items	$\frac{\text{Operating profit/(loss) before special items} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on invested capital after tax incl. goodwill (ROIC after tax))	$\frac{\text{NOPLAT}}{\text{Average invested capital incl. goodwill}}$
Return on equity (ROE)	$\frac{\text{Profit/(loss) after tax excl. non-controlling interests} \times 100}{\text{Average equity excl. non-controlling interests}}$
Solvency ratio	$\frac{\text{Equity excl. non-controlling interests, end of year}}{\text{Total assets}}$
Earnings per share (EPS and EPS-D)	$\frac{\text{Earnings excl. non-controlling interests}}{\text{Average number of shares}}$
Net asset value per share	$\frac{\text{Equity excl. non-controlling interests}}{\text{Number of shares, end of year}}$
Market capitalisation	Market price x number of outstanding shares at year end
Average number of shares	Average number of shares outstanding for the year

REPORTING IN ACCORDANCE WITH THE ESEF REGULATION

The Commission's Delegated Regulation (EU) 2019/815 on a single electronic reporting format (European Single Electronic Format (ESEF)) – the ESEF Regulation – has introduced a single electronic reporting format to be used by issuers of financial instruments on EU regulated markets in connection with the preparation of annual financial reports.

The combination of XHTML format and iXBRL tags allows annual reports to be read by both humans and machines, which improves the accessibility, analysis and comparability of the information included in the annual reports. The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is part of the ESEF Regulation and has been developed on the basis of the IFRS taxonomy.

The items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For items that are not directly defined in the ESEF taxonomy, extension taxonomy elements have been created. These extension elements are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

This annual report, which has been submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism), consists of the XHTML document and technical files, all of which are included in the ZIP file mthh-2022-12-31-da.zip.

Central definitions

XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents displayed in a web browser.

iXBRL tags (or Inline XBRL tags) are hidden metadata embedded in the source code of an XHTML document, which enables the conversion of XHTML-formatted information into a machine-readable XBRL data record by appropriate software.

A financial reporting taxonomy is an electronic dictionary of reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

Notes

Note 5.2 New standards and interpretations

A number of new standards and interpretations that are not mandatory for MT Højgaard Holding A/S in connection with the preparation of the 2022 annual report have been is-

sued. None of the new standards or interpretations is expected to have a material impact on MT Højgaard Holding A/S's financial reporting.

Note 5.3 Significant accounting estimates and judgements

Determining the carrying amounts of some assets and liabilities requires judgements, estimations and assumptions related to future events.

The estimates made are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

Estimates deemed critical to the financial reporting primarily relate to the recognition of construction contracts and the risks associated with their execution, i.e. measurement of the selling price of construction contracts in progress, determination of guarantee obligations, and assessment of the outcome of disputes. Key accounting estimates are also made when assessing the need for impairment charges in connection with the measurement of intangible assets, deferred tax assets and acquisitions.

Notes

Note 5.4 Company overview

Subsidiaries	Registered office	Ownership interest 2022	Ownership interest 2021	Subsidiaries	Registered office	Ownership interest 2022	Ownership interest 2021
MT Højgaard Danmark A/S	Søborg DK	100%	100%	Nordre Mellemvej, Roskilde ApS	Søborg DK	100%	100%
MT Højgaard Construction Management ApS	Søborg DK	100%	100%	Sjællandsbroen, København ApS	Søborg DK	100%	100%
MT Højgaard Vietnam Company Limited	Vietnam VN	100%	100%	Strandvej, Korsør ApS	Søborg DK	100%	100%
MTHI A/S	Søborg DK	100%	100%	Sjællandsbroen Erhverv ApS	Søborg DK	100%	100%
Enemærke & Petersen A/S	Ringsted DK	100%	100%	Solrækkerne ApS	Søborg DK	100%	100%
E&P Murerforretning ApS	Ringsted DK	100%	100%	Halland Boulevard, Høje Taastrup ApS	Søborg DK	100%	100%
Raunstrup A/S	Aarhus DK	100%	100%	Vestervænget, Høje Taastrup ApS	Søborg DK	100%	100%
Raunstrup Tømrer A/S	Aarhus DK	100%	100%	Skjeborg Allé, del 3, Høje Taastrup ApS	Søborg DK	100%	100%
Raunstrup Bygningsservice A/S	Aarhus DK	100%	100%	Mosevej 15b, Risskov ApS	Søborg DK	100%	100%
Raunstrup Byggeri A/S	Aarhus DK	100%	100%	Mosevej 17, Risskov ApS	Søborg DK	100%	100%
NemByg A/S	Tjæreborg DK	60%	60%	Nivåvej, Nivå - del 1 ApS	Søborg DK	100%	100%
Øresundsvej 11, Esbjerg ApS	Esbjerg DK	100%	100%	Nivåvej, Nivå - del 2 ApS	Søborg DK	100%	100%
Ejendomsselskabet Skovagervej, Ry ApS	Ry DK	100%	100%	MTH Projekt 5 ApS	Søborg DK	100%	100%
Scandi Byg A/S	Løgstør DK	100%	100%	MTH Projekt 19 ApS	Søborg DK	100%	100%
MT Højgaard International A/S	Søborg DK	100%	100%	MTH Projekt 21 ApS	Søborg DK	100%	100%
MTHI Projects A/S	Søborg DK	100%	100%	MTH Projekt 22 ApS	Søborg DK	100%	100%
Greenland Contractors I/S*	Søborg DK	67%	67%	MTH Projekt 23 ApS	Søborg DK	100%	100%
Greenland Contractors JV A/S	Søborg DK	50%	-	MTH Projekt 24 ApS	Søborg DK	100%	100%
MT Højgaard Grønland ApS	Greenland GR	100%	100%	MTH Projekt 25 ApS	Søborg DK	100%	100%
Arssarnerit A/S	Greenland GR	100%	100%	MTH Projekt 27 ApS	Søborg DK	-	100%
MT (UK) Ltd.	England GB	-	100%	MTH Projekt 28 ApS	Søborg DK	100%	100%
MT Højgaard Føroyar P/F	Faroe Islands DK	100%	100%	MTH Projekt 29 ApS	Søborg DK	100%	100%
R.T.S. Contractors SP/F	Faroe Islands DK	80%	80%	MTH Projekt 30 ApS	Søborg DK	100%	100%
MT Højgaard Norge AS	Norway NO	100%	100%	MTH Projekt 31 ApS	Søborg DK	100%	100%
MT Højgaard Private Limited	Maldiv. MV	100%	100%	MTH Projekt 32 ApS	Søborg DK	100%	100%
MT Højgaard Projektudvikling A/S	Søborg DK	100%	100%	MTH Projekt 33 ApS	Søborg DK	100%	100%
Horsensvej, Vejle ApS	Søborg DK	100%	100%	MTH Projekt 34 ApS	Søborg DK	100%	100%
Gaardhaverne ApS	Søborg DK	100%	100%	Administrationsselskabet af 1. oktober 2007 A/S	Søborg DK	100%	100%

* As permitted by section 5(1) of the Danish Financial Statements Act, the partnership has elected not to present an annual report.

Notes

Note 5.4 Company overview (continued)

Joint ventures	Registered office	Ownership interest 2022	Ownership interest 2021
OPS Frederikshavn Byskole A/S	Fr.berg DK	50%	50%
OPS Skovbakkeskolen A/S	Fr.berg DK	50%	50%
Driftsselskabet OPP Vejle A/S	Fr.berg DK	50%	50%
Driftsselskabet OPP Slagelse sygehus A/S	Fr.berg DK	50%	50%
BESIX-MTH JV I/S	Søborg DK	50%	-
MTH Projekt 27 ApS	Søborg DK	90%	-
Soc. de Empreitadas e Trabalhos Hidráulicos, S.A.,(Seth)	Portugal PT	60%	60%
Skanska-MTH Marieholmsbron HB	SwedenSE	30%	30%
Skanska-MTH Hisingsbron HB	Sweden SE	30%	30%
Sundlink Contractors HB	Sweden SE	37%	37%
Bravida MT Højgaard ApS	Brøndby DK	50%	50%
Associates			
Genbyg.dk A/S	Kastrup, DK	20%	-



Parent company financial statements

<
AIRPORT IN NUUK
Improved infrastructure provides better opportunities for business and tourism in Greenland. MT Højgaard International constructs the terminal building of the new airport in Nuuk.

Parent company financial statements

CONTENTS

Income statement	96
Statement of comprehensive income	96
Balance sheet	97
Statement of cash flows	98
Statement of changes in equity	99
Notes	100

NOTES

Accounting policies

1	Accounting policies	100
2	Significant accounting estimates and judgements	100
Income statement		
3	Revenue	100
4	Staff costs	101
5	Depreciation, amortisation and impairment losses	101
6	Fees paid to auditor appointed at the Annual General Meeting (EY)	101
7	Investments in subsidiaries	102
8	Finance income and costs	102
9	Income tax	103

Balance sheet

10	Intangible assets	103
11	Property, plant and equipment	103
12	Lease assets	104
13	Loans to related parties and group enterprises	104
14	Deferred tax	105
15	Lease liabilities	105
16	Provisions	106

Miscellaneous

17	Adjustments for non-cash operating items etc.	106
18	Liabilities from financing activities	106
19	Financial instruments	107
20	Contingent liabilities and security arrangements	108
21	Related parties	108

Income statement

Amounts in DKK million	Note	2022	2021
Revenue	3	136.8	166.8
Production costs	4, 5	-128.9	-133.1
Gross profit/(loss)		7.9	33.7
Administrative expenses		-41.2	-46.3
EBIT		-33.3	-12.6
Profit/(loss) subsidiaries	7	61.2	152.4
Finance income	8	17.9	12.4
Finance costs	8	-34.4	-42.8
Profit/(loss) before tax		11.4	109.4
Income tax expense	9	0.3	8.2
Net profit/(loss) for the year		11.7	117.6

Statement of comprehensive income

Amounts in DKK million	Note	2022	2021
Net profit/(loss) for the year		11.7	117.6
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign exchange adjustments arising on translation of foreign entities		0.7	-1.9
Capital items, subsidiaries		0.2	5.5
Other comprehensive income after tax		0.9	3.6
Total comprehensive income		12.6	121.2

Balance sheet

Amounts in DKK million	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets	10	2.2	3.0
Property, plant and equipment	11	10.1	15.2
Lease assets	12	78.3	91.1
Investments in group enterprises	7	1,772.7	1,820.8
Loans to group enterprises	13	34.3	-
Loans to related parties	13	20.9	-
Deferred tax assets	14	-	6.7
Total non-current assets		1,918.5	1,936.8
Current assets			
Receivables		11.7	17.4
Receivables from group enterprises		850.3	678.7
Income tax		6.5	3.8
Prepayments		10.9	9.3
Cash and cash equivalents		298.1	191.1
		1,177.5	900.3
Assets held for sale		38.3	-
Total current assets	7	1,215.8	900.3
Total assets		3,134.3	2,837.1

Amounts in DKK million	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital		155.7	155.7
Net revaluation reserve according to the equity method		50.3	225.1
Retained comprehensive income		528.0	339.9
Total equity		734.0	720.7
Non-current liabilities			
Lease liabilities	15	89.2	99.2
Subordinated loan	19	320.0	400.0
Payables to related parties	19	-	17.3
Other liabilities		8.6	8.4
Total non-current liabilities		417.8	524.9
Current liabilities			
Lease liabilities	15	18.8	18.2
Subordinated loan	19	80.0	-
Trade payables	19	7.1	16.4
Other liabilities		18.4	17.4
Payables to group enterprises		1,858.2	1,536.3
Income tax		-	1.2
Provisions	16	-	2.0
Total current liabilities		1,982.5	1,591.5
Total liabilities		2,400.3	2,116.4
Total equity and liabilities		3,134.3	2,837.1

Statement of cash flows

Amounts in DKK million	Note	2022	2021	Amounts in DKK million	Note	2022	2021
EBIT		-33.3	-12.6	Purchase of intangible assets	10	-	-18.4
Adjustments for non-cash operating items etc.	17	21.2	36.2	Purchase of property, plant and equipment	11	-	-22.9
Cash flows from operating activities before working capital changes		-12.1	23.6	Sale of property, plant and equipment		0.8	1.3
Working capital changes:				Dividends received		240.0	-
Receivables		4.1	-26.4	Capital changes in subsidiaries	7	-165.0	-
Receivables and payables group enterprises		148.4	288.7	Loans to group enterprises		-34.3	-
Trade and other current payables		-8.2	54.9	Loans to joint ventures		-20.9	-30.0
Cash flows from operations (operating activities)		132.2	340.8	Cash flows from investing activities		20.6	-70.0
Finance income		17.9	12.4	Loan financing:	18		
Finance costs		-34.4	-42.8	Decrease in lease debt		-12.9	-11.8
Income taxes paid		3.0	6.5	Decrease in loans from related parties		-	29.5
Cash flows from operating activities		118.9	316.9	Acquisition of lease debt		-17.3	-
				Shareholders:			
				Purchase of treasury shares		-2.3	-18.5
				Cash flows from financing activities		-32.5	-0.8
				Net increase (decrease) in cash and cash equivalents		107.0	246.1
				Cash and cash equivalents at 01-01		191.1	-55.0
				Cash and cash equivalents at 31-12		298.1	191.1

Statement of changes in equity

	2022			
Amounts in DKK million	Share capital	Net revaluation re- serve according to the equity method	Retained comprehensive income	Total equity
Equity at 01-01	155.7	225.1	339.9	720.7
Net profit/(loss) for the year	-	61.2	-49.5	11.7
Other comprehensive income:				
Foreign exchange adjustments, foreign enterprises	-	0.7	-	0.7
Dividends, subsidiaries	-	-240.0	240.0	0.0
Capital items, subsidiaries	-	0.2	-	0.2
Transactions with owners:				
Purchase of treasury shares	-	-	-2.3	-2.3
Share-based payments	-	3.1	-0.1	3.0
Equity at 31-12	155.7	50.3	528.0	734.0
				2021
Amounts in DKK million	Share capital	Net revaluation re- serve according to the equity method	Retained comprehensive income	Total equity
Equity at 01-01	155.7	66.4	387.5	609.6
Net profit/(loss) for the year	-	152.4	-34.8	117.6
Other comprehensive income:				
Foreign exchange adjustments, foreign enterprises	-	-1.9	-	-1.9
Capital items, subsidiaries	-	5.5	-	5.5
Transactions with owners:				
Purchase of treasury shares	-	-	-18.5	-18.5
Share-based payments	-	2.7	5.7	8.4
Equity at 31-12	155.7	225.1	339.9	720.7

Notes

Note 1 Accounting policies

The financial statements of the parent company MT Højgaard Holding A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

The accounting policies of MT Højgaard Holding A/S are identical to the Group's accounting policies, except as stated below.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recognised using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the subsidiaries' net assets, applying the parent company's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Subsidiaries with a negative net asset value are recognised at nil. If the parent company has a legal or constructive obligation to cover an enterprise's negative balance, the negative balance is offset against the parent company's receivables from the enterprise. Any balance is recognised in other provisions.

The proportionate share of profit/(loss) of subsidiaries is recognised in the income statement net of tax and after elimination of intragroup gains and losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the total balance in a cash pool arrangement owned by the company.

Because of the nature of the arrangement, subsidiaries' surpluses and deficits in the cash pool arrangement are not accounted for as cash and cash equivalents but recognised in the items receivables group enterprises and payables to group enterprises.

SHARE-BASED PAYMENTS

In the parent company, costs associated with the LTI programme related to participants employed by subsidiaries are recognised in investments in subsidiaries, and a set-off to the recognised cost is recognised in equity over the vesting period.

Note 2 Significant accounting estimates and judgements

Significant accounting estimates and judgements related to the accounting policies applied by MT Højgaard Holding A/S correspond

to those described in the consolidated financial statements.

Note 3 Revenue

Amounts in DKK million	2022	2021
Products:		
Group contribution	43.9	66.9
IT services	73.0	76.3
Hire services	16.7	14.2
Other	3.2	9.4
Total revenue	136.8	166.8
Primary geographical markets:		
Denmark	132.1	166.2
Rest of world	4.7	0.6
Total revenue	136.8	166.8

Notes

Note 4 Staff costs

Amounts in DKK million	2022	2021
Wages and salaries	58.5	58.2
Defined-contribution pension schemes	3.6	3.9
Other social security costs	0.3	0.3
Share-based payments	2.8	1.9
Total	65.2	64.3
Average number of employees	57	62
Board remuneration	4.6	4.0
Executive Board:		
Salaries and fees	16.4	17.2
Share-based payments	3.1	1.7
Total Executive Board	19.5	18.9

"For further information on remuneration to the Executive Board and the Board of Directors, see note 1.3 to the consolidated financial statements.

Note 5 Depreciation, amortisation and impairment losses

Amounts in DKK million	2022	2021
Amortisation of intangible assets	0.8	15.4
Depreciation of property, plant and equipment	4.1	3.5
Impairment of property, plant and equipment	-	0.8
Depreciation of lease assets	12.4	11.5
Impairment of lease assets	3.8	-2.8
Total amortisation, depreciation and impairment losses	21.1	28.4

Depreciation, amortisation and impairment losses are mainly recognised in the item production costs. For further information, see note 1.5 to the consolidated financial statements.

Note 6 Fees paid to auditor appointed at the Annual General Meeting (EY)

Amounts in DKK million	2022	2021
Audit fees	1.2	0.8
Other assurance engagements	0.6	0.2
Non-audit services	0.3	-
Total fees	2.1	1.0

Notes

Note 7 Investments in subsidiaries

Amounts in DKK million	2022	2021
Cost at 01-01	1,595.7	1,565.7
Additions	165.0	30.0
Transfers to assets held for sale (Scandi Byg)	-139.4	-
Cost at 31-12	1,621.3	1,595.7
Adjustments at 01-01	225.1	66.4
Foreign exchange adjustments	0.7	-1.9
Net profit/(loss) for the year	61.2	152.4
Dividends	-240.0	-
Other adjustments	3.3	8.2
Transfers to assets held for sale (Scandi Byg)	101.1	-
Adjustments at 31-12	151.4	225.1
Carrying amount at 31-12	1,772.7	1,820.8

A list of subsidiaries is provided in note 5.4 to the consolidated financial statements. Additions in 2022 are capital injections into three subsidiaries. The carrying amount of

Scandi Byg of DKK 38.3 million has been transferred to assets held for sale. For further information, see note 4.4 to the consolidated financial statements

Note 8 Finance income and costs

Amounts in DKK million	2022	2021
Finance income		
Interest, group enterprises	0.2	-
Interest income, subsidiaries	17.7	12.4
Total finance income	17.9	12.4
Finance costs		
Interest, bank loans etc.	4.8	3.4
Interest, lease liabilities	6.3	6.8
Interest, group enterprises	20.9	19.9
Interest, subsidiaries	1.3	3.8
Loss on repayment of debt	1.1	8.9
Total finance costs	34.4	42.8

Notes

Note 9 Income tax

Amounts in DKK million	2022	2021
Income tax expense for the year can be broken down as follows:		
Income tax expense	0.3	8.2
Tax in the income statement	0.3	8.2
Tax on profit/(loss) for the year can be broken down as follows:		
Current tax	6.4	3.8
Deferred tax	-13.0	3.0
Adjustments to deferred tax in respect of prior years	6.3	-
Adjustments to current tax in respect of prior years	0.6	1.4
Income tax expense	0.3	8.2
Calculated 22% tax on profit/(loss) before tax	-2.5	-24.1
Tax effect of:		
Non-deductible expenses/non-taxable income	-1.0	-2.7
Share of profit/(loss) after tax of subsidiaries	13.5	33.5
Adjustment of current and previous years' tax assets	-16.5	-
Adjustments to tax in respect of prior years	6.8	1.5
Income tax expense	0.3	8.2
Effective tax rate (%)	-2.6	-7.5

Note 10 Intangible assets

Amounts in DKK million	2022	2021
Other intangible assets		
Cost at 01-01	18.4	-
Additions	-	18.4
Disposals	-0.2	-
Cost at 31-12	18.2	18.4
Amortisation and impairment losses at 01-01	-15.4	-
Amortisation	-0.8	-15.4
Disposals	0.2	-
Amortisation and impairment losses at 31-12	-16.0	-15.4
Carrying amount at 31-12	2.2	3.0

Note 11 Property, plant and equipment

Amounts in DKK million	2022	2021
Fixtures and fittings, tools and equipment		
Cost at 01-01	18.8	-
Additions	-	22.9
Disposals	-4.5	-4.1
Cost at 31-12	14.3	18.8
Depreciation and impairment losses at 01-01	-3.6	-
Depreciation	-4.1	-3.5
Impairment losses	-	-0.8
Disposals	3.5	0.7
Depreciation and impairment losses at 31-12	-4.2	-3.6
Carrying amount at 31-12	10.1	15.2

Notes

Note 12 Lease assets

Amounts in DKK million	2022		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01	91.0	0.1	91.1
Additions	-	0.4	0.4
Remeasurement of lease liability	3.0	-	3.0
Depreciation	-12.3	-0.1	-12.4
Impairment losses	-3.8	-	-3.8
Carrying amount at 31-12	77.9	0.4	78.3

Amounts in DKK million.	2021		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01			-
Additions	99.4	0.2	99.6
Remeasurement of lease liability	0.2	-	0.2
Depreciation	-11.4	-0.1	-11.5
Impairment losses	2.8	-	2.8
Carrying amount at 31-12	91.0	0.1	91.1

Leases mainly relate to an office property and vehicles. The lease term for the office property

is ten years. The lease terms for vehicles vary between two and five years.

Lease assets that are hired out (operating leases) amounted to DKK 77.9 million at 31 December 2022 (2021: DKK 91.0 million). Future lease income from hiring out of lease assets amounts to:

Amounts in DKK million	2022	2021
Less than one year	14.8	13.3
Between one and five years	37.1	28.4
More than five years	8.0	0.0

Note 13 Loans to related parties and group enterprises

Amounts in DKK million	2022			
	Carrying amount	Less than one year	Between one and five years	More than five years
Loans to group enterprises	34.3	-	34.3	-
Loans to related parties	20.9	-	20.9	-
Carrying amount at 31-12	55.2	-	35.2	-

Notes

Note 14 Deferred tax

Amounts in DKK million	2022	2021
Deferred tax at 01-01	-6.7	-3.7
Deferred tax recognised in profit/(loss) for the year	6.7	-3.0
Deferred tax at 31-12	0.0	-6.7
Deferred tax relates to:		
Intangible assets	-	0.5
Property, plant and equipment	-	16.4
Provisions	-	-21.5
Tax loss carryforwards	-	-2.1
Deferred tax at 31-12	0.0	-6.7

The deferred tax asset has been written down as it is not probable that it can be utilised in the foreseeable future.

Amounts in DKK million	2022		
	Opening balance sheet	Recognised in profit/(loss) for the year	Closing balance sheet
Intangible assets	0.5	-0.5	0.0
Property, plant and equipment	16.4	-16.4	0.0
Provisions	-21.5	21.5	0.0
Tax loss carryforwards	-2.1	2.1	0.0
Total	-6.7	6.7	0.0

Amounts in DKK million.	2021		
	Opening balance sheet	Recognised in profit/(loss) for the year	Closing balance sheet
Intangible assets	-	0.5	0.5
Property, plant and equipment	-	16.4	16.4
Provisions	-	-21.5	-21.5
Tax loss carryforwards	-3.7	1.6	-2.1
Total	-3.7	-3.0	-6.7

Note 15 Lease liabilities

Amounts in DKK million	2022	2021
Lease liabilities - analysis of maturity dates		
Due within one year	19.2	18.6
Due between one and five years	76.4	74.2
Due after more than five years	33.3	51.0
Total non-discounted lease liability at 31 December	128.9	143.8
Lease liabilities recognised in balance sheet		
Current	18.8	18.2
Non-current	89.2	99.2
Total	108.0	117.4
Amounts recognised in the income statement		
Interest expense in respect of lease liabilities	6.3	6.8

Notes

Note 16 Provisions

Amounts in DKK million	2022	2021
Provisions at 01-01	2.0	-
Provided in the year	-	10.0
Utilised during the year	-2.0	-5.9
Unused provisions reversed	-	-2.1
Provisions at 31-12	0.0	2.0
Recognised in the balance sheet as follows:		
Current liabilities	-	2.0
Total provisions	0.0	2.0

Note 17 Adjustments for non-cash operating items etc.

Amounts in DKK million	2022	2021
Depreciation, amortisation and impairment losses	21.1	28.4
Other non-cash operating items, net	0.1	7.8
Total	21.2	36.2

Note 18 Liabilities from financing activities

Amounts in DKK million	2022			
	01-01	Cash flows	Other non-cash movements	31-12
Non-current liabilities	417.3	-17.3	-80.0	320.0
Current liabilities	-	-	80.0	80.0
Lease commitments	117.4	-12.9	3.5	108.0
Liabilities from financing activities	534.7	-30.2	3.5	508.0
2021				
Amounts in DKK million.	01-01	Cash flows	Other non-cash movements	31-12
Non-current liabilities	1.016.2	-	-598.9	417.3
Lease commitments	-	17.7	99.7	117.4
Liabilities from financing activities	1.016.2	17.7	-499.2	534.7

Notes

Note 20 Contingent liabilities and security arrangements

For guarantees provided as security for contracts and supplies, see note 3.8 to the consolidated financial statements.

MT Højgaard Holding A/S has issued comfort letters (støtteerklæring).

Normal guarantees etc. have been issued to the buyers in connection with sales of enterprises or assets. Provision has been made for estimated losses.

MT Højgaard Holding A/S is taxed jointly with its Danish subsidiaries, and is the management company for the joint taxation. The management company has unlimited and joint and

several liability with the other companies with respect to income taxes and withholding taxes on dividends, interest and royalties in the joint taxation group. At 31 December 2022, the total known net liability on payable income taxes and withholding taxes in the joint taxation group was nil (2021: DKK 5.7 million).

Any subsequent adjustments in respect of joint taxation income and withholding taxes etc. may result in the company's liability being higher.

For further information, see note 1.7 to the consolidated financial statements.

Note 21 Related parties

Amounts in DKK million	2022	2021
Related party transactions:		
Sales of goods and services to subsidiaries	127.0	165.1
Sales of goods and services to Knud Højgaards Fond	0.1	0.1
Purchases of goods and services from subsidiaries	-0.3	-1.6
Interest, group enterprises	0.2	-
Interest, Knud Højgaards Fond	-20.9	-19.9
Receivables subsidiaries	884.6	678.7
Receivables SETH	20.9	-
Payables to subsidiaries	-1,858.2	-1,536.3
Subordinated loan; Knud Højgaards Fond	-400.0	-400.0
Balance with Knud Højgaards Fond	-	-17.3
Acquisition of assets from MT Højgaard Danmark A/S	-	167.6
Acquisition of liabilities from MT Højgaard Danmark A/S	-	-167.8

SIGNIFICANT INFLUENCE:

Related parties with significant influence comprise the members of the company's Board of Directors and Executive Board, and Knud Højgaards Fond with a shareholding of 37%.

SUBSIDIARIES:

In 2021, the company took over the administrative functions (IT, legal affairs, procurement, facility management and Group finance) from MT Højgaard Danmark A/S.

A list of subsidiaries is provided in note 5.4 to the consolidated financial statements.

Receivables from and payables to subsidiaries are primarily attributable to the cash pool arrangement. As the company did not incur any

bad debts, an ECL loss is considered to be very limited.

Interest income and interest expense relating to balances with subsidiaries are disclosed in note 8.

Dividends from subsidiaries are disclosed in note 7.

Remuneration to the Board of Directors and the Executive Board as well as the share-based incentive programmes are disclosed in note 4.

For further information on the subordinated loan of DKK 400 million from Knud Højgaards Fond, see note 19.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the 2022 annual report of MT Højgaard Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2022 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year, cash flows and financial position and describes the significant risks and uncertainty factors pertaining to the Group and the parent company.

In our opinion, the 2022 annual report of MT Højgaard Holding A/S with the file name mthh-2022-12-31.zip has been prepared, in all material respects, in compliance within the ESEF Regulation.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 23 February 2023

EXECUTIVE BOARD

Henrik Mielke
President and CEO

Rasmus Untidt
CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Morten Hansen
Deputy Chairman

Anders Lindberg

Steffen Baungaard

Christine Thorsen

Janda Campos

Pernille Fabricius

Steffen Baungaard

Peter Martin Facius

Lars Tesch Olsen

Stine Marie Søderdahl Friis

Independent auditor's report

TO THE SHAREHOLDERS OF MT HØJGAARD HOLDING A/S

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements and the parent company financial statements of MT Højgaard Holding A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accord-

ance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of MT Højgaard Holding A/S on April 5 2019 for the financial year 2019. We have been reappointed annually by resolution of the general meeting for a total consecutive period of four years up until the financial year 2022.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results

of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

RECOGNITION AND MEASUREMENT OF CONSTRUCTION CONTRACTS AND RELATED REVENUE RECOGNITION

Accounting policies and information regarding revenue recognition related to construction contracts are disclosed in notes 1.2 and 2.7 to the consolidated financial statements.

MT Højgaard Danmark, Enemærke & Petersen, Scandi Byg, MT Højgaard International, MT Højgaard Property Development and Scandi Byg erect major building and construction projects for private as well as public customers, where the delivery of the projects typically extends over more than one financial year. Due to the characteristics of the projects and in accordance with the accounting policies, MT Højgaard Holding recognises and measures revenue on these construction contracts over time based on input-based accounting methods.

Recognition and measurement of construction contracts involve considerable estimates and judgements by Management to assess claims raised by the contractor, costs of completion of the projects, including warranties and dis-

putes, as well as the period of completion. Changes to these accounting estimates during the project phase can have a material impact on revenue, production costs and results.

Therefore, we consider recognition of construction contracts a key audit matter in respect of the consolidated financial statements and the parent company financial statements.

In connection with our audit, we assessed the Group's business procedures and tested the design, implementation and efficiency of selected controls for revenue recognition in relation to construction contracts. We analysed the project accounts prepared by Management, and based on selected projects, we assessed and reconciled revenue recognised and production costs incurred to the cost estimate at the bidding date, the actual stage of completion and the latest projection. Our audit includes an evaluation of considerable estimates and assessments made by Management, whereby we have verified project documentation and discussed the status of projects in progress with members of Management, the finance department or project management.

We have obtained attorney's letters from the Group's external and internal attorneys and discussed with members of Management cases subject to disputes and/or legal proceedings to provide an assessment thereof.

During our audit, we focused on ensuring that policies and processes for performing management estimates have been applied consistently to uniform contracts and in accordance with previous years.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's and the Parent 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 Group's and the Parent 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 con-

ditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements

of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of MT Højgaard Holding A/S, we performed procedures to express an opinion on whether the annual report of MT Højgaard Holding A/S for the financial year 1 January – 31 December 2022 with the file name mthh-2022-12-31-da.zip has been prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report has been prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Independent auditor's report
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report for the financial year 1 January – 31 December 2022 with the file name mthh-2022-12-31-da.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 23 February 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender

State Authorised Public Accountant
mne21332

Thomas Bruun Kofoed

State Authorised Public Accountant
mne28677

