MT HØJGAARD HOLDING

ANNUAL REPORT

2020

MT Højgaard Holding A/S Knud Højgaards Vej 7 2860 Søborg CVR 16888419

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In March 2020, Enemærke & Petersen completed the construction of 84 apartments in Køge Kyst, an exciting new residential area that is centrally located between Køge town, the water and the salt meadow.

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Among the leading players in the construction and civil engineering industry

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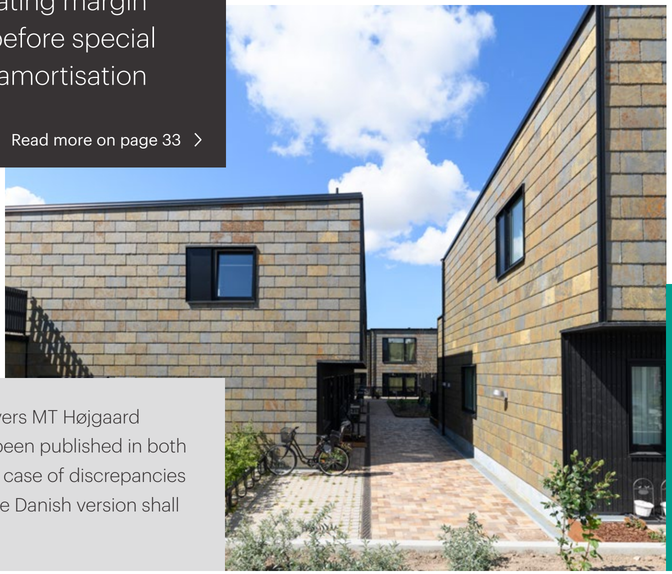


This annual report covers MT Højgaard Holding A/S and has been published in both Danish and English. In case of discrepancies or in case of doubt, the Danish version shall prevail.

CONSOLIDATED FINANCIAL STATEMENTS

The results for 2020 were in line with the published outlook for the year

Read more on page 46

Overview

EMPLOYEES

The MT Højgaard Holding Group is known for a high degree of professionalism and skilled employees who deliver quality building on time. All business units work systematically to provide a good working environment and a high level of safety in order to become the preferred workplace for the most competent employees in the industry.

TERM IN THE REPORT

The MT Højgaard Holding Group comprises the parent company MT Højgaard Holding A/S and the wholly-owned subsidiaries, the core ones of which are MT Højgaard A/S (the business units MT Højgaard Danmark, MT Højgaard International and MT Højgaard Projektudvikling), Enemærke & Petersen A/S, Scandi Byg A/S and Ajos A/S. Unless otherwise stated, the figures in the annual report are for the MT Højgaard Holding Group.

The term the MT Højgaard Group comprises the Group's operational entity and is synonymous with MT Højgaard A/S and its subsidiaries as well as Enemærke & Petersen A/S, Scandi Byg A/S and Ajos A/S. When figures for the MT Højgaard Group are mentioned in the report, it is in order to provide a link between the figures and guidance from the previous interim financial reports and financial statements for 2019. The differences between MT Højgaard Group and the MT Højgaard Holding Group are shown in the graph at the bottom of page 11.

Our profile

A UNIFIED GROUP

MT HØJGAARD HOLDING
- Develops the portfolio
- Exercises active ownership
- Operates group functions

BUSINESS UNITS
- Independent management
- Clear focus on customers and projects
- Individual strategies
- Accountability for own income statement and balance sheet

We deliver through strong, independent business units and a unifying Holding

We cover the entire value chain and seek collaboration internally between business units and also with external partners where it makes commercial sense

WE COVER THE ENTIRE VALUE CHAIN

PROJECT DEVELOPMENT | CIVIL WORKS | CONSTRUCTION | REFURBISHMENT | OPERATION

MTHøjgaard Projektudvikling
Enemærke & Petersen a/s
scandibyg
MTHøjgaard Danmark
MTHøjgaard International
ajos

Five strategic focus areas bind the Group together and make us stronger

FIVE STRATEGIC FOCUS AREAS

SUSTAINABILITY | INNOVATION | PROCESSES | COLLABORATION | EMPLOYEES

Milestones

APRIL 2019

NEW CHAIRMAN OF THE BOARD OF DIRECTORS

Carsten Dilling takes over in April 2019. He was first elected to the Board in 2018.

MT HØJGAARD HOLDING A/S

Højgaard Holding A/S and Monberg & Thorsen A/S merge, with Højgaard Holding A/S as the continuing company. The continuing company changes its name to MT Højgaard Holding A/S and, on implementation of the merger, becomes the owner of 100% of the MT Højgaard Group.

NOVEMBER 2019

MANAGEMENT IN PLACE

The new management of MT Højgaard Holding A/S is in place with the appointment of Morten Hansen as President and CEO and Martin Solberg as CFO.

FEBRUARY 2020

SUSTAINABLE›22

The Group launches the new strategy Sustainable›22, which aims to expand the Group's positions of strength and, in 2022, raise the operating margin before special items and amortisation of purchase price allocation to 4%, see definition on page 6.

MARCH 2020

SALES OF LINDPRO

The sale of Lindpro A/S for DKK 265 million strengthens the balance sheet and increases focus on the areas in which the Group has great depth of capabilities, critical mass and good contribution margins.

265 DKK million

APRIL 2020

SUSTAINABLE HOUSING

Scandi Byg and PensionDanmark enter into a collaboration on sustainable modular building in wood. Specific projects are the construction of a total of 777 student accommodation units for PensionDanmark and Boligfonden DTU.

JULY 2020

ACQUISITION IN GREENLAND

MT Højgaard International's company Arssarnerit strengthens its position in the technology market in Greenland with the acquisition of the security company MATU.

AUGUST 2020

SUB-STRATEGIES

The Board of Directors discusses sub-strategies for all business units, which they then begin to implement. The focus in all units is on improved profitability.

SEPTEMBER 2020

NEW ORGANISATION

MT Højgaard Danmark announces a new, streamlined project-oriented organisation with nine production sections with equal status. Approx. 50 employees are made redundant and 13 are transferred to MT Højgaard International.

OCTOBER 2020

LARGEST ORDER OF THE YEAR

MT Højgaard Danmark wins two large, conditional contracts for a waterfront culture centre in Copenhagen and workshops for DSB. The framework agreement with DSB is the biggest of the year, with a potential value of DKK 1.6 billion.

1.6 DKK billion

SALE OF HOIST ACTIVITIES

The hoist activities are sold in order to sharpen the focus on the growth areas in the Ajos business.

NOVEMBER 2020

BEST IN DENMARK

Enemærke & Petersen and the team behind the refurbishment of the Royal Danish Library in Aarhus win the refurbishment prize 'RENOVER prisen 2020' for the best refurbishment in Denmark. 162 projects were nominated.

DECEMBER 2020

PORTFOLIO MODEL

On 1 January 2021, the three MT Højgaard business units – Danmark, Projektudvikling and International – are separated into independent companies, as is already the case with Enemærke & Petersen, Scandi Byg and Ajos.

See model on page 19 ›

NEW-BUILDS AT KØGE KYST

After two years of joint development, in December 2020 PensionDanmark and Enemærke & Petersen enter into an agreement on the construction of new housing at Køge Kyst.

2019 2020

The year in figures

The results for 2020 were in line with the published outlook for the year. Both revenue and earnings are expected to increase in 2021.

ENGHAVEN RISSKOV
In 2020, MT Højgaard Danmark carried out several large residential projects in Aarhus. This photo is from Enghaven Risskov, which the company is building for the client Konstruct.

REVENUE

6.0 DKK billion

As expected, revenue decreased by just under 4% following a temporary decline in Enemærke & Petersen in the first half.

ORDER INTAKE

7.5 DKK billion

Order intake incl. extra work was 20% higher than in 2019. Order intake increased during the year, culminating in the fourth quarter.

ORDER BOOK

8.2 DKK billion

The order book increased by 24% compared to 2019.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS

87 DKK million

Operating profit before special items increased to DKK 87 million in MT Højgaard Holding while the operating profit before special items in the MT Højgaard Group improved to DKK 129 million.

OUTLOOK FOR 2021

~160 DKK million

The MT Højgaard Holding Group's operating profit before special items and PPA amortisation* is expected to increase to DKK 160 million in 2021.

* PPA amortisation: which consists of amortisation of the write-ups as a result of purchase price allocations.

Clear progress in a transition year

In 2020, we set a new course for the MT Højgaard Holding Group with the strategy Sustainable˃22 and a reorganisation aimed at creating momentum and improving profitability throughout the Group.

Morten Hansen, Carsten Dilling, and Martin Solberg

We made a good start on putting the new strategy into action. We were especially pleased to see how quickly the business units adopted the strategy and how far they have already come in implementing it, even though there were many other major challenges along the way, including dealing with Covid-19.

During both the spring lockdown and the second wave of infections in the autumn, the pandemic required a great deal of attention and many decisions had to be taken speedily – and on a swiftly changing basis. Thanks to the business units' decisiveness and efficiency, we succeeded in restricting the negative effects

> *There is still much to be done. We are not yet half way through the three-year strategy period, but we are definitely on the right track.*

We are entering 2021 with a large, healthy order book at a time when the market is showing great interest in sustainable building and refurbishment.

of Covid-19 to minor disruptions on construction sites and delays and postponements of a few projects, especially overseas. We got off lightly, thanks to the employees' willingness to adjust and clients' and partners' determination to find joint solutions.

Covid-19 has been challenging, but the Group's employees have demonstrated an impressive talent for coming up with new ideas and finding solutions all along the line. The combination of the new reality and the strategy's focus on clearly defined roles and responsibilities provided a reason to rethink processes and collaboration, both internally and externally.

HEALTHIER ORDER BOOK

The order book became both larger and healthier as we won new orders and handed over projects that had previously resulted in write-downs. By the end of the year, the order book had risen to DKK 8.2 billion, compared to DKK 6.6 billion at the end of 2019 – growth of 24% in a year when Covid-19 delayed contract signing and postponed projects. If we add in orders that have been won but not yet contracted – for example conditional framework agreements on a number of large phased projects – we are looking at an order book with a potential value of closer to DKK 10 billion, if everything goes as expected.

The growth in the order book is due to a number of factors. First and foremost, we worked assiduously on becoming more competitive. We also improved our tendering and were aided by the demand in areas where we have something special to offer, such as sustainable building and refurbishment, refurbishment of social housing and institutional buildings and projects being put out to tender in new collaboration and partnership models.

A number of the projects in the order book stretch several years ahead. This helps to place the business on a firm foundation and create stability, as well as ensuring good utilisation of capacity in the future.

EXPECTATIONS MET

For the second year running, the Group delivered the results we had predicted and improved our operating profit before special items. In 2020, the operating profit before special items was DKK 129 million in the MT Højgaard Group and DKK 87 million in the MT Højgaard Holding Group.

We expect to continue the positive trend in the Group's earnings in 2021. We are improving step by step through better execution of projects, higher quality in tendering, reducing costs, limiting risks and settling disputes. There is still much to be done, for example write-downs on projects are still too high and we still have problems with high costs for such items as IT and rent. We are not yet half way through the three-year strategy period, but we are definitely on the right track.

CLEAR LINES AND RESPONSIBILITIES

This annual report is the first in which we present the portfolio model with MT Højgaard Holding as the owner of a portfolio of six business units with equal status, all of which have been hived off into independent companies. The division of labour is clear. The portfolio is put together by the Board of Directors and Executive Board of MT Højgaard Holding, and they also nominate the management of each business unit and set targets and forecasts for the individual units. The management of each unit has accountability for operation, results, strategy, action plans and budgets. After just one year, this model has created clearer lines and clarified responsibilities. We expect great things of this.

In 2020, we also carried out a reorganisation, made adjustments and transferred employees from central offices and support departments to production in the business units. The effects of this will only be fully felt in 2021. In MT Højgaard Danmark in particular, there was a need to make fundamental changes with the aim of ensuring efficient decision-making and processes. The entire Group now has a clear focus on projects and customers, and decisions are taken best and most rapidly when close to the customers and the market.

THE RIGHT DIRECTION

In 2021, we look forward to a more stable year, in which managers and employees will have more peace to put the strategies into practice, even though by the very nature of things we must make reservations with regard to the effects of Covid-19 until the new vaccines bring the pandemic under control.

The transition in the last one and a half years has made big demands on employees and resulted in greater uncertainty. However, we can see growing acceptance of the changes and increasing commitment, because employees and managers can see that the changes are working. We are going in the right direction. The framework is in place. Tasks and priorities are clear and we have momentum. Now it is about creating results – and continuing to improve.

In the short term, we expect that in 2021 the MT Højgaard Holding Group will increase operating profit before special items and PPA amortisation to DKK 160 million and raise revenue to around DKK 6.8 billion.

We therefore anticipate that in 2021 we will be able to take a further step towards an operating margin (operating profit before special items and PPA amortisation, see the graph on page 11) of 4% in 2022 as assumed in the strategy. We still have some way to go in order to reach that goal, but we know the way, and now it is a matter of putting the strategy into practice.

Morten Hansen, CEO
Martin Stig Solberg, CFO
Carsten Dilling, Chairman

Consolidated financial highlights

Amounts in DKK million	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	5,951	4,672	58	60	76
Gross profit/(loss)	435	250	12	15	16
Operating profit/(loss) before special items	87	12	6	9	10
Special items	-35	-35	-	-	-
EBIT	52	-23	6	9	10
Net financials	-52	112	13	-1	-2
Net profit/(loss) for the year from continuing operations	14	62	-	-	-
Net profit/(loss) for the year from discontinued operations	87	4	-	-	-
Net profit/(loss) for the year	101	66	-300	-40	-1
BALANCE SHEET					
Non-current assets	1,647	1,937	207	462	509
Current assets	2,363	2,471	12	20	14
Total assets	4,010	4,408	219	482	523
Share capital	156	156	84	84	84
Equity	624	521	190	427	468
Non-current liabilities	1,150	1,233	27	43	43
Current liabilities	2,235	2,653	1	12	12
CASH FLOW					
Cash flows from operating activities	137	123	-17	3	7
Cash flows for investing activities, net	159	-202	28	-	-
Of which for investment in property, plant and equipment	-84	-134	-	-	-
Cash flows from financing activities	-134	83	-	-	-
Net increase (decrease) in cash and cash equivalents	161	5	11	3	7

Amounts in DKK million	2020	2019	2018	2017	2016
OTHER INFORMATION					
Order intake	7,506	5,061	-	-	-
Order book, year end	8,150	6,595	-	-	-
Working capital	-125	-54	-	-	-
Net interest-bearing deposit/debt (+/-)	-730	-991	-16	-30	-40
Average invested capital incl. goodwill	968	595	-	-	-
Average number of employees	2,680	2,178	29	30	34
FINANCIAL HIGHLIGHTS, %					
Gross margin	7.3	5.4	20.7	25.0	21.1
Operating margin before special items	1.5	0.3	-	-	-
EBIT margin	0.9	-0.5	10.3	15.0	13.2
Return on invested capital incl. goodwill (ROIC)	15.7	19.4	-	-	-
Return on invested capital incl. goodwill after tax	12.3	15.1	-	-	-
Return on equity (ROE)	18.0	17.4	-97.2	-8.9	-0.2
Solvency ratio	15.2	11.5	86.8	88.6	89.5
Solvency ratio incl. subordinated loan	25.2	20.6	86.8	88.6	89.5
SHARE-RELATED RATIOS					
Number of shares at year end, million shares	7.8	7.8	4.2	4.2	4.2
Earnings per share (EPS), DKK	12.9	8.8	-71.4	-9.5	-0.1
Diluted earnings per share (EPS-D), DKK	12.9	8.8	-71.4	-9.5	-0.1
Earnings per share from continuing operations, DKK	1.7	8.2	-71.4	-9.5	-0.1
Diluted earnings per share from continuing operations, DKK	1.7	8.2	-71.4	-9.5	-0.1
Book value per share, DKK	78.2	65.0	45.2	101.7	111.4
Total market capitalisation, DKK million	1,324	650	245	728	988

Please note that the financial highlights for the MT Højgaard Holding Group for the years 2016-2018 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 2016-2018 or IFRS 9 and IFRS 15 for 2016-2017. Financial ratios have been calculated in accordance with CFA Society Denmark's "Recommendations and Financial highlights", and are defined on page 61 of the notes under accounting policies.
Operating profit/(loss) before special items is used as an alternative performance measure in order to provide a more accurate, comparable picture of the Group's ordinary operating activities. Special items not attributable to the Group's ordinary operating activities have been eliminated from the figure.
Operating profit/(loss) before special items and PPA amortisation is used as an alternative performance measure for the MT Højgaard Holding Group in order to provide a more accurate picture of the Group's overall ordinary operating activities. Special items and PPA amortisation, which consists of amortisation of the write-ups as a result of purchase price allocations, have been eliminated from the performance measure used.

Operating and financial review

The Group's results were in line with the published outlook for 2020 despite a minor impact from Covid-19.

Earnings improved for the second year running and, after increasing order intake during the year, the value of the order book grew by 24% to DKK 8.2 billion. There was particularly high demand in the areas of sustainable building and refurbishment, refurbishment of social housing and institutional buildings, where the Group holds a very strong position, and projects put out to tender in new collaboration and partnership models.

GROWING ORDER BOOK

In 2020, the Group won new orders and extra work totalling DKK 7.5 billion, compared to DKK 6.3 billion in 2019. After a weak start in the first quarter, order intake including extra work grew throughout the year, culminating with DKK 2.9 billion in the fourth quarter. The new orders are a good mix of high-quality large, medium-sized and small projects in the areas of new-build, refurbishment, civil works and infrastructure and have a good geographical spread.

Enemærke & Petersen, Ajos and MT Højgaard International delivered double-digit growth in their order books, and MT Højgaard Danmark's order book also increased compared to 2019, whereas order intake in Scandi Byg decreased.

In addition, MT Højgaard Danmark in particular won a number of bids for phased contracts or framework agreements that will be included in order intake and the order book as MT Højgaard Danmark qualifies for the various phases of the projects. The largest of these projects are for the construction of workshops and conversion of an existing workshop for DSB and a new waterfront culture centre in Copenhagen.

Amounts in DKK million	Q4 20	Q4 19	2020	2019*
Order book, beginning of period	6,786	6,188	6,595	6,534
Order intake and extra work during the period	2,937	2,011	7,506	6,267
Production during period	1,573	1,604	5,951	6,206
Order book, end of period	8,150	6,595	8,150	6,595

* The figures have been adjusted for the disposal of Lindpro and are shown for the MT Højgaard Group.

The good order intake partly reflects the fact that the business units are working systematically on improving tendering and have particularly focused on framework agreements, strategic partnerships and new forms of collaboration. Competitiveness is also being improved in those business units that previously had problems with very high costs.

At the end of the year, the total value of the order book had risen to DKK 8.2 billion compared to DKK 6.6 billion the previous year.

A number of projects in the order book stretch several years ahead, thus placing the business on a firm foundation for the future, which helps to create greater stability and the chance to make better use of capacity.

The potential value of orders won but not yet contracted was around DKK 2.5 billion at year end.

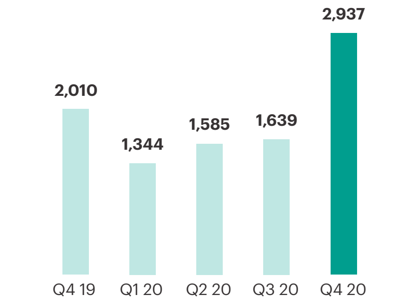
REDUCED RISK

The Group settled and closed several major disputes in 2020, including a case taken to international arbitration. There is still focus on settling remaining cases and avoiding new disputes as far as possible.

The replacement of MgO boards in buildings from 2013-14 continued in accordance with the plans made in 2018, when an arbitration award unexpectedly changed legal practice in this area. Replacement work is still expected to be finished in 2022 within the original provisions made.

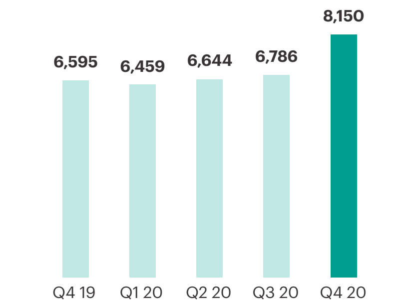
ORDER INTAKE INCL. EXTRA WORK

DKK million



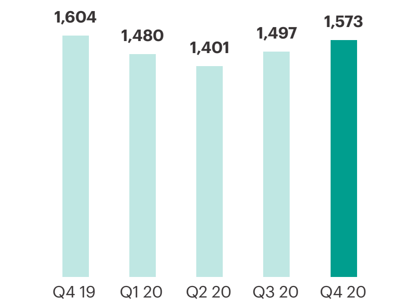
ORDER BOOK

DKK million



REVENUE

DKK million



The risk on current projects was gradually reduced as MT Højgaard Danmark in particular concluded and handed over older projects that contributed low or no earnings during their completion. Among other things, MT Højgaard Danmark completed a large project for Banedanmark for the demolition, renovation and construction of new bridges. The work started in 2017, and all the bridges were built and handed over by the agreed time.

COVID-19 EFFECTS

The expectations for the year were met, despite the moderate effects of the Covid-19 pandemic, particularly on international activities. MT Højgaard International was able to carry out the majority of its ongoing projects as planned, but experienced some slowdown in order intake in the Maldives, where Covid-19 restrictions deterred private investors from entering into new contracts. Covid-19 also caused a reduction in activity in Portugal and the parts of Africa where the Group is active through the jointly controlled entity Seth.

In the Danish business units the effect of Covid-19 was limited to a few delays and postponements of projects which particularly affected Ajos. In addition, extra precautions were introduced on a number of the Group's construction sites in order to protect employees and prevent the spread of infection. Thanks to our employees' readiness to adapt and the general goodwill of clients and partners we quickly succeeded in finding solutions that minimised disruptions on the construction sites.

The regional lockdown in seven local authorities in North Jutland in November briefly affected production in Scandi Byg, which is based in one of the affected areas. In collaboration with clients and partners it was broadly speaking possible to maintain activity on the region's construction sites, for instance by posting employees to sites where they would not have to cross local authority boundaries. There were no major disruptions to work on Danish construction sites during the lockdowns in December either.

Looking to the future, Covid-19 will continue to cause a certain amount of uncertainty about developments in construction and civil works. The most significant risks are new restrictions on activities and construction sites in the event of worsening infection rates, postponements of contracted projects, and delays to the signing of contracts until the new vaccines really bring the pandemic under control.

In spring 2020, the uncertainties in the market resulting from Covid-19 were reduced by new political measures, including the removal of the cap on local authority civil works and the "Green Housing Agreement 2020", which

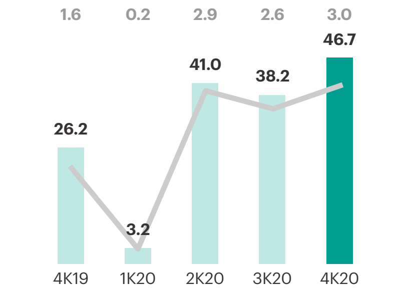
Amounts in DKK million	2020			2019		
	Revenue	Operating profit/ (loss) before special items	Order book	Revenue	Operating profit/ (loss) before special items	Order book
MT Højgaard Danmark	2,551	-44.9	3,170	2,757	-25.6	2,986
Enemærke & Petersen	2,048	96.6	3,656	2,266	132.9	2,510
Scandi Byg	469	17.0	309	315	11.7	374
Ajos	248	18.2	260	282	23.0	221
MT Højgaard International	712	13.1	1,060	680	36.7	901
MT Højgaard Projektudvikling	224	12.1		348	18.2	
Other (including eliminations etc.)	-301	17.0	-305	-442	-108.2	-397
MT Højgaard Group	**5,951**	**129.1**	**8,150**	**6,206**	**88.7**	**6,595**
MT Højgaard Holding Group	**5,951**	**86.9**	**8,150**	**4,672**	**12.4**	**6,595**

Note: The business units are described on pages 19-31. Lindpro A/S has been accounted for as a discontinued operation.

* MT Højgaard Holding Group for 2019 covers the period 4 April - 31 December 2019.

OPERATING PROFIT/(LOSS) (AND OPERATING MARGIN) BEFORE SPECIAL ITEMS IN MT HØJGAARD GROUP

DKK million and %

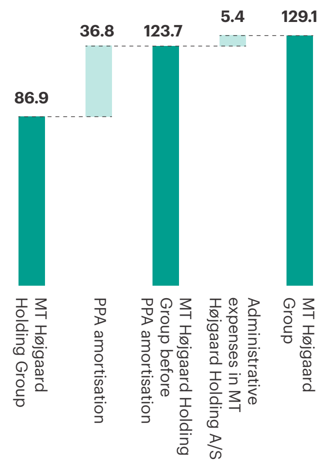


Operating profit/(loss) before special items (DKK million)

Operating margin before special items (%)

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS IN 2020

for MT Højgaard Holding Group and MT Højgaard Group



released DKK 30 billion from Landsbyggefonden for refurbishment and conversion to green energy in the social sector. These measures have stabilised demand for projects from public customers and the social housing sector. The uncertainty is greater for private projects, which may be affected by the slowdown in the global economy due to Covid-19, whereas there is still high demand from institutional investors.

The MT Højgaard Holding Group has only made limited use of the Danish Parliament's compensation schemes.

REVENUE

Revenue in the MT Højgaard Group and the MT Højgaard Holding Group was identical in 2020, but differed in 2019. The reason for this is that the MT Højgaard Holding Group did not generate any revenue in the first quarter of 2019, as the merger of Højgaard Holding A/S and Monberg & Thorsen A/S was only implemented on 5 April 2019.

Except for balance sheet and cash flows, all comparative figures have been restated to reflect the sale of Lindpro A/S.

The Group's revenue was DKK 5,951 million, matching the outlook of revenue of around DKK 5.9 billion. Revenue was just under 4% lower than in 2019. The decrease was expected and was mainly due to the fact that Enemærke & Petersen's revenue decreased by just under 10%, because low order intake in the previous year affected activity in the first half of 2020. In the second half of 2020, Enemærke & Petersen got back on track with growth driven by high order intake.

MT Højgaard Danmark, MT Højgaard Projektudvikling and Ajos also reported falling revenue for the year, in Ajos' case after some negative impact from the Covid-19 lockdown in the spring and the disposal of the hoist activities. By contrast, revenue increased in both Scandi Byg and MT Højgaard International.

RESULTS

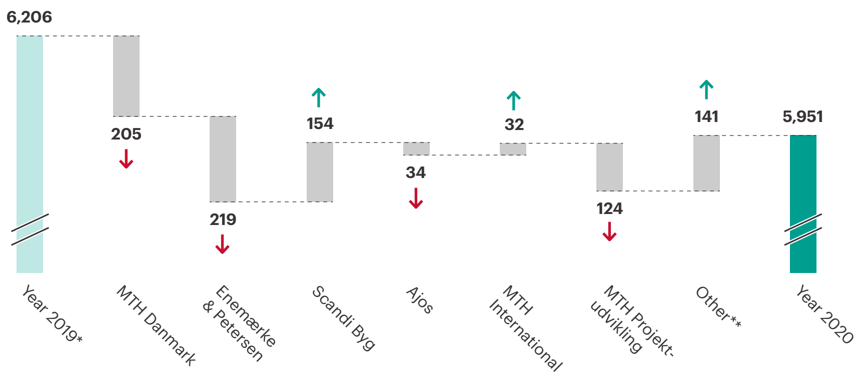
The results for the MT Højgaard Group and the MT Højgaard Holding Group differ because of the parent company's administrative expenses and PPA amortisation related to the merger of Højgaard Holding A/S and Monberg & Thorsen A/S. See the figure at the bottom of page 11.

The MT Højgaard Group increased operating profit before special items to DKK 129 million, which was in line with the outlook of operating profit of DKK 125 million before special items, compared to DKK 89 million in 2019. As a result, the operating margin before special items rose from 1.4% to 2.2%. After a first quarter in which earnings were, as expected, slightly lower, the operating margin in the following three quarters stabilised at above 2.5%.

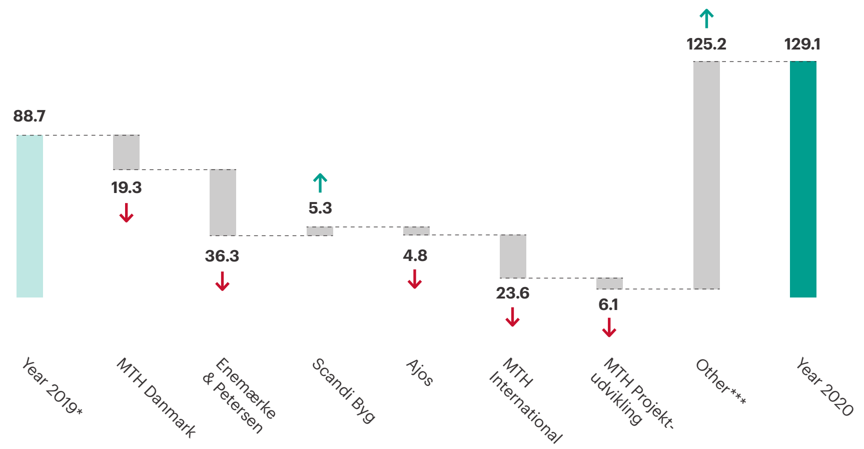
This improvement mainly reflected higher gross margins and lower capacity costs. The costs for shared staffing etc. were significantly reduced by savings, and central office and support departments were also moved out to the business units so they could be close to the production sites. See the chart on this page.

Write-downs on projects depressed profit by a charge of DKK 90 million net compared to a DKK 35 million charge the previous year. Write-downs were predominantly made on legacy projects with a high percentage of completion.

CHANGES IN REVENUE - MT HØJGAARD GROUP



CHANGES IN OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS - MT HØJGAARD GROUP



* MT Højgaard Group excl. Lindpro
** Other: Eliminations
*** Other: Joint staff etc.

All the business units apart from MT Højgaard Danmark made a profit on operation. Despite slightly lower profitability Ajos, MT Højgaard Projektudvikling and Enemærke & Petersen achieved operating margins of over 4.5% before special items, while Scandi Byg increased its operating margin to 3.6%. MT Højgaard International's operating margin decreased to 1.8%.

The MT Højgaard Holding Group's operating profit before special items was DKK 87 million, compared to DKK 12 million in 2019, and DKK 124 million before special items and PPA amortisation. Full-year profit of around DKK 85 million had been forecast.

At DKK 35 million, special items were in line with the previous year and related to redundancy payments to employees and managers and write-down of a lease asset. The lease asset is the Søborg head office, where two of four floors are vacant following adjustments of both support staff and MT Højgaard Danmark. Efforts are being made to let this space.

The MT Højgaard Holding Group reported net profit from continuing operations of DKK 14 million, compared to DKK 62 million in 2019. The decline was mainly due to considerable finance income in MT Højgaard Holding in 2019, when the value of the shares in MT Højgaard A/S was revalued to estimated fair value in connection with the merger of Højgaard Holding A/S and Monberg & Thorsen A/S.

Profit from discontinued operations in the MT Højgaard Holding Group in 2020 was DKK 87 million, compared to DKK 4 million in 2019. Profit consisted of the selling price for Lindpro A/S less Lindpro A/S's net assets and write-downs related to the sale, including of the brand, see breakdown in note 32.

The MT Højgaard Holding Group's net profit was consequently DKK 101 million, compared to DKK 66 million in 2019.

Distribution of profit

The Board of Directors will recommend that the MT Højgaard Holding Group's profit for the year, DKK 101 million, be transferred to equity.

PROJECT PORTFOLIO AND EARNINGS REQUIREMENTS

The diagram on this page shows the extent to which the Group's projects in progress with a contract value of over DKK 50 million meet the Group's earnings requirements. The position of the projects indicates the degree to which they meet the requirements concerning operating margin and should in principle be close to the centre axis and preferably to the right of it. Nevertheless, minor, negative fluctuations may occur and be acceptable, but the small number of major loss-making contracts must be eliminated.

There were eight more projects with revenue of over DKK 50 million in 2020 than in 2019, and a higher proportion of these projects met management's requirements concerning operating margin.

BALANCE SHEET IN THE MT HØJGAARD HOLDING GROUP

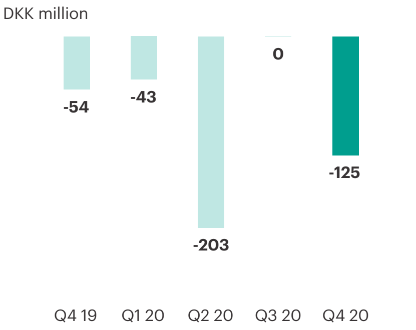
Intangible assets and property, plant and equipment and lease assets amounted to DKK 1,368 million at year-end, compared to DKK 1,618 million at year-end 2019. The decrease was mainly due to write-downs on IT assets and brand related to the sale of Lindpro A/S as well as ordinary depreciation.

Inventories amounted to DKK 548 million, compared to DKK 466 million at the end of 2019. Properties and construction projects developed in-house for resale amounted to DKK 515 million, compared to DKK 429 million in 2019.

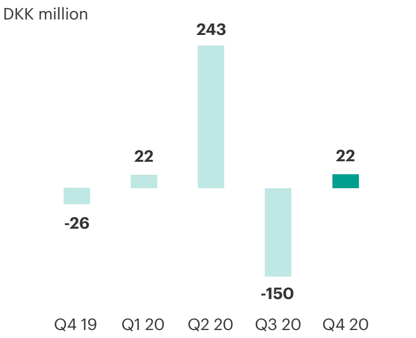
Trade receivables were DKK 1,389 million, compared to DKK 1,418 million at the end of 2019. Construction contracts in progress amounted to a net liability item of DKK 476 million, compared to a liability item of DKK 345 million at year-end 2019. Trade payables were DKK 709 million, compared to DKK 859 million at the end of 2019.

Overall, the Group had a working capital outflow of DKK 125 million, excluding properties for resale, compared to an outflow of DKK 54 million at the end of 2019. The change in working

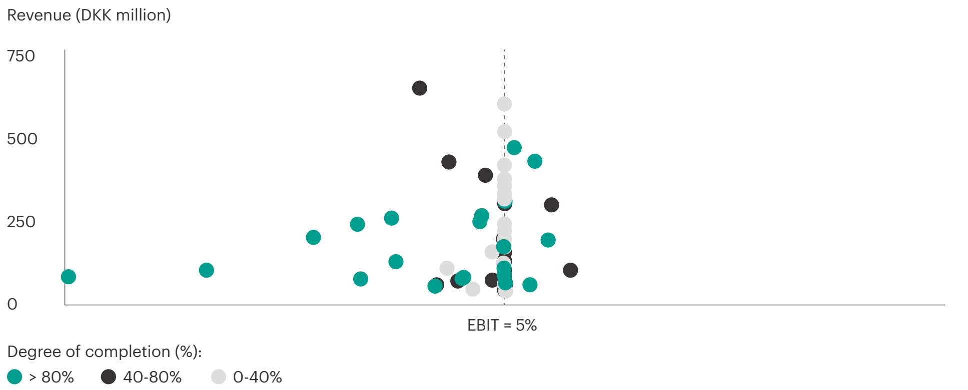
WORKING CAPITAL EXCL. PROPERTIES



CASH FLOWS FROM OPERATING ACTIVITIES



PROJECTS IN PROGRESS REVENUE > DKK 50 MILLION



capital benefited from extended payment deadlines for A-tax (tax deducted from income at source) and labour market contributions, totalling approx. DKK 100 million, which are not due until 2021.

Equity was DKK 624 million, compared to DKK 521 million at year-end 2019. As a result, the solvency ratio increased to 15%, compared to 11% in 2019. Including a subordinated loan from Knud Højgaards Fond the solvency ratio increased from 21% to 25% at the end of 2020.

CASH FLOWS IN THE MT HØJGAARD HOLDING GROUP

Operating activities generated a cash inflow of DKK 137 million, compared to DKK 123 million in 2019, although the figures cannot be compared as the merger forming MT Højgaard Holding was only implemented on 5 April 2019. Operating cash flows were adversely impacted by MgO provisions of approx. DKK 115 million used in 2020 and benefited from extended payment deadlines for A-tax and labour market contributions due to Covid-19.

Cash flows for investing activities amounted to an inflow of DKK 159 million, compared to an outflow of DKK 202 million in 2019. The change mainly reflected the sale of Lindpro A/S, which contributed DKK 211 million net, and, to a lesser extent, the acquisition of the security company MATU in Greenland and other property, plant and equipment.

Cash flows from financing activities were an outflow of DKK 134 million, compared to an inflow of DKK 83 million in 2019. The difference was mainly due to a capital injection from Knud Højgaards Fond in 2019.

MT Højgaard Holding's financial resources totalled DKK 715 million at year-end, compared to DKK 594 million at year-end 2019. Financial resources are considered satisfactory based on the current level of activity. Financial resources include an earlier subordinated loan of DKK 250 million from Knud Højgaards Fond to help meet obligations in the MgO board cases. It is still the case that no drawdowns have been made on the subordinated loan.

FOURTH-QUARTER RESULTS

As expected, the fourth quarter of 2020 was the best of the year with a good level of activity and increasing earnings.

Revenue was DKK 1,573 million – a decrease of 2% compared to the same period in 2019. Operating profit before special items improved to DKK 36 million, compared to DKK 15 million in the fourth quarter of 2019. This represents an improvement in operating margin from 0.9% to 2.3% in the MT Højgaard Holding Group.

The improvement mainly reflected a higher gross margin and lower administrative expenses.

For a description of the fourth-quarter revenue and results of each business unit, see pages 20-31.

EVENTS AFTER THE REPORTING PERIOD

In February 2021, MT Højgaard International signed an agreement to acquire 80% of the shares in the Faroese company RTS Contractors. Subject to approval of the acquisition by the competition authorities, MT Højgaard International will gain access to strong excavation and civil works capabilities in the Faroe Islands and Greenland, including blasting in Arctic conditions.

In February 2021, Enemærke & Petersen signed an agreement to acquire the Danish construction and carpentry company Raunstrup for DKK 73 million. The acquisition will strengthen Enemærke & Petersen, especially in East and Central Jutland and on Funen, and will also considerably extend Enemærke & Petersen's activities in the field of building services. The acquisition is conditional on approval by the competition authorities.

Enemærke & Petersen also entered into a multi-year strategic partnership with the Funen housing association Civica for projects with an estimated total value of DKK 3 billion. The projects will be carried out in collaboration with partners.

No other material events have occurred between 31 December 2020 and the date of publication of this annual report that have not already been included in this annual report and that would have a material effect on the assessment of the company's financial position.

COLLABORATION

Good collaboration between employees and with customers and partners on projects is vital in order for the MT Højgaard Holding Group to be able to create long-term value. The Group is therefore focusing on early involvement in major projects, as well as new construction partnerships and other forms of collaboration.

Outlook

Outlook for 2021

CHANGE IN PRESENTATION OF OUTLOOK
In 2021, MT Højgaard Holding will issue a profit outlook for the entire MT Højgaard Holding Group excl. PPA amortisation, i.e. a single outlook for the Group, incl. the parent company MT Højgaard Holding and the six operating entities. MT Højgaard Holding previously issued a profit outlook for the MT Højgaard Group, i.e. excl. the parent company.

The aim of the change is to provide greater simplicity and transparency, and also to reflect the new Group structure in which, with effect from 1 January 2021, the company MT Højgaard A/S has been split into three independent companies, MT Højgaard Danmark, MT Højgaard International and MT Højgaard Projektudvikling. As Enemærke & Petersen, Scandi Byg and Ajos were already independent companies, all six business units have now been brought together under MT Højgaard Holding and separated into independent companies with their own management, individual strategies and independent accountability for income statement and balance sheet.

In 2020, both the MT Højgaard Holding Group and the MT Højgaard Group met the stated expectations with operating profit before special items of DKK 87 million and DKK 129 million respectively and identical revenue of DKK 6.0 billion. The reason the operating profit figures are not identical is due to PPA amortisation (amortisation of the write-ups resulting from purchase price allocations) and

REVENUE

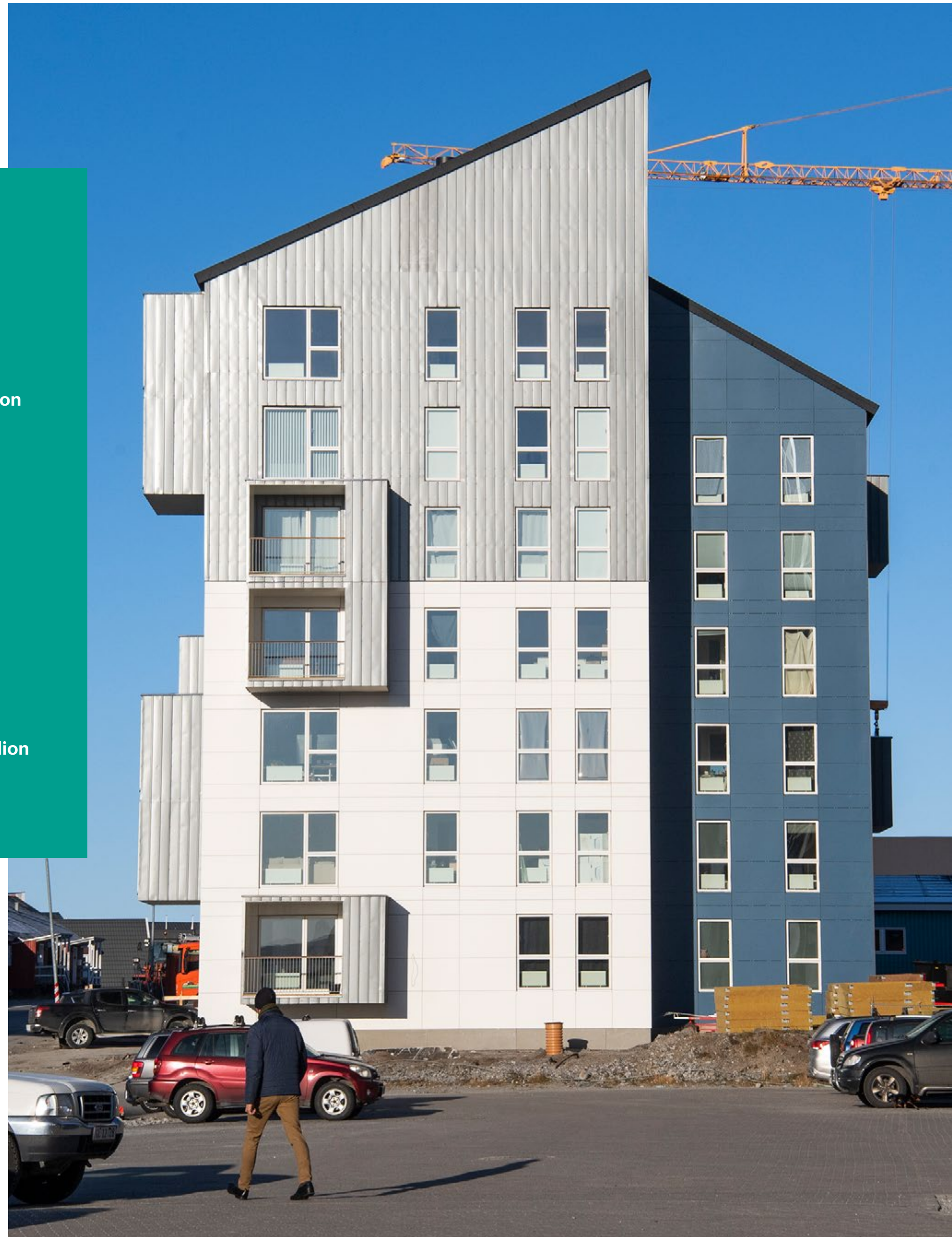
~6.8 DKK billion

Outlook 2021	6.8 DKK billion
Realised 2020	6.0 DKK billion

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS AND PPA AMORTISATION

~160 DKK million

Outlook 2021	160 DKK million
Realised 2020	124 DKK million



DE TRE SØSKENDE
Nuuk is very likely to see a considerable population growth in the coming years. MT Højgaard International is busy carrying out residential projects in the city and is aiming to add more to the order book. This photo shows the project De Tre Søskende.

administrative expenses in MT Højgaard A/S, see the graph on page 11.

In future, the outlook for operating profit will be shown before special items and PPA amortisation in order to show consistency with the targets set for 2022.

DOUBLE-DIGIT GROWTH IN REVENUE AND EARNINGS

MT Højgaard Holding expects double-digit growth in both revenue and operating profit in 2021.

Revenue is expected to increase to DKK 6.8 billion (after the acquisitions of Raunstrup and RTS Contractors) from DKK 6.0 billion in 2020, corresponding to an increase of 13%. The forecast growth is underpinned by a sound order book and a promising pipeline that includes several large framework agreements.

Operating profit before special items and PPA amortisation is expected to increase to DKK 160 million (after acquisitions in February) from DKK 124 million in 2020, corresponding to a 29% improvement. This improvement is expected to be achieved gradually, with the greatest progress in the second half driven by a higher top line with better utilisation of capacity, a higher gross margin and lower costs for shared functions. Profitability is still expected to be constrained by the current turnaround and low capacity utilisation in MT Højgaard Danmark in the first half, and high fixed costs.

All parts of the Group are still focusing on the importance of positive cash flows on all projects.

KEY ASSUMPTIONS

The main priorities in 2021 will be to continue to follow the course charted in our Sustainable>22 strategy, i.e. continuing the essential improvements in earnings made in 2019 and 2020 and creating the basis for further improvements in profitability in the coming years. The most important assumptions underlying the outlook for 2021 are:

- On 1 January 2021, approx. 78% of the expected revenue for the year had been contracted. Postponements of project start-ups or delays to contract signing may occur as a result of Covid-19, but it is assumed that any such postponements and delays will be limited in number.

- Good demand is expected from public customers and the social sector, especially in the field of refurbishment and green conversion of social housing following the "Green Housing Agreement 2020" and the release of funds from Landsbyggefonden.

- It is expected that demand from private clients will continue to be affected by the slowdown in the global economy due to Covid-19.

- Across all types of customers there is still expected to be continued growth in the area of sustainable building and projects developed in new forms of collaboration with considerable involvement of contractors.

TARGETS FOR 2022

Starting out from the strategy Sustainable>22, the target is to raise operating profit and achieve an operating margin of 4% before special items and PPA amortisation in 2022. Meeting this target will require continued improvement in the Group's profitability through successful outcomes of the many initiatives in MT Højgaard Danmark and continued optimisation of the underlying infrastructure. For comparison, the operating margin before special items and PPA amortisation is expected to be 2,4% in 2021.

COMMENT

The annual report contains forward-looking statements, including projections of financial performance in 2021, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

The business

SUSTAINABILITY

Sustainability has become a key parameter for competition in the construction and civil engineering industry, with ever clearer requirements for the consumption of energy and resources as well as certification etc. The MT Højgaard Holding Group is investing in maintaining a strong position in this area so the business units will create value for customers and society in general.

GAARDHAVERNE
Scandi Byg has built the Gaardhaverne development for MT Højgaard Projektudvikling. The development, which is situated in Skjeberg Allé, Høje Taastrup, consists of 52 owner-occupied dwellings with the Nordic Swan Ecolabel. Gaardhaverne was originally meant to consist of 38 owner-occupied dwellings, but because it was so popular with the client and home buyers, it was extended by a further 14 terraced houses, which were handed over in December 2020.

MT HØJGAARD HOLDING

Enemærke & Petersen a/s

Contractor for new build and refurbishment throughout Denmark

Read more on page 22 ›

MTHøjgaard Danmark

Major contractor for construction, civil works and infrastructure

Read more on page 20 ›

ajos

Equipment hire and set-up of temporary buildings and construction sites

Read more on page 26 ›

scandibyg

TÆNK I NYE RAMMER

Market leader in the field of sustainable, certified modular building in wood

Read more on page 24 ›

MTHøjgaard Projektudvikling

Development and realisation of sustainable building and PPP

Read more on page 30 ›

MTHøjgaard International

International contractor focusing on Greenland, the Faroe Islands and other selected markets

Read more on page 28 ›

MTHøjgaard Danmark

MOLSLINJEN FERRY TERMINAL
In 2020, MT Højgaard Danmark finished work on the MOLSLINJEN ferry terminal in Aarhus. The ferry terminal is one of the biggest marine engineering projects in Denmark in recent times.

The year in figures

REVENUE

2,551 DKK million

ORDER INTAKE

2,735 DKK million

ORDER BOOK

3,170 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS

-45 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS

-1.8 %

ACTIVITIES

MT Højgaard Danmark undertakes construction, civil works and infrastructure projects throughout Denmark. This business unit builds on more than 100 years' experience in the areas of new building and refurbishment of residential buildings, hospitals, educational institutions, commercial buildings, civil works projects, roads, bridges and entire urban areas.

FINANCIAL PERFORMANCE

The shake-up in MT Højgaard Danmark involving new management, new organisation, redundancies, a new strategy and write-downs on legacy cases left its mark on both revenue and earnings in 2020.

Full-year revenue was DKK 2,551 million, compared to DKK 2,757 million last year. The operating result before special items was a loss of DKK 45 million compared to a loss of DKK 26 million in 2019. The decrease in earnings was due in part to lower revenue, write-downs on projects in progress resulting from a more conservative view of major civil works and construction projects, and increased costs associated with the closure of disputes.

The shake-up and optimisation also left their mark on the fourth quarter, when revenue reached DKK 626 million compared to DKK 697 million in 2019. The fourth-quarter operating result was a loss of DKK 39 million, compared to a profit of DKK 5 million last year.

However, in the fourth quarter MT Højgaard Danmark gradually began to see positive results from the start of the optimisation process. Focus on competitiveness and tendering thus had a positive effect on order intake.

Fourth-quarter order intake was DKK 1,316 million, compared to DKK 1,055 million in the same quarter of last year. This represents a total increase in order intake of 3%, which was also reflected in the year-end order book of DKK 3,170 million.

Special items in 2020 amounted to an expense of DKK 11 million, arising mainly from approx. 50 employees being made redundant.

Covid-19 had only a limited impact on production on construction sites, and MgO projects are still being carried out in accordance with plans.

SPECIAL PROJECTS AND INITIATIVES

MT Højgaard Danmark continued investing in tendering in the fourth quarter, focusing particularly on framework agreements, strategic partnerships and new forms of collaboration.

This effort bore fruit in October, when DSB chose MT Højgaard Danmark as its partner for a large phased project related to green workshops for the new electric trains. The longer-duration contracts in the phased projects help to create stability in the business and optimise the production system.

Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	626	697	2,551	2,757
Operating profit(loss) before special items	-39	5	-45	-26
Order book, end of period			3,170	2,986
Order intake and extra work during the period	1,316	1,055	2,735	2,652

Comment: Special items amounted to an expense of DKK 11 million.

As a part of the new strategy and organisational structure, MT Højgaard Danmark is making a concerted effort to improve cross-organisational collaboration, improve professional development and project management, and ensure that skills are retained.

MT Højgaard Danmark is also focusing on sustainability and working on concepts for sustainable construction sites and projects. In 2020, MT Højgaard Danmark built the residential complex Magdaleneparken in Vedbæk, which has DGNB Silver certification. The project was undertaken for MT Højgaard Projektudvikling.

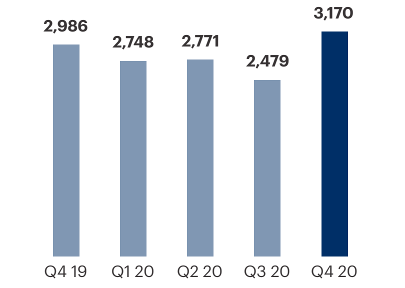
MT Højgaard Danmark is looking at a sound pipeline of future project opportunities. Focus on tendering in the previous quarters and into the new year, combined with a generally positive market with several major tenders for public projects and refurbishment work, creates good expectations for growing order intake in 2021. However, the lower order intake in the first quarters of 2020 and the continuing shake-up can be expected to affect revenue and results in the coming year.

MAJOR PROJECTS CONTRACTED IN 2020

- Viking Link, new converter station in Vejen
- Office building for PFA, Copenhagen
- SIMAC, new education centre in Svendborg
- Waterfront culture centre at Papirøen, Copenhagen (phased)
- Gellerup Sports and Culture Campus, Aarhus
- Residential units at Flintholm, Frederiksberg
- Enghaven Risskov, residential units in Aarhus
- Codan Medical, commercial building in Køge
- Lindebo Dept. 14, refurbishment in Frederikshavn
- New green workshops for DSB (phased)

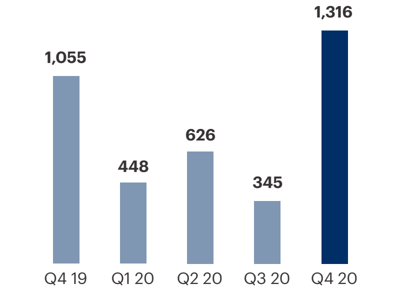
ORDER BOOK

DKK million



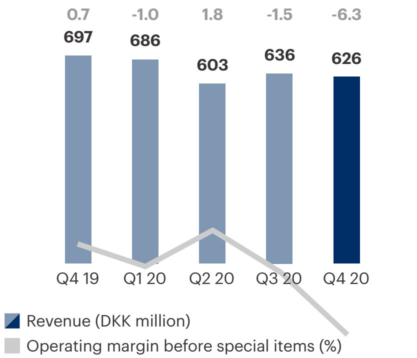
ORDER INTAKE

DKK million



REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



The year in figures

REVENUE

2,048 DKK million

ORDER INTAKE

3,194 DKK million

ORDER BOOK

3,656 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS

97 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS

4.7 %

Enemærke & Petersen a/s

BOLIGKORSØR

In September 2020, Enemærke & Petersen completed the refurbishment of BoligKorsør's Department 21. The project consisted of the demolition of existing dwellings and included the removal of a block and the construction of 14 new social terraced houses on the foundations of the demolished block.

ACTIVITIES

Enemærke & Petersen is a nationwide contracting company with 46 years' experience as a main and design-build contractor. Enemærke & Petersen is a market leader in strategic partnerships and refurbishment of social housing. The company's other activities are refurbishment of schools, commercial buildings, day care centres and co-operative and owner-occupied housing as well as construction of new housing, schools, institutions, offices and other buildings.

FINANCIAL PERFORMANCE

Enemærke & Petersen continued to make sound progress in the fourth quarter, making up most of the dip in revenue from the first half of 2020.

Full-year revenue was DKK 2,048 million, compared to DKK 2,266 million in 2019, while full-year operating profit was DKK 97 million, compared to DKK 133 million in 2019. Both revenue and profit were affected by the low order intake in the first half of 2019 and the consequent lower utilisation of capacity.

Fourth-quarter revenue was DKK 560 million, compared to DKK 503 million in the same period last year. The increase mainly reflected the good order intake in the second half of 2019. Fourth-quarter operating profit was DKK 35 million, compared to DKK 20 million in the same quarter last year due to higher revenue and the resulting improved utilisation of capacity.

Covid-19 did not affect results in 2020, but the possible longer-term impact of Covid-19 is still uncertain.

MgO projects are still being carried out in accordance with plans.

SPECIAL PROJECTS AND INITIATIVES

Additional funding released for public refurbishment projects as well as new collaboration and partnership models are creating increasing activity in the refurbishment of residential and institutional buildings.

In the fourth quarter, the partnerships of ByK with TRUST with the City of Copenhagen and &os Byggepartnerskabet with KAB led to several refurbishment projects at both schools and social housing in the Greater Copenhagen area.

Enemærke & Petersen cemented its position in building refurbishment in November, when it won the refurbishment prize 'RENOVER prisen 2020' for its refurbishment of the Royal Danish Library in Aarhus.

Enemærke & Petersen's new office on Funen got off to a good start and is supporting activities such as two large refurbishment projects being carried out for the social housing associations Fyns Almennyttige Boligselskab (Højstrupparken) and Civica (Åhaven).

Enemærke & Petersen is known as the industry's social contractor and also made a contribution in this area in 2020. The company's experience of getting vulnerable young people into work has helped inform the new DGNB criteria, which aim to have more vulnerable young people employed on future sustainable building projects. Internally, Enemærke & Petersen is trialling a bricklaying robot, BrickBot, which is designed to make it easier to lay bricks and mortar and thus prevent phisical deterioration..

ORDER INTAKE

Order intake was DKK 3,194 million at year-end 2020, compared to DKK 2,266 million in 2019. Fourth-quarter order intake was just under DKK 1,065 million, compared to DKK 902 million last year. At year-end 2020 the order book was DKK 3,656 million, compared to DKK 2,510 million in 2019.

The growing order book and a promising market for refurbishment and new builds will lead to growing activity in 2021 and into 2022, subject to any postponement of projects due to Covid-19.

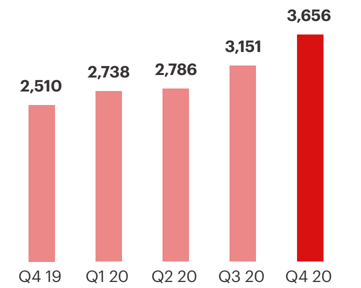
MAJOR PROJECTS CONTRACTED IN 2020

- Refurbishment of Postparken, phases 2 and 3, Tårnby
- Refurbishment of Nøjsomheden housing, Elsinore
- Construction of new school in Sydhavn
- Construction of new sheltered housing Ydungaard, Værløse
- Construction of new apartments Køge Kyst
- Refurbishment of 587 social housing units in Højstrupparken, Odense
- Refurbishment of Kildevæld School, Østerbro
- Demolition and construction of housing in Åhaven, Civica, Odense
- Refurbishment of Bellahøj for KAB

Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	560	503	2,048	2,266
Operating profit(loss) before special items	35	20	97	133
Order book, end of period			3,656	2,510
Order intake and extra work during the period	1,065	902	3,194	2,266

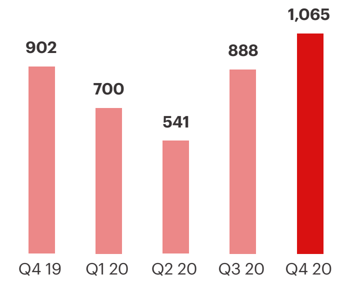
ORDER BOOK

DKK million



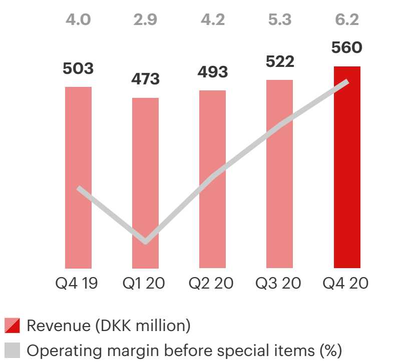
ORDER INTAKE

DKK million



REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



scandibyg

GARTNERGÅRDEN
Scandi Byg is building Gartnergården in Høje Taastrup as a delegated client in collaboration with the housing associations AKB and KAB. Gartnergården will be Denmark's first retirement homes with the Nordic Swan Ecolabel.

The year in figures

REVENUE
469 DKK million

ORDER INTAKE
404 DKK million

ORDER BOOK
309 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS
17 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS
3.6 %

ACTIVITIES

Scandi Byg is a market leader in prefabricated modular buildings for housing, offices, institutions and healthcare facilities with Nordic Swan Ecolabel certification; modular site huts; and pavilions for accommodation, institutions and offices. Scandi Byg's expertise builds on more than 40 years' product development.

FINANCIAL PERFORMANCE

In 2020, Scandi Byg maintained the positive trend begun in 2019.

Full-year revenue was DKK 469 million, compared to DKK 315 million in 2019. Operating profit for 2020 was DKK 17 million, compared to DKK 12 million in 2019, due to higher revenue.

The positive trend was also reflected in the fourth quarter, when revenue was DKK 123 million, compared to DKK 81 million in 2019. Fourth-quarter operating profit was DKK 1 million, compared to nil the previous year.

Results showed minor effects of Covid-19 with slightly higher sickness absence in the first quarter plus the effect of the two-week lockdown of seven local authority areas in North Jutland in November. The longer-term results remain uncertain, as a number of projects that are to be contracted in the coming months may be delayed or postponed due to Covid-19. MgO projects are still being carried out in accordance with plans.

SPECIAL PROJECTS AND INITIATIVES

In 2020, Scandi Byg signed a collaboration agreement with PensionDanmark on extending sustainable, climate-friendly modular building in wood for projects such as family housing and student accommodation. The agreement has led to a number of projects, including 479 student and family accommodation units in Lyngby that are being built in collaboration with Boligfonden DTU and will receive both the Nordic Swan Ecolabel and DGNB Gold certification.

The latest building project during the collaboration agreement with PensionDanmark is the development and construction of 300 new student accommodation units in Ballerup, also with Boligfonden DTU as a partner.

Several interesting construction projects within the framework of the collaboration agreement are at the planning stage and are expected to be realised in 2021.

In addition, Scandi Byg completed and delivered a number of residential building projects during the course of 2020. These are student accommodation units on DSB's former rail yard in Copenhagen for CPH Village, social housing for KAB/3B in Amager (Store Solvænget), Gaardhaverne phase 3 in Høje Taastrup for MT Højgaard Projektudvikling and the retirement homes Gartnergården in Høje Taastrup, also for KAB. All buildings will bear the Nordic Swan Ecolabel.

Scandi Byg is constantly working to strengthen its profile in the area of sustainable construction. Calculations made in 2020 showed that Scandi Byg's carbon footprint is 5.4 kg/CO_2/m²/year, compared to the climate partnership's recommendation of 8.5 kg/CO_2/m²/year. Scandi Byg has a target of halving its footprint, to 4.25 kg CO_2/m²/year.

Scandi Byg's new CEO took up his post on 1 November 2020 and will be pursuing Scandi Byg's growth strategy in a market in which there is growing demand for sustainable modular building.

ORDER INTAKE

Order intake in 2020 was DKK 404 million, compared to DKK 519 million in 2019. The year-end order book was DKK 309 million, compared to DKK 374 million at year-end 2019.

The lower order intake and the consequently lower order book were mainly due to postponed contract signing. Tendering has become more intensive with a view to increasing order intake in 2021. In addition, Scandi Byg is making a dertermined effort to secure more collaboration agreements with pension companies and private developers as part of its growth strategy.

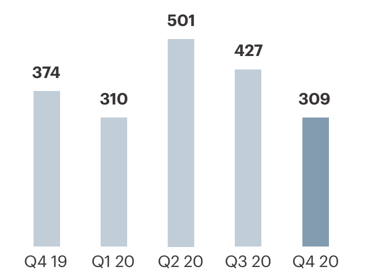
MAJOR PROJECTS CONTRACTED IN 2020

- Teglskoven, 115 residential units with the Nordic Swan Ecolabel in Allerød, Lejerbo
- 300 student accommodation units in Ballerup, PensionDanmark and Boligfonden DTU
- 302 pavilions and site huts for Ajos

Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	123	81	469	315
Operating profit(loss) before special items	1	0	17	12
Order book, end of period			309	374
Order intake and extra work during the period	5	65	404	519

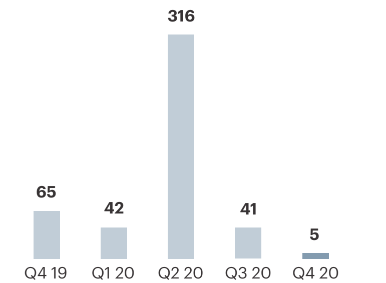
ORDER BOOK

DKK million



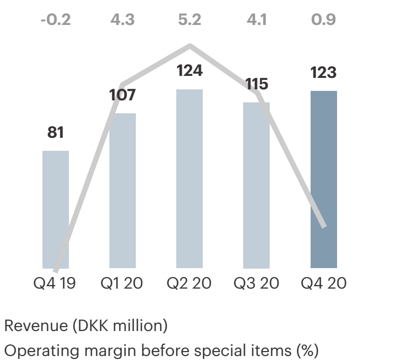
ORDER INTAKE

DKK million



REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



The year in figures

REVENUE

248 DKK million

ORDER INTAKE

287 DKK million

ORDER BOOK

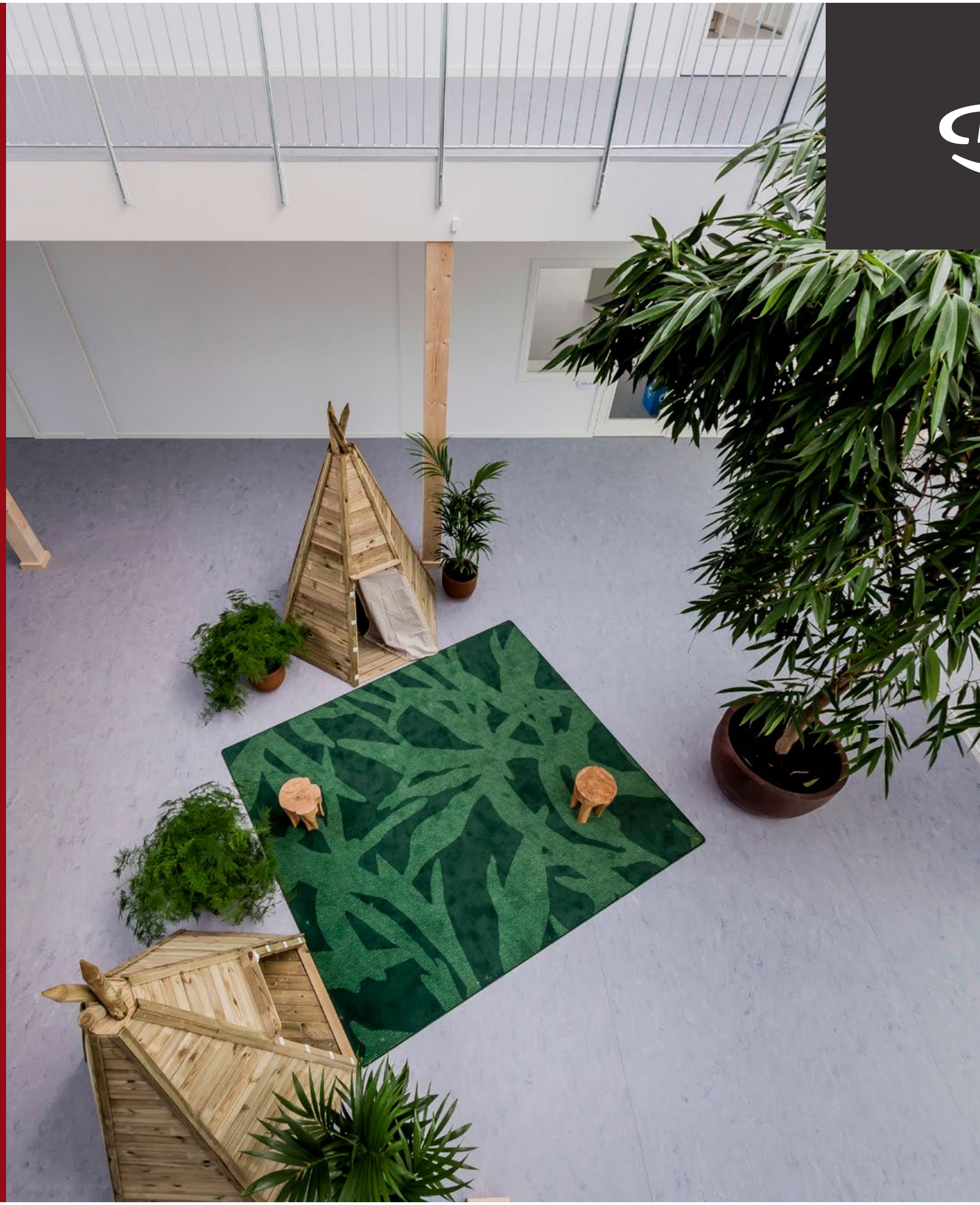
260 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS

18 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS

7.3 %



SUSTAINABLE PAVILIONS

During 2020, Ajos erected 19 sustainable pavilions for temporary schools, child day care facilities, offices and housing. In addition, the company received the Nordic Swan Ecolabel for its pavilions and is busy erecting its first project to have the Nordic Swan Ecolabel.

ACTIVITIES

Ajos is one of the largest and most experienced hire companies in Denmark specialising in equipment hire to many types of projects and customers. Ajos assists with establishing temporary buildings in the form of pavilions; establishing, organising, operating and dismantling construction sites; and offers equipment hire for construction, civil works and refurbishment projects.

FINANCIAL PERFORMANCE

Despite a negative Covid-19 impact, especially in March-June, when a number of projects were postponed and a few were cancelled, Ajos maintained a good level of activity in 2020 due to high utilisation of its fleet and a relatively large order book.

Full-year revenue was DKK 248 million, compared to DKK 282 million in 2019. The year kicked off with a high level of activity, but since March Covid-19 has led to the postponement of projects, with resulting lower revenue from rigging/erection of cranes, hoists and pavilions and subsequent hire income.

Revenue was also negatively affected by the settlement reached with The Capital Region of Denmark's Centre for Real Estate in order to avoid going to arbitration on a legacy scaffolding case at Rigshospitalet North Wing. In addition, the fleet of pavilions was reduced by the sale of a fairly large number of obsolete units.

Full-year operating profit was DKK 18 million, compared to DKK 23 million in 2019. The decline was mainly due to costs for relocating Ajos' operations from Hvidovre to Køge and the effect of projects that have been postponed due to Covid-19. The settlement with The Capital Region of Denmark's Centre for Real Estate and the sale of obsolete pavilions also had a negative effect.

Fourth-quarter revenue was DKK 62 million, compared to DKK 74 million last year. Fourth-quarter operating profit was DKK 5 million, compared to DKK 8 million in the same period in 2019.

SPECIAL PROJECTS AND INITIATIVES

In addition to more focused operation due to Covid-19 risks, in 2020 the company invested in three strategic initiatives that will set the course for increased competitiveness in the coming years.

The first and most important was the building of a new, modern department in Køge that will aid efficient customer service. This was followed by the implementation of a new, modern IT system that will contribute to even more efficient operation. Last but not least, in 2020 there was massive focus on increased sustainability in solutions. The culmination of this came in the fourth quarter, when Ajos was awarded the Nordic Swan Ecolabel for building schools and child day care centres. Ajos' pavilion solutions were already of a very high standard and certification with the Nordic Swan Ecolabel was the natural next step in the company's move to satisfy the demand for sustainable solutions.

In collaboration with Scandi Byg, Ajos has also developed a new series of pavilions that have been considerably improved on a number of points and meet some of the most stringent demands in terms of energy consumption, indoor climate, environment and sustainability. Ajos' sustainable pavilions are typically used for the construction of temporary and portable offices, canteens, schools, day care centres and rehousing.

Ajos sold all its hoist activities in the fourth quarter.

ORDER INTAKE

Ajos recorded a 3% increase in order intake to DKK 287 million in 2020, from DKK 279 million in 2019. The increase took the total order book to DKK 260 million at the end of 2020 – an increase of 18% compared to year-end 2019.

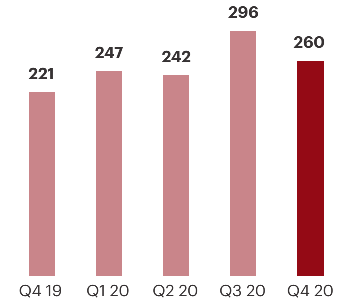
MAJOR PROJECTS CONTRACTED IN 2020

- Construction of a large number of temporary, portable pavilions: five primary/lower secondary schools, four integrated child day care centres, seven office buildings and three residential/rehousing blocks
- Supply of 40 nos. 20-man modules and 44 nos. office modules to construction sites associated with the new Odense University Hospital
- Supply of electricity, water and heating to the construction site for Nyt SUND in Odense
- Temporary heating at the New Psychiatric Hospital Bispebjerg and Rigshospitalet Glostrup

Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	62	74	248	282
Operating profit(loss) before special items	5	8	18	23
Order book, end of period			260	221
Order intake and extra work during the period	31	55	287	279

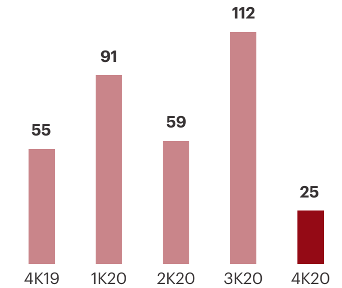
ORDER BOOK

DKK million



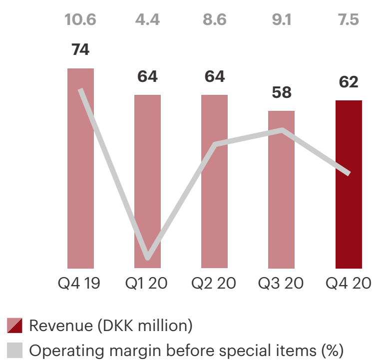
ORDER INTAKE

DKK million



REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



MTHøjgaard International

NATIONAL HOSPITAL
In early 2021, MT Højgaard International will complete its work on the National Hospital in Torshavn, where they are carrying out the building envelope contract.

The year in figures

REVENUE
712 DKK million

ORDER INTAKE
871 DKK million

ORDER BOOK
1,060 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS
13 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS
1.8 %

ACTIVITIES

The business unit MT Højgaard International takes care of the Group's activities in selected markets, with particular focus on Greenland, the Faroe Islands, Portugal, the Maldives and selected parts of Africa. Outside the selected markets mentioned above it undertakes projects where special capabilities within MT Højgaard International can be crucial and make a positive contribution.

FINANCIAL PERFORMANCE

Covid-19 affected MT Højgaard International's activities in the Maldives and a few other markets during most of 2020. Other markets normalised and it was possible to carry out work as planned on the majority of ongoing projects in all essentials.

Full-year revenue was DKK 712 million, compared to DKK 680 million in 2019. Full-year operating profit was DKK 13 million, compared to DKK 37 million in 2019.

Fourth-quarter revenue was DKK 183 million, compared to DKK 244 million the previous year. The fourth-quarter operating result was a loss of DKK 1 million, compared to a profit of DKK 25 million in 2019, mainly due to settlement of legacy disputes, lower earnings in Seth, and a lower forecast result for the business unit's currently largest project, Hisingbron Bridge in Gothenburg.

SPECIAL PROJECTS AND INITIATIVES

MT Højgaard International is still experiencing increasing demand and tendering activity and is in dialogue with a number of international partners about possible joint projects.

Activity in the North Atlantic area is growing steadily. In the Faroe Islands, the major projects at the National Hospital and the rehabilitation centre Hoyvik are close to handover, while a number of new projects have been contracted and started and several others are under negotiation.

In Greenland the current construction projects are generally proceeding according to plan, but the relatively strict quarantine rules there have sometimes caused problems with manning. Towards the end of the year, MT Højgaard International entered into several major contracts in Greenland, including a new fire station in Nuuk and several buildings for the new Nuuk airport. In addition, negotiations are in progress on several major projects, and tendering activity is still high.

Also in Greenland, Arssarnerit's work on the large-scale installation contracts at the airports (civil works) and school in Nuuk is still going according to plan. Tendering activity is high and several major projects are expected to be contracted early in 2021. The amalgamation with the acquired security company MATU went as planned and MATU is expected to make a positive contribution to future earnings.

The Maldives are still affected by Covid-19 restrictions, but are now partially open for tourists. There is an upward trend in construction and civil works activity, with tenders out for a number of public and private projects.

Activity on the Hisingsbron Bridge in Gothenburg, remained high during the year. A number of outstanding issues with the client have now been resolved. The project is expected to be completed in 2022.

In Portugal and the parts of Africa where MT Højgaard International has activities through Seth, tendering activity has been moderate, but is expected to rise again from the start of 2021. In addition, several project opportunities are presenting themselves in Portugal.

ORDER INTAKE

Order intake increased in the fourth quarter, as expected, and full-year order intake was DKK 871 million, compared to DKK 573 million in 2019. The 52% increase was mainly driven by a number of large design-build contracts in Greenland. The year-end order book was DKK 1,060 million, compared to DKK 901 million at year-end 2019.

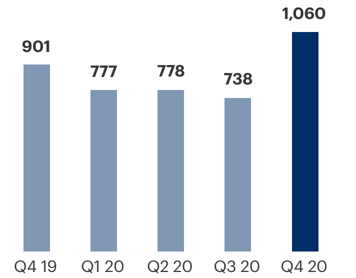
MAJOR PROJECTS CONTRACTED IN 2020

- Extension of three harbours in the Maldives
- Kindergarten in Gøtugjógv in the Faroe Islands
- New fire station, Nuuk
- Airport buildings, tower and terminal, Nuuk
- Electrical installations at the new airports in Nuuk and Ilulissat

Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	183	244	712	680
Operating profit(loss) before special items	-1	25	13	37
Order book, end of period			1,060	901
Order intake and extra work during the period	505	98	871	573

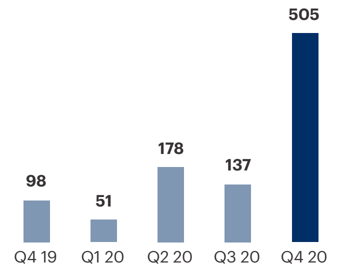
ORDER BOOK

DKK million



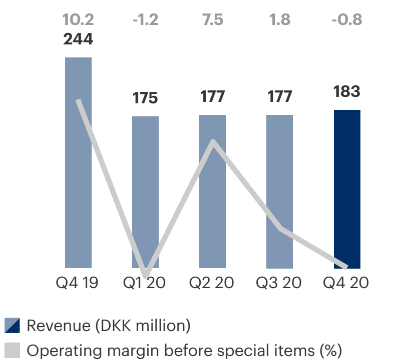
ORDER INTAKE

DKK million



REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



The year in figures

REVENUE

224 DKK million

OPERATING PROFIT/ (LOSS) BEFORE SPECIAL ITEMS

12 DKK million

OPERATING MARGIN BEFORE SPECIAL ITEMS

5.4 %

MAGDALENEPARKEN
MT Højgaard Projektudvikling has given new life to historic buildings in the form of 63 rental apartments in Vedbæk. Magdaleneparken in Vedbæk was built in 1907, and the beautiful mansions, deemed worthy of conservation, have now been refurbished and converted to apartments. At the same time, four new mansions with apartments and seven terraced houses have been built on the 32,000-square metre site in the forest.

ACTIVITIES

MT Højgaard Projektudvikling develops and realises sustainable commercial and residential projects and constructs and operates buildings on a public-private partnership basis (PPP).

MT Højgaard Projektudvikling plays an important strategic role in the Group and helps to create synergies between the individual business units. In 2020, the other business units derived DKK 281 million of revenue directly from MT Højgaard Projektudvikling.

FINANCIAL PERFORMANCE

Full-year revenue was DKK 224 million, compared to DKK 348 million in 2019. The drop in revenue was due mainly to lower activity on projects in progress, several of which were handed over during 2020. Full-year operating profit before special items was DKK 12 million, compared to DKK 18 million in 2019, reflecting lower revenue. Special items amounted to an expense of DKK 3 million, which was due to a provision related to organisational changes.

Fourth-quarter revenue was DKK 100 million, compared to DKK 132 million in 2019. Operating profit before special items was DKK 23 million, compared to DKK 20 million in 2019. The value of the property portfolio amounted to DKK 515 million at the end of the fourth quarter, compared to DKK 417 million at the same time last year. The growth in the property portfolio was the result of investments in new properties and development on existing properties.

Ongoing projects are continuing with minimal impact from Covid-19. It is expected that interest in well-situated dwellings in the middle segment will remain firm and that demand for rental housing projects will continue to grow.

The demand for rented office space when the situation stabilises after Covid-19 is uncertain and there are varying forecasts for developments in this market. However, the desire and need for knowledge-sharing, efficient collaboration and social interaction argues in favour of keeping offices as the primary workplace. At the same time, what has been learned from Covid-19 challenges the trend towards allocating a very limited area per work station and may lead to rethinking the design, spatial requirements and equipment of office environments.

The required rate of return for investments in new properties is expected to be stable in the coming period.

SPECIAL PROJECTS AND INITIATIVES

MT Højgaard Projektudvikling focuses on PPP projects, and more tenders and increasing activity are expected in the coming year. MT Højgaard Projektudvikling is currently the co-owner of four PPP companies and operates a further four PPP buildings via MT Højgaard Projektudvikling's operating companies. Partnerships and collaboration agreements with housing associations and other players have an important part in the strategy for MT Højgaard Projektudvikling. 2020 saw several examples of partnerships, for instance with the housing association AAB for a new mixed residential concept with social housing, rental homes and cooperative housing apartments, and with Eco Village on the development and construction of shared housing.

The development and construction of 400 homes on Skjeberg Allé in Høje Tåstrup has continued. The homes are a mixture of social and retirement apartments for KAB, two-storey terraced houses built by Scandi Byg, developed and sold to private buyers, and 176 private rental homes sold to Balder. The area will be completed in early 2021.

At the former Dalum paper factory in Odense work is continuing on the development of 45,000 m² of residential, commercial and retail space. The demolition of the old production halls and buildings is almost finished and construction of the first phases is expected to begin in mid-2021 with a view to sale to investors and private individuals. In the fourth quarter of 2020, parts of the striking factory building with its shed roof were sold to an investor who wants to convert the building to offices.

The construction of Engsøhus in Risskov is progressing as planned with handover in summer 2021. Engsøhus is a 7,000 m² MultiFlex Office developed and sold to PFA with DGNB Gold certification.

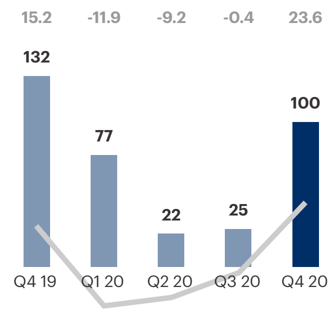
Amounts in DKK million	Q4 20	Q4 19	2020	2019
Revenue	100	132	224	348
Operating profit(loss) before special items	23	20	12	18
Capital tied up in property portfolio*			515	417

* excl. construction projects developed in-house

Comment: In the third quarter of 2020, special items amounted to an expense of DKK 3 million.

REVENUE AND OPERATING MARGIN BEFORE SPECIAL ITEMS

DKK million and %



PROCESSES

Flexible and efficient processes are the basis of good project management and ensure a comprehensive view of individual projects for customers, partners and employees. All parts of the MT Højgaard Holding Group are constantly working on optimising processes and making use of digital tools.

Sustainable>22 - the new Group strategy

The Sustainable>22 strategy charts the course for the long-term sustainable development of MT Højgaard Holding and the business units. The strategy was announced in February 2020 and roll-out is going according to plan with the implementation of individual sub-strategies in the business units within the framework of the Group strategy. Sustainable>22 focuses on profitability. The aim is to increase the operating margin to 4% in 2022 before special items and PPA amortisation.

Sustainable>22 designates five focus areas across the Group: sustainability, innovation, processes, collaboration and employees. The Group strengthened its position in relation to these important market trends during the year.

SUSTAINABILITY

The Group experienced growing interest in sustainable projects from both private and public clients. In 2020, the business units were involved in 21 projects with precertification or certification under the four recognised standards – DGNB, LEED, BREEAM and the Nordic Swan Ecolabel – compared to 16 in 2019. These certifications confirm that projects meet specific requirements for materials, processes, waste management and other environmental factors as well as financial and social requirements. For example, Enemærke & Petersen continued its collaboration with PensionDanmark on apartment blocks at Køge Kyst with DGNB Gold certification, and Ajos launched pavilions with the Nordic Swan Ecolabel (produced by Scandi Byg). Scandi Byg has a strong position in the market with modular building in wood. In 2020, a report from the industry association "Træ i byggeriet" was published, which showed that Scandi Byg's buildings have a very low carbon footprint of 5.4 kg/CO_2/m^2/year, compared to the industry recommendation of 8.5 kg/CO_2/m^2/year. An important milestone was reached in 2020 when Scandi Byg delivered the first social housing project in Denmark to receive the Nordic Swan Ecolabel – Store Solvænget in Amager – to KAB and 3B.

INNOVATION

In 2020, the focus was on developing new collaboration models and concepts. For example, MT Højgaard Projektudvikling developed new concepts for shared accommodation together with Eco Village and for cooperative housing in collaboration with AAB. The aim of the collaboration with AAB is to build up to 2,500 cooperative housing units in connection with existing social housing. In MT Højgaard International the focus was on increased prefabrication of buildings, while Scandi Byg tested solutions for further automation of production and logistics.

PROCESSES

The Group's business units are continuing their efforts to streamline processes supported by digital tools for all phases of construction projects. Ajos introduced a new IT platform, MT Højgaard Projektudvikling and MT Højgaard International began phasing in new ERP systems, and Scandi Byg started using a new quality assurance system. Enemærke & Petersen created connections between processes in partnerships and those in their own business, where they could use systematic LEAN processes, data and dialogue in their constant efforts to increase productivity, and this unit was one of three nominees for this year's Annual Process Prize. Following the organisational changes MT Højgaard Danmark worked on standardising processes and methods across projects, sections and geographies.

COLLABORATION

Under the heading of "collaboration", in 2020 good results were achieved both in internal collaborations between the business units and in our relationships with external partners. Several business units entered into new collaborations, for instance with housing associations, pension funds and local authorities and there was a growing trend for major clients to involve the design-build contractor at an early stage in framework agreements and major, phased projects, when the contractor contributes knowledge of time and financial management, prices, supplies, building technology etc., before the contract for the actual construction work is signed. In 2020, MT Højgaard Danmark won several agreements of this type, including with DSB and DTU.

Enemærke & Petersen's strategic partnerships of ByK with TRUST with the City of Copenhagen and &os Byggepartnerskabet with the housing association KAB developed well, and other social and public clients also decided to invite tenders for multi-annual, strategic partnerships for their construction and civil works projects. This trend is seen as benefiting the Group, which has years of experience in tendering for and operating in partnerships of this kind. In February 2021, Enemærke & Petersen entered into a multi-annual, strategic partnership with the housing association Civica on projects with an estimated value of approx. DKK 3 billion.

EMPLOYEES

A major task for all units has been to create safe working conditions for employees and to ensure cohesion during the Covid-19 pandemic. High priority has also been given to improving the working environment, and MT Højgaard Danmark was one of three companies nominated for the Working Environment Prize in the Occupational Injuries category as a result of its efforts to reduce the number of injuries and days of absence. In the three new MT Højgaard units – Danmark, International and Projektudvikling – there was particular focus on providing the units with the right skills and especially on promoting the project culture in MT Højgaard Danmark. Scandi Byg has set up programmes for apprentices and new employees.

PORTFOLIO MODEL

Sustainable˃22 means the Group is developing according to a portfolio model with independent business units that are on an equal footing. The Board of Directors and Executive Board of MT Højgaard Holding puts the portfolio together, exercises active ownership of the business units and sets up the strategic and financial frameworks. Within these frameworks the management of each business unit has responsibility for operation, results and strategy, and the units work together to utilise each other's skills in order to increase value creation in the Group as a whole.

The Group management continuously optimises the portfolio. Processes have been established that enable the Group to step forward when acquisition opportunities arise within the strategic framework or when opportunities arise in new, attractive growth or market pockets. This strategic framework for the portfolio is most important in Denmark, where the Group covers the entire value chain from project development, construction, civil works and refurbishment through to operation. The Group is also active in selected geographies through direct ownership, part-ownership or joint ventures, especially in the North Atlantic (Faroe Islands and Greenland), the Maldives, and selected projects in Africa through the jointly controlled entity Seth in Portugal.

The most significant adjustments to the portfolio in 2020 were:

- Lindpro's Danish activities were sold for DKK 265 million to Kemp & Lauritzen – a dedicated technical contractor with better opportunities to develop activities. The Greenland business, Arssarnerit, was not part of the sale.
- Ajos sold its hoist activities for approx. DKK 28 million in order to focus on its core activities in the fields of temporary buildings (pavilions), setting up and operating construction sites and hiring out selected equipment.
- MT Højgaard International's company in Greenland, Arssarnerit, acquired the security company MATU for DKK 28.2 million as part of the development of Arssarnerit to a leading full-service provider of technical installations in Greenland.

After the reporting date, the Group has entered into agreements on acquisitions in Denmark and the Faroe Islands. Further details are provided in "Events after the reporting period" on page 14.

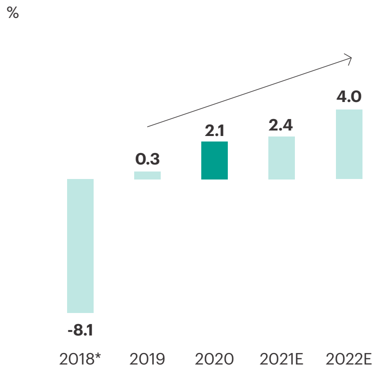
FINANCIAL TARGETS

The strategy Sustainable˃22 is designed to take MT Højgaard Holding's operating margin to 4% before special items and PPA amortisation in 2022. By comparison, the operating margin was 0.3%% in 2019, 2.1% in 2020, and is expected to be around 2.4% in 2021 based on operating profit of DKK 160 million before special items and PPA amortisation.

The planned improvement in earnings and profitability from 2021 to 2022 is conditional on a number of factors, the most important of which are:

- that the Group achieves the expected growth in activities in 2022 and increased margins resulting from top line growth and ongoing efforts to digitise processes, industrialise construction, introduce new production methods and automate production in Scandi Byg;
- that the replacement of MgO boards and the completion of previously written-down projects are concluded as planned, so that the Group can continuously free up resources and transfer them to income-generating activities;
- that capacity utilisation, especially in MT Højgaard Danmark, improves during the second half of 2021, when recent months' growth in the order book is expected to result in increased activity, and that these improvements are consolidated in 2022;.
- that the empty floors at the headquarters in Søborg are let on reasonable conditions or that another solution can be found that will significantly reduce costs. The associated part of the lease asset was written down in 2020;
- that MT Højgaard Danmark's high IT costs are significantly reduced;.
- that disputes, particularly those relating to legacy construction and civil works projects, are settled or wound up without major financial consequences;
- that the property portfolio in MT Højgaard Projektudvikling is reduced by the development of sustainable projects or sale of parcels of land.

MOVING TOWARDS AN OPERATING MARGIN OF 4% BEFORE SPECIAL ITEMS AND PPA AMORTISATION



* 2018 related to the MT Højgaard Group. The MT Højgaard Holding Group only became a reality on the merger on 5 April 2019.

Priorities for 2021-2022

	SUSTAINABILITY	INNOVATION	PROCESSES	COLLABORATION	EMPLOYEES
MTHøjgaard Danmark	Sustainable construction sites, new sustainable concepts and products	New production methods, systematic knowledge-sharing	Revise management system, improve quality and risk management	Strengthen collaboration with customers and across the MT Højgaard Holding Group	Strengthen professionalism, develop and recruit talent from within the Group
Enemærke & Petersen a/s	Skills development, specific sustainability targets	Digital strategy	Revitalise project model	Promote collaboration culture, management development focusing on construction management	Attract/onboard new colleagues, culture and employee development
scandibyg	Reduce environmental footprint, strengthen climate profile	Automate, LEAN tools, digitise customer relationships etc.	Automate administrative processes, optimise tenders, increase volume	New collaboration agreements with pension companies or private developers	Fewer occupational injuries, social sustainability (apprentices and minorities)
ajos	Nordic Swan Ecolabelling of projects and office pavilions	Implement strategy, and establish new department West	Strengthen IT, management and financial processes	Optimise collaboration with customers	Build up skills
MTHøjgaard International	Focus on emissions from transport and machinery	Develop prefabrication in Greenland, clarify opportunities in the Faroe Islands	Roll out new ERP system	Strengthen collaboration with customers and across the MT Højgaard Holding Group	Further development of the organisation
MTHøjgaard Projektudvikling	Integrate sustainability in client programme and on construction sites	Realise AAB concept with new cooperative housing units	Roll out new ERP system	Client advice to external investors Strengthen relationship with asset managers	Skills development, including via graduates

Sustainability

The MT Højgaard Holding Group has prepared a separate sustainability report, which constitutes the MT Højgaard Holding Group's corporate social responsibility report for the period 1 January – 31 December 2020, see section 99(a) of the Danish Financial Statements Act, its report on the gender composition of governance bodies, see section 99(b) of the Danish Financial Statements Act, and its report on the diversity of governance bodies, see section 107(d) of the Danish Financial Statements Act. The report can be viewed at *https://mthh.eu/Responsibility/CSR*. The English version also constitutes the Group's Communication on Progress under the UN Global Compact, which we joined in 2015. The report has been prepared in accordance with Global Reporting Initiative Core Option.

In the construction and civil engineering industry there is increasing focus on sustainability, and both public and private customers are asking for solutions that also take account of environmental and social factors. As a major player, the MT Højgaard Holding Group has an important role in this development. The Group's aim is to create sound, durable and sustainable projects that will consider people, climate and environment. The MT Højgaard Holding Group particularly focuses on ten of the UN Global Goals: 3, 4, 5, 7, 8, 9, 11, 12, 13 and 17.

NEW SUSTAINABILITY STRATEGY

In November 2020, the Board of Directors of MT Højgaard Holding approved a new sustainability strategy which, building on the Sustainability›22 strategy, establishes the framework for how the Group will also in future create sustainable solutions in collaboration with customers and partners. The sustainability strategy predicts four areas where the Group will have special opportunities to create value for society and the company. The business units will focus their efforts within these four subject areas.

Local and social responsibility

The MT Højgaard Holding Group wishes to promote social responsibility in the entire supply chain and develop local cooperation. Working conditions must be satisfactory and the Group is keen to take the lead in new, cross-disciplinary collaborations to encourage information-sharing, promote training and productivity and improve building processes. The Group also reaches out to local communities, for example by offering unemployed residents work on housing refurbishments, integrating young people in jobs with wage subsidies and setting up work experience placements.

Health and learning

The Group also wishes to be a workplace that stimulates education, learning and knowledge-sharing, prevents occupational injuries and physical deterioration and offers a safe, healthy working environment. Negligent conduct that might endanger a person's safety or health is not acceptable. Retention of competent employees and focus on job satisfaction and motivation are priorities that we support by offering skills development at all levels.

Climate and environment

In its projects the Group continually endeavours to reduce environmental and climate impacts and contribute to conserving biodiversity.

These efforts centre on optimising the actual construction process, choosing safe and environmentally sound materials, managing waste, and the subsequent operation. There is particular focus on incorporating climate and environmental considerations at the design and planning stage. Voluntary certification, rating and labelling schemes such as DGNB, the Nordic Swan Ecolabel, LEED, BREEAM and Den Frivillige Bæredygtighedsklasse are increasingly being used to verify processes and products. They provide clients, tenants and owners with assurance that projects comply with measurable requirements with regard to environmental, economic and social aspects.

The Group's ambition is to meet the Danish Parliament's target of a 70% reduction in CO_2 emissions by 2030.

Circular economy

One of the major challenges for the construction industry is the delivery of circular projects, in which the planning of a building project considers its entire lifecycle – from design and choice of materials to construction, operation and future recycling. Among other things, this means that concrete structures must be designed so that, when the building is pulled down, the elements can be separated and recycled instead of being crushed and ending up as road fill. The Group is continually improving its contribution by increasing the recycling of materials, reducing waste and using durable materials and solutions.

New sustainability strategy

SOCIAL SUSTAINABILITY

Local and social responsibility

Through our building projects we promote local cooperation and social responsibility

- We take local responsibility and create local added value through our projects and products.
- We employ people who are on the margins of the labour market and make demands of the supplier chain.

Health and learning

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

- We are firmly focused on zero injuries, and the physical and mental health of our employees is of paramount importance to us.
- We develop our employees and train the next generation.

We particularly focus on these UN Global Goals:

ENVIRONMENTAL SUSTAINABILITY

Climate and environment

We live up to the Danish Government's target of a 70% reduction in CO2 emissions by 2030 compared to 1990

- We make concerted efforts to reduce our energy consumption and environmental impact.
- We protect nature and support biodiversity.

Circular economy

We create a closed loop that eliminates the concept of waste

- We increase recycling and reuse of materials and reduce waste.
- We use durable materials and solutions and factor in flexibility.

We particularly focus on these UN Global Goals:

COLLABORATION & CERTIFICATIONS

COLLABORATION & CERTIFICATIONS

Risk management

Good risk management on projects, in the business units and at Group level is of crucial importance for ensuring long-term value creation in the MT Højgaard Holding Group. Risk management is therefore an integral part of the Group strategy and its implementation by the business units, as well as the decision-making processes in day-to-day operations.

In 2020, the Group reduced its risk profile by implementing the portfolio model and decentralising responsibility to the individual business units. These changes have provided a clear structure, as the professionally competent management team in each business unit has a better overview of key risks through their knowledge of the individual projects.

The portfolio model ensures that risk assessments are made close to projects and swiftly passed on to the responsible managers and the Executive Board of MT Højgaard Holding, removing the need for major central control functions that do not have in-depth knowledge of projects.

ORGANISATION

The Board of Directors has overall responsibility for risk management in the Group, and regularly discusses the principal risks and any changes in these based on the quarterly reporting. The Board of Directors oversees the Executive Board, which regularly identifies and mitigates company and project-specific risks in close collaboration with the business units and reports to both the Audit Committee and the Board of Directors.

The Executive Board reviews the overall risk assessment annually and adjusts the principles, processes and activities of risk management based on analysis of the probability and the potential financial impact of the identified risks. The management of the business units regularly reports changes in and assessment of risks to the Executive Board, which is supported by the Group's finance department. The reports from the individual business units are assessed by the finance department and the Executive Board, ensuring relevant knowledge-sharing between the business units.

MATERIALITY ASSESSMENT

Principal risks for the Group relate to the execution of projects, involvement in disputes, market fluctuations, and the ability to attract and retain employees with the right skills. The Executive Board considers that these risks have the greatest and most significant effect on the Group's ability to realise the stated expectations and ensure long-term value creation. These risks and the Group's efforts to mitigate them are described in the following.

The MT Højgaard Holding Group is also exposed to a number of other risks, including changes to regulations and legislation, IT security and disruptions, and financial circumstances as described in note 24 to the financial statements.

Good risk management on projects, in the business units and at Group level is of crucial importance for ensuring long-term value creation in the MT Højgaard Holding Group.

Projects

RISK

The Group plans, manages and carries out projects that are often complex, long-term and contracted at a fixed price. Earnings on these projects and the Group's ability to avoid loss-making projects depends to a great extent on whether the calculated use of time and materials is correctly reflected in the pricing.

The execution of projects is always associated with risks, so small variations may occur on individual projects and be acceptable as a prerequisite for ensuring development and value creation. However, the Group focuses on avoiding projects that may incur sizeable losses that could have a significant effect on the overall earnings level.

MITIGATION

The project managers in the business units and the Executive Board make determined efforts to improve the quality of tendering and projects with a view to reducing the number and extent of project delivery issues. Decisions on selecting or rejecting projects are reached on the basis of concrete evaluations of competition, conditions, risks and the possibility of efficient execution for the projects concerned as well as the ambition to secure a balanced project portfolio made up of small, medium-sized and large projects.

The Executive Board helps to ensure that essential resources and competent management are available in the business units, while project managers have full responsibility for delivering the individual projects on time, on budget and within the agreed framework. In this connection the focus is on ensuring that processes and procedures are sufficient and function well, and digital tools are used to help provide a better basis for evaluating the projects' risk profile before start-up, when changes are made, and during execution. In order to further reduce risks in execution and achieve the forecast earnings, project managers work closely with subcontractors, and the Group enters into strategic agreements on collaboration and purchasing, concentrating on the use of standardised components and industrialised processes. They also focus on contracting the majority of the project costs when signing the contract with the client.

As part of the Group's strategy great attention is paid to close collaboration with clients, consultants, architects and subcontractors at an early stage in order to harmonise frameworks and conditions for individual projects and minimise risks.

Projects developed in-house by the Group should in principle be wholly or partly sold/let to customers or tenants before start-up, depending on the risk profile of each particular project.

Disputes

RISK

The Group may be involved in litigation, arbitration or governmental proceedings, which may arise from claims concerning delays or defects on projects, warranty claims and breach of contract.

Latent defects may appear after some time and result in significant claims being lodged later than expected and thus reducing the possibility of seeking redress from any joint venture parties, subcontractors or other parties involved, who may have caused the defect.

Negative outcomes of any disputes may result in reassessment of the Group's financial items, and the Group may also be held responsible for financial losses.

MITIGATION

The Group works proactively to reduce the total number and scope of existing disputes and in 2020 a number of important cases were settled and closed, including a case taken to international arbitration. Concurrent work on rectifying MgO-related construction cases proceeded according to plan and within the provisions made.

The Group also focuses on avoiding new disputes by ensuring good, close collaboration between the parties in the construction. In connection with this the Group seeks to establish long-term partnerships and also to conclude contracts with early involvement in projects and to ensure quality in tendering for and executing projects.

When major contracts are entered into on a joint venture basis in order to reduce the Group's overall financial risk, the Executive Board carries out a thorough assessment of potential partners with a view to reducing the risk of any financial or capability weakness of a joint venture partner imposing significantly higher risks on the MT Højgaard Holding Group.

Talented employees

RISK

Demand for experienced and competent managers, project managers and other employees is high in the construction and civil engineering industry, where recruitment and retention of a qualified workforce is vital for ensuring a sound balance between earnings and risk.

If the Group is not able to attract and retain competent managers, project managers and other employees, lack of experience and continuity can lead to issues in terms of identifying and mitigating potential risks relating to the development and execution of projects.

MITIGATION

The size of the Group and the versatility and breadth of the business units as well as the varied nature of the project portfolio create good career and personal development opportunities for employees, while also providing a sound basis for ensuring flexibility and continuity in the manning of projects.

The Group always endeavours to offer competitive employment conditions and a safe working environment in order to be able to attract and retain skilled people, as well as ensuring swift, flexible access to the right resources if the need arises. The organisation can be scaled up or down as needed and depending on the size and composition of the order book and the demand for special skills on particular projects.

In addition, the business units and the MT Højgaard Holding Group make considerable investments in further training, a graduate programme and talent development in order to develop the skills of managers, project managers and other employees..

Market fluctuations

RISK

Construction and civil works activity in the fields of infrastructure, commercial and residential building and public works projects is largely dependent on macro-economic 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. Markets are sensitive to rent fluctuations and changes in the economy, and an economic slowdown can lead to recession in the construction and civil engineering industry in Denmark and in the Group's international markets. Following the outbreak of Covid-19 in 2020, political initiatives were launched in order to stimulate activity in the construction and civil engineering industry. This led to greater certainty in public and social building, but less certainty about activities in the private sector.

MITIGATION

The business units are constantly working on putting together a varied project portfolio with a wide range of small, medium-sized and large construction and civil works projects for private clients, professional investors and public customers. In addition, the Group focuses on ensuring stability by maintaining a strong position and capitalising on the opportunities offered by PPP projects, substantial collaboration agreements and strategic partnerships. Diversification through selection of projects, contracts, collaboration partners and types of work are vital in order to reduce the potential negative effect of market fluctuations.

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 A/S's management structure and the key elements of the company's internal control and risk management systems related to financial reporting.

The report also describes MT Højgaard Holding A/S's position on Recommendations on Corporate Governance, which can be viewed at *www.corporategovernance.dk/english* and have been implemented in Nasdaq Copenhagen's Rules for Issuers of Shares. In 2020, MT Højgaard Holding complied with all 47 recommendations, compared to 45 in 2019, when the company did not comply with one recommendation and complied with one in part only.

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 A/S. The Board of Directors is responsible for the overall and strategic management; oversees the Group's activities, management and organisation; and appoints and removes 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, which can be found 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. In order to enable the Board to take care of 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 the construction and civil engineering industry, strategic business development, management of complex projects, risk management, financial and accounting knowledge, and general management of listed companies. The Board is judged to possess these skills. The individual members' skills of relevance to MT Højgaard Holding are set out on pages 44-45.

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 also helps oversee that applicable laws are being complied with and helps regularly assess whether accounting policies are relevant and current, and the manner in which material and exceptional items are accounted for. The Committee also assesses and makes recommendations in relation to the appointment of auditors at the general meeting.

The Board of Directors has also established a Nomination Committee that prepares decisions to be made by the Board of Directors relating to the compositions of the Board of Directors and the Executive Board based on the skills needed on the Board of Directors and the Executive Board.

Lastly, the Board of Directors has established a Remuneration Committee that prepares decisions to be made by the Board of Directors relating to remuneration policy, guidelines for incentive pay, Executive Board pay, and the remuneration of the Board of Directors. *mthh.eu/Corporate-governance/Corporate-governance*

The Committees' terms of reference can be found at *mthh.eu/Corporate-governance/Corporate-governance*

BOARD OF DIRECTORS AND EXECUTIVE BOARD IN 2020

The Board of Directors of MT Højgaard Holding has five members, all elected by the shareholders in general meeting for terms of one year at a time. All members are independent. Carsten Dilling is Chairman of the Board of Directors, and Anders Lindberg Deputy Chairman. Morten Hansen resigned from the Board in February 2020 following his appointment as President and CEO. There were no other changes to the Board during the year.

The five members made up the Board of MT Højgaard A/S again in 2020, together with the two employee-elected members, Irene Elisa Chabior and Vinnie Sunke Heimann. On 1 January 2021, MT Højgaard A/S's operations were split into three independent companies – MT Højgaard Danmark A/S, MT Højgaard International A/S and MT Højgaard Projektudvikling A/S. This means that all six business units are now separate companies with their own Boards of Directors and Executive Boards.

The Board met eight times in 2020 (2019: eight meetings). Attendance is illustrated in the figure on this page. Attendance at Board Committee meetings was 100%.

The Executive Board of MT Højgaard Holding A/S consists of President and CEO Morten Hansen and CFO Martin Solberg, who took up his post in June 2019.

Board member	Meeting attendance
Carsten Dilling	●●●●●●●●
Anders Lindberg	●●●●●●●●
Christine Thorsen	●●●●●●●●
Pernille Fabricius	●●●●●●●●
Ole Jess Bandholtz Røsdahl	●●●●●●●●
Vinnie Sunke Heimann	●●●●●●●●
Irene Elisa Chabior	●●●●●●●●
Hans-Henrik Hannibal Hansen*	●●●●

* Hans-Henrik Hannibal Hansen left the Board of Directors on 31/05-2020

Shareholder information

INVESTOR RELATIONS POLICY

The management of MT Højgaard Holding A/S strives to maintain open, honest and trustworthy dialogue with all market participants to ensure that the Group's actual and expected value creation are reflected in the share price. The company's IR policy can be found at *mthh.eu/Corporate-governance/Corporate-governance*.

IR ACTIVITIES IN 2020

The Executive Board is in regular dialogue with investors, share analysts, media and other stakeholders. CFO Martin Stig Solberg is responsible for contact with investors and analysts. The dialogue with investors and analysts was strengthened in 2020, partly through participation in more investor meetings and seminars. This has generated interest in the company and increased trading in its shares, resulting in a larger shareholder base. These efforts will be stepped up in 2021.

Annual and interim financial reports and other company announcements can be found at *www.mthh.eu/Investor/Announcements*. The company also publishes information about, for example, major orders as investor news and through other channels.

ANALYST COVERAGE

Danske Bank and ABG Sundal Collier cover the MT Højgaard Holding share. ABG initiated its coverage in 2020, based on a sponsored research agreement.

THE SHARE

At 31 December 2020, 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 share, and no shares carry special rights. All shares are listed on Nasdaq Copenhagen under ISIN DK0010255975.

Trading in the share increased during the year. A total of 1,782,698 shares were traded (2019: 1,514,782 nos.), corresponding to 23% of the share capital (2019: 19%). The value of share turnover was approx. DKK 205 million (2019: DKK 108 million).

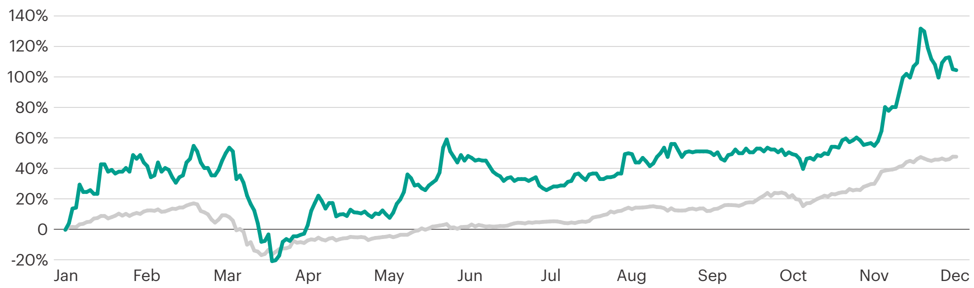
The share closed 2020 at 170, compared to 83.5 on 31 December 2019. The increase in the share price corresponds to a return of approx. 104%, compared to 44.9% for all SmallCap shares in OMX Small Cap DKK GI. (OMXCSCGI).

MT Højgaard Holding's market capitalisation totalled DKK 1,324 million at year-end (2019: DKK 650 million).

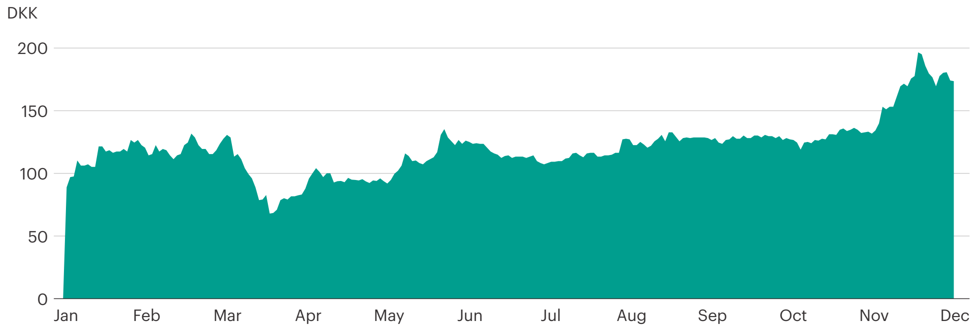
SHAREHOLDERS

MT Højgaard Holding had a total of 2,898 registered shareholders at 31 December 2020, who held altogether 96.33% of the shares (2019: 2,778 shareholders holding 96.75% in total). The 20 largest shareholders held approx. 81.8% of the share capital at year-end (2019: 81%). Top 20 was made up of foundations and individuals associated with the two original

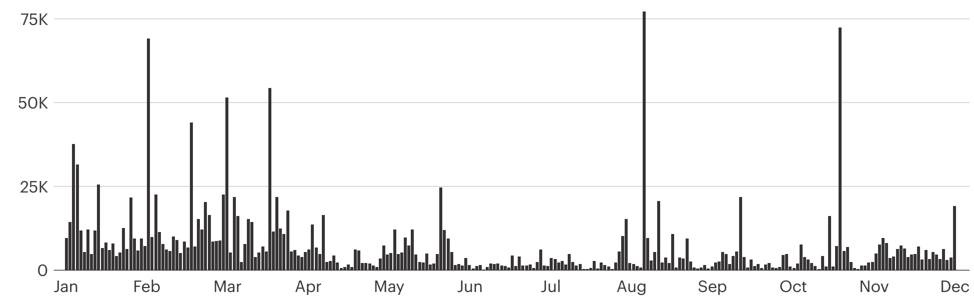
SHARE PRICE PERFORMANCE COMPARED WITH OMX SMALL CAP DKK GI (INDEXED)



SHARE PRICE PERFORMANCE IN 2020



TRADING IN THE SHARE IN 2020



owner companies, companies associated with the families behind the original owner companies, and Danish institutional investors.

TREASURY SHARES

On 24 November 2020, MT Højgaard Holding initiated a share buyback programme with a maximum total purchase price of DKK 15 million. The purpose is to meet the obligations arising from the company's share-based incentive programme. The programme will end on 30 September 2021 at the latest. In 2020, the company purchased 12,020 shares at a total price of just under DKK 2 million under this programme. The company consequently held 0.15% treasury shares at year-end, compared to nil at year-end 2019.

DIVIDEND POLICY

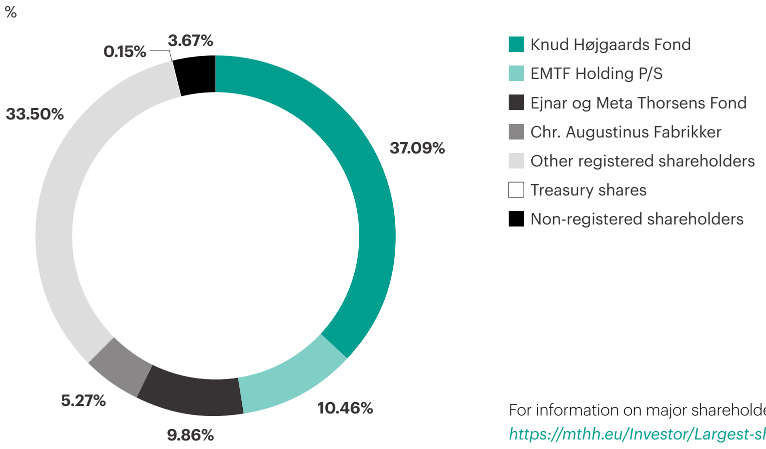
MT Højgaard Holding will endeavour to pay dividends, taking into account the need to reduce debt as well as the Group's liquidity forecast and solvency.

Dividend payments related to the solvency ratio:

- If the Group's solvency is 20-30%, the company will endeavour to distribute 25-30% of net profit for the year.
- If the Group's solvency exceeds 30%, the company will endeavour to distribute at least 50% of net profit for the year.

The Board will recommend that no dividend be paid for 2020. The objective of 20% solvency has not been met yet.

SHARE COMPOSITION AT 31/12 - 2020



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

Executive Board and Board of Directors

External appointments at 31 December 2020
(CB) = Chairman of the board of directors
(DCB) = Deputy chairman of the board of directors
(B) = Member of the board of directors
(D) = Executive position

EXECUTIVE BOARD

MORTEN HANSEN
President and CEO

Joined: 2019
Born: 1963
Gender: Male
Nationality: Danish
Education: BSc in Civil and Structural Engineering

External appointments:
- Omnia Invest A/S (D)
- Tirsbæk Bakker A/S (D)
- Juulsbjerg Ejendomme A/S (D)
- Enemærke & Petersen (CB)
- Raunstrup Byggeri A/S (CB)

Shareholding: 40,885
Change in 2020: 40,885

MARTIN STIG SOLBERG
CFO

Joined: 2019
Born: 1974
Gender: Male
Nationality: Danish
Education: MSc in Business Administration and Auditing; Executive MBA

External appointments:
- Ajos Pavillon ApS (CB)
- Ajos A/S (B)
- Enemærke & Petersen (B)
- MT Højgaard Grønland ApS (B)
- Scandi Byg A/S (B)
- Greenland Contractors (B)

Shareholding: 0
Change in 2020: 0

BOARD OF DIRECTORS

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 and Remuneration Committees in MT Højgaard Holding A/S

Position: Professional board member

Education: HA and HD in International Business

External appointments:
- Icotera A/S, DK (CB)
- NNIT A/S, DK CB)
- SAS AB, Sverige (CB)
- Terma A/S, DK (B)
- 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 in service, project and technology enterprises; digital transformation; board experience from listed companies.

Shareholding: 0
Change in 2020: 0

ANDERS LINDBERG
Deputy Chairman of the Board of Directors

Born: 1965
Gender: Male
Nationality Swedish

Independent: Yes

Elected first time in: 2019

Board committees: Since August 2020, Chairman of the Audit Committee, member of the Nomination and Remuneration Committees in MT Højgaard Holding A/S A/S.

Position: Executive Vice President, Ørsted, responsible for Offshore EPC

Education: MSc in Electrical Engineering, MBA

External appointments:
- IEC Holden Inc, Canada (B)

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

Shareholding: 0
Change in 2020: 0

Executive Board and Board of Directors

External appointments at 31 December 2019
(CB) = Chairman of the board of directors
(DCB) = Deputy chairman of the board of directors
(B) = Member of the board of directors
(D) = Executive position

BOARD OF DIRECTORS

CHRISTINE THORSEN

Born: 1958
Gender: Female
Nationality: Danish

Independent: Yes

Elected first time in: 2016

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

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

External appointments:
- ANT-Fonden, DK (CB)
- World Guide Foundation, DK (B)
- Plus Animation Film IVS (D)

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

Shareholding: 6,196
Change in 2020: 0

PERNILLE FABRICIUS

Born: 1966
Gender: Female
Nationality Danish

Independent: Yes

Elected first time in: 2014

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

Position: EV and Group CFO, NNIT

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

External appointments:
- Gabriel A/S, DK (B and head of audit committee)
- Royal Greenland A/S, Greenland (B amd head of audit committee)

Special skills: Financial reporting, auditing, financing, refinancing, mergers and acquisitions, board experience from listed companies.

Shareholding: 0
Change in 2020: 0

OLE JESS BANDHOLTZ RØSDAHL

Born: 1964
Gender: Male
Nationality Danish

Independent: Yes

Elected first time in: 2015

Position: Department Director, Water, Energy & Environment, Sweco Danmark A/S

Education: BSc in Engineering

External appointments:
- CapHold Guldager ApS, DK (B)
- Guldager A/S, DK (B)
- Finansrådgiverne – forsikringsmægler A/S, DK (B)
- Malmberg Borming AB, Sweden (B)
- Malmberg Water AB, Sweden (B)

Special skills: Management experience, experience in international contracting and project and risk management from the Krüger Group, Veolia W&T and other companies; special expertise in energy, environmental and water treatment solutions; board experience.

Shareholding: 0
Change in 2020: 0

INNOVATION

All projects are, in principle, unique and require customised solutions when it comes to choosing collaboration models, processes, materials and methods. The employees use state-of-the-art technology and draw on expertise from across the Group when developing concrete solutions on projects.

Financial statements

BANDIN OIL TERMINAL
Seth, which is part-owned by MT Højgaard International, is carrying out civil works at the Bandin oil terminal in Guinea Bissau.

Consolidated financial statements

CONTENTS

NOTES

Statement of comprehensive income

Note	Amounts in DKK million	GROUP		PARENT COMPANY	
	INCOME STATEMENT	2020	2019	2020	2019
4	Revenue	5,950.8	4,671.7	-	-
5-7	Production costs	-5,516.0	-4,421.5	-	-
	Gross profit/(loss)	**434.8**	**250.2**	**0.0**	**0.0**
7	Distribution costs	-127.3	-76.1	-	-
7-8	Administrative expenses	-210.4	-180.5	-7.4	-7.9
	Profit/(loss) before share of profit/(loss) of joint ventures	**97.1**	**-6.4**	**-7.4**	**-7.9**
9	Share of profit/(loss) after tax of joint ventures	-10.2	18.8	-	-
	Profit/(loss) before special items	**86.9**	**12.4**	**-7.4**	**-7.9**
10	Special items	-34.5	-35.0	-	-
	EBIT	**52.4**	**-22.6**	**-7.4**	**-7.9**
9	Share of profit/(loss) of subsidiary and jointly controlled entity	-	-1.6	122.6	-59.5
11	Finance income	6.1	158.1	0.3	142.7
12	Finance costs	-57.6	-44.9	-23.6	-14.5
	Profit/(loss) before tax from continuing operations	**0.9**	**89.0**	**91.9**	**60.8**
13	Tax on profit/(loss) for the year from continuing operations	12.6	-27.3	8.5	-
	Net profit/(loss) for the year from continuing operations	**13.5**	**61.7**	**100.4**	**60.8**
32	Net profit/(loss) for the year from discontinued operations	87.3	4.1	-	-
	Net profit/(loss) for the year	**100.8**	**65.8**	**100.4**	**60.8**
	Attributable to:				
	Shareholders of MT Højgaard Holding A/S	100.4	60.8	100.4	60.8
	Non-controlling interests	0.4	5.0	-	-
	Total	**100.8**	**65.8**	**100.4**	**60.8**
	Earnings per share				
14	Earnings per share (EPS), DKK	12.9	8.8		
14	Diluted earnings per share (EPS-D), DKK	12.9	8.8		
14	Earnings per share from continuing operations, DKK	1.7	8.2		
14	Diluted earnings per share from continuing operations, DKK	1.7	8.2		

Amounts in DKK million	GROUP		PARENT COMPANY	
STATEMENT OF COMPREHENSIVE INCOME	2020	2019	2020	2019
Net profit/(loss) for the year	100.8	65.8	100.4	60.8
Other comprehensive income				
Items that may be reclassified to the income statement:				
Foreign exchange adjustments arising on translation of foreign entities	4.0	-1.0	4.0	-1.0
Capital items, joint ventures	-1.6	-14.2	-1.6	-14.0
Other comprehensive income after tax	**2.4**	**-15.2**	**2.4**	**-15.0**
Total comprehensive income	**103.2**	**50.6**	**102.8**	**45.6**
Attributable to:				
Shareholders of MT Højgaard Holding A/S	102.8	45.6	102.8	45.6
Non-controlling interests	0.4	5.0	-	-
Total	**103.2**	**50.6**	**102.8**	**45.6**

Balance sheet

Note	Amounts in DKK million	GROUP		PARENT COMPANY	
	ASSETS	**2020**	**2019**	**2020**	**2019**
	Non-current assets				
15	Intangible assets	433.6	553.7	-	-
16	Property, plant and equipment	421.3	475.3	-	-
17	Lease assets	513.1	589.1	-	-
9	Investments in subsidiaries	-	-	1,632.1	951.3
9	Investments in joint ventures and jointly controlled entity	86.5	101.9	-	-
	Receivables from joint ventures	37.4	63.0	-	-
13	Deferred tax assets	155.3	154.1	3.7	-
	Total non-current assets	**1,647.2**	**1,937.1**	**1,635.8**	**951.3**
	Current assets				
18	Inventories	548.1	465.8	-	-
19	Receivables	1,367.9	1,418.0	0.2	-
	Receivables from group enterprises	-	-	45.2	-
20	Construction contracts	209.4	394.5	-	-
	Income tax	3.6	3.7	3.9	-
	Prepayments	29.6	47.0	-	-
21	Cash and cash equivalents	203.9	141.5	1.6	1.8
	Total current assets	**2,362.5**	**2,470.5**	**50.9**	**1.8**
	Total assets	**4,009.7**	**4,407.6**	**1,686.7**	**953.1**

Note	Amounts in DKK million	GROUP		PARENT COMPANY	
	EQUITY AND LIABILITIES	**2020**	**2019**	**2020**	**2019**
	Equity				
	Share capital	155.7	155.7	155.7	155.7
	Other reserves	3.0	-1.0	-	-
	Retained comprehensive income	450.9	352.0	453.9	351.0
	Equity attributable to shareholders	**609.6**	**506.7**	**609.6**	**506.7**
	Non-controlling interests	14.8	14.4	-	-
	Total equity	**624.4**	**521.1**	**609.6**	**506.7**
	Liabilities				
	Non-current liabilities				
13	Deferred tax liabilities	101.6	100.7	-	-
23	Provisions	153.3	212.6	-	-
24	Mortgage debt	17.3	27.6	-	-
17	Lease commitments	331.7	401.1	-	-
33	Subordinated loan	400.0	400.0	400.0	400.0
33	Payables to group enterprises	17.3	17.3	616.2	17.3
	Other non-current liabilities	128.9	73.8	-	-
	Total non-current liabilities	**1,150.1**	**1,233.1**	**1,016.2**	**417.3**
	Current liabilities				
24	Mortgage debt	5.3	6.5	-	-
24	Bank loans	37.1	135.5	56.6	24.8
17	Lease commitments	125.0	144.0	-	-
20	Construction contracts	685.6	739.5	-	-
	Trade payables	709.3	859.0	4.3	2.2
	Other liabilities	372.9	323.5	-	-
	Payables to group enterprises	-	-	-	2.1
	Income tax	4.3	17.4	-	-
23	Provisions	280.9	383.1	-	-
	Deferred income	14.8	44.9	-	-
	Total current liabilities	**2,235.2**	**2,653.4**	**60.9**	**29.1**
	Total liabilities	**3,385.3**	**3,886.5**	**1,077.1**	**446.4**
	Total equity and liabilities	**4,009.7**	**4,407.6**	**1,686.7**	**953.1**

Statement of cash flows

Note	Amounts in DKK million	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
	EBIT	52.4	-16.8	-7.4	-7.9
	EBIT from discontinued operations	-23.4	-	-	-
28	Adjustments for items not included in cash flow etc.	320.6	362.0	-	-
	Cash flows from operating activities before working capital changes	**349.6**	**345.2**	**-7.4**	**-7.9**
	Working capital changes:				
	Inventories	-78.8	51.8	-	-
	Receivables	-26.6	12.4	-0.1	-
	Receivables from group enterprises	-	-	-45.2	-
	Construction contracts	114.4	47.6	-	-
	Trade and other current payables	-154.3	-297.2	-	-5.1
	Cash flows from operations (operating activities)	**204.3**	**159.8**	**-52.7**	**-13.0**
	Finance income	6.1	15.8	0.3	-
	Finance costs	-57.6	-46.4	-23.6	-14.5
	Income taxes paid	-16.2	-6.0	0.9	0.3
	Cash flows from operating activities	**136.6**	**123.2**	**-75.1**	**-27.2**
15	Purchase of intangible assets	-1.8	-25.9	-	-
16	Purchase of property, plant and equipment	-83.6	-133.5	-	-
	Sale of property, plant and equipment	61.6	-	-	-
31	Acquisition of enterprises and activities	-28.2	8.2	-553.9	8.2
32	Disposal of enterprises and activities	210.5	-	-	-
9	Capital changes in joint ventures and subsidiaries	-	-	-	-400.0
	Loans to joint ventures and subsidiaries	-	-50.3	-	-
	Cash flows from investing activities	**158.5**	**-201.5**	**-553.9**	**-391.8**

Note	Amounts in DKK million	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
	Loan financing:				
	Decrease in bank loans	-11.5	-9.2	-	-
	Decrease in lease debt	-120.9	-52.5	-	-
	Increase in loans from group enterprises	-	-	598.9	-
	Shareholders:				
	Decrease in subordinated loan	-	-250.0	-	-
25	Increase in subordinated loan	-	400.0	-	400.0
	Purchase of treasury shares	-1.9	-	-1.9	
	Warrants	-	-5.4	-	-5.4
26	**Cash flows from financing activities**	**-134.3**	**82.9**	**597.0**	**394.6**
	Net increase (decrease) in cash and cash equivalents	**160.8**	**4.6**	**-32.0**	**-24.4**
	Cash and cash equivalents at 01-01	6.0	1.4	-23.0	1.4
21	**Cash and cash equivalents at 31-12**	**166.8**	**6.0**	**-55.0**	**-23.0**

Statement of changes in equity, Group

Amounts in DKK million — 2020

GROUP	Share capital	Translation reserve	Retained compre-hensive income	Equity attributable to share-holders	Non-con-trolling interests	Equity total
Equity at 01-01	155.7	-1.0	352.0	**506.7**	14.4	**521.1**
Net profit/(loss) for the year	-	-	100.4	**100.4**	0.4	**100.8**
Other comprehensive income:						
Foreign exchange adjustments arising on translation of foreign entities	-	4.0	-	**4.0**	-	**4.0**
Capital items, joint ventures	-	-	-1.6	**-1.6**	-	**-1.6**
Total other comprehensive income	**-**	**4.0**	**-1.6**	**2.4**	**-**	**2.4**
Transactions with owners:						
Purchase of treasury shares	-	-	-1.9	**-1.9**	-	**-1.9**
Share-based payments	-	-	2.0	**2.0**	-	**2.0**
Total transactions with owners	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Total changes in equity	**-**	**4.0**	**98.9**	**102.9**	**0.4**	**103.3**
Equity at 31-12	**155.7**	**3.0**	**450.9**	**609.6**	**14.8**	**624.4**

Amounts in DKK million — 2019

GROUP	Share capital	Translation reserve	Retained compre-hensive income	Equity attributable to share-holders	Non-con-trolling interests	Equity total
Equity at 01-01	84.1	0.9	105.4	**190.4**	-	**190.4**
Merger with Monberg & Thorsen A/S	71.6	-0.9	205.4	**276.1**	9.4	**285.5**
Equity after merger	**155.7**	-	**310.8**	**466.5**	**9.4**	**475.9**
Net profit/(loss) for the year	-	-	60.8	**60.8**	5.0	**65.8**
Other comprehensive income:						
Foreign exchange adjustments arising on translation of foreign entities	-	-1.0	-	**-1.0**	-	**-1.0**
Capital items, joint ventures	-	-	-14.2	**-14.2**	-	**-14.2**
Total other comprehensive income	**-**	**-1.0**	**-14.2**	**-15.2**	**-**	**-15.2**
Transactions with owners:						
Share-based payments	-	-	-5.4	**-5.4**	-	**-5.4**
Total transactions with owners	**-**	**-**	**-5.4**	**-5.4**	**-**	**-5.4**
Total changes in equity	**-**	**-1.0**	**41.2**	**40.2**	**5.0**	**45.2**
Equity at 31-12	**155.7**	**-1.0**	**352.0**	**506.7**	**14.4**	**521.1**

Statement of changes in equity, parent company

Amounts in DKK million			2020
PARENT COMPANY	Share capital	Retained comprehensive income	Equity total
Equity at 01-01	155.7	351.0	**506.7**
Net profit/(loss) for the year	-	100.4	**100.4**
Other comprehensive income:			
Foreign exchange adjustments, foreign enterprises	-	4.0	**4.0**
Capital items, subsidiaries	-	-1.6	**-1.6**
Total other comprehensive income	**-**	**2.4**	**2.4**
Transactions with owners:			
Purchase of treasury shares	-	-1.9	**-1.9**
Share-based payments	-	2.0	**2.0**
Total transactions with owners	**-**	**0.1**	**0.1**
Total changes in equity	**-**	**102.9**	**102.9**
Equity at 31-12	**155.7**	**453.9**	**609.6**

Amounts in DKK million			2019
PARENT COMPANY	Share capital	Retained comprehensive income	Equity total
Equity at 01-01	84.1	106.3	**190.4**
Merger with Monberg & Thorsen A/S	71.6	204.5	**276.1**
Equity after merger	**155.7**	**310.8**	**466.5**
Net profit/(loss) for the year	-	60.8	**60.8**
Other comprehensive income:			
Foreign exchange adjustments, foreign enterprises	-	-1.0	**-1.0**
Capital items, subsidiaries	-	-14.2	**-14.2**
Total other comprehensive income	**-**	**-15.2**	**-15.2**
Transactions with owners:			
Share-based payments	-	-5.4	**-5.4**
Total transactions with owners	**-**	**-5.4**	**-5.4**
Total changes in equity	**-**	**40.2**	**40.2**
Equity at 31-12	**155.7**	**351.0**	**506.7**

Notes

Note 1 Accounting policies

The 2020 annual report of the MT Højgaard Holding Group and the parent company has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

On 25 February 2021, the Board of Directors and the Executive Board discussed and approved the Annual Report 2020 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 18 March 2021.

The annual report is presented in Danish kroner (DKK million).

Except as stated below, the accounting policies are unchanged from the accounting policies applied in the 2019 consolidated financial statements and parent company financial statements.

CHANGES IN ACCOUNTING POLICIES
MT Højgaard Holding A/S has implemented the following new or amended standards and interpretations with effect from 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS on the IFRS conceptual framework
- Amendments to IFRS 3 on the definition of business combinations
- Amendments to IAS 1 and IAS 8 on the definition of materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7 on the IBOR reform

MT Højgaard Holding A/S has implemented the standards and interpretations that become effective in the EU for 2020. None of these standards or interpretations has affected recognition or measurement in 2020 or is expected to affect the Group.

Changes in segment reporting
MT Højgaard Holding A/S has changed its segment reporting with effect from 1 January 2020. This is due to the implementation of the Group's new strategy, Sustainable˃22. The strategy introduced a new business model, where the Group consists of separate business units with accountability for every function from actual operation to finance, purchasing, HR etc. Comparative figures have been restated accordingly.

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.

The accounting policies applied by the reportable segments are identical to the Group's accounting policies. Operating profit/(loss) before special items shows the profit/(loss) for each segment. Operating profit/(loss) before special items is the profit/(loss) that is reported to the Executive Board and the Board of Directors for their assessment of segment profit/(loss). Assets and liabilities are not allocated to segments in the financial reports reviewed by the Executive Board and the Board of Directors.

Segment information is recognised and measured in accordance with IFRS.

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 and the parent company'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 the Group. 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. 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.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises.

The consolidated financial statements of MT Højgaard Holding are prepared on the basis of the parent company's and the individual enterprises' audited financial statements determined in accordance with the MT Højgaard Holding Group's accounting policies. On preparation of the consolidated financial statements, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are elimi-

Notes

Note 1 Accounting policies (continued)

nated. Unrealised gains and losses arising from transactions between the consolidated enterprises are also eliminated.

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. 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.

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. The parent company's functional currency is Danish kroner and the Group's presentation currency is Danish kroner.

Transactions denominated in all currencies other than the functional 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 arrangements, 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.

BUSINESS COMBINATIONS
Acquisitions of enterprises over which the parent company 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.

Any excess of the cost over the fair value of the assets acquired and liabilities and contingent liabilities assumed is recognised in intangible assets as goodwill. Goodwill is not amortised. The carrying amount of goodwill 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 relating to goodwill are not reversed.

NON-CONTROLLING INTERESTS
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.

DERIVATIVE FINANCIAL INSTRUMENTS
The Group uses 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.

For derivative financial instruments that qualify for cash flow hedge accounting, changes in fair value are recognised in other comprehensive income and in a separate hedging reserve in equity.

Income and expenses relating to such hedging transactions are transferred from the reserve in equity to the income statement at the date on which the hedged cash flows affect profit/(loss) and are recognised in the same item as the hedged item.

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 are recognised as other receivables and other payables respectively. Fair value is measured on the basis of current market data and recognised valuation methods based on observable exchange rates (Level 2).

Notes

Note 1 Accounting policies (continued)

INCOME STATEMENT

Revenue

Revenue comprises completed goods supplied, construction contracts and construction contracts in progress, 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. The construction contracts basically comprise a single performance obligation as the customer only obtains benefits from the performance of the whole construction contract and 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.

FACILITY MANAGEMENT ETC.

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.

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.

RENTAL INCOME

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

DIRECT PROPERTY SALES

Direct property sales are recognised in revenue when control of the separately identifiable performance obligation in the sales contract transfers to the customer, ie at the acquisition date according to the terms of sale.

PRODUCTION COSTS

Production costs comprise both direct and indirect costs incurred in generating the reve-

Notes

Note 1 Accounting policies (continued)

nue 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.

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

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

SPECIAL ITEMS
Special items comprise material income and costs not directly attributable to the company's ordinary operating activities. Income and costs relate to considerable restructuring of processes and structural adjustments as well as the resulting gains or losses.

These items are presented as separate items in the income statement to provide a better basis for assessing the company's operating profit/(loss) without any effect from income or costs considered to be special.

THE GROUP'S SHARE OF PROFIT/(LOSS) AFTER TAX OF JOINT VENTURES
The proportionate share of profit/(loss) of joint ventures is recognised in the consolidated income statement net of tax and after elimination of intragroup gains and losses.

FINANCE INCOME AND COSTS
Finance income and costs comprise interest income and expense, dividends from other equity investments and realised and unrealised gains and losses on financial assets, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds, and gains/losses on sale of investments. Borrowing costs attributable to the acquisition, construction or development of self-constructed assets are recognised as part of the cost of those assets.

INCOME TAX
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.

Deferred tax assets are reviewed annually and are only recognised to the extent that it is probable that they will be utilised within the foreseeable future.

BALANCE SHEET

Intangible assets
Recognition and measurement of goodwill is described in the section on business combinations.

Other intangible assets 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. Other intangible assets comprise customer relationships, brands, order book and ERP and other IT systems.

Expected useful lives:

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

Notes

Note 1 Accounting policies (continued)

Property, plant and equipment
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, subsuppliers 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
• Leasehold improvements	2-10 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.

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.

LEASES EFFECTIVE FROM 1 JANUARY 2019
A lease asset and a lease liability are recognised in the balance sheet when, under a lease entered into for a specific identifiable asset, the lease asset is made available to the Group for the lease term, and when the Group obtains the right to substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

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.
- Payments 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.

The lease asset is 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.

The lease asset is 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.

Lease assets are depreciated on a straight-line basis over the expected lease term, which is:

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

The Group presents the lease asset and the lease liability separately in the balance sheet.

The Group has elected not to recognise lease assets of low value and short-term leases in the balance sheet. Instead, lease payments relating to such leases are recognised in the income statement on a straight-line basis.

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.

Notes

Note 1 Accounting policies (continued)

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

INVESTMENTS IN JOINT VENTURES IN THE CONSOLIDATED FINANCIAL STATEMENTS
In the Group's balance sheet, investments in joint ventures are measured using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the joint ventures' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/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 Group is a party to several PPP and PPC companies, which are all recognised as joint ventures in accordance with IFRS 11. According to the contractual arrangements between the parties, decisions require the unanimous consent of all parties.

INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES IN THE PARENT COMPANY FINANCIAL STATEMENTS
In the parent company balance sheet, investments in subsidiaries and joint ventures are measured using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the joint ventures' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Subsidiaries and joint ventures 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.

IMPAIRMENT OF NON-CURRENT ASSETS
The carrying amounts of intangible assets, property, plant and equipment and other non-current assets, including lease assets, are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is determined. However, the recoverable amount of goodwill is always determined annually.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable 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.

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

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

For the purpose of measuring expected credit losses, trade receivables and 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.

CONSTRUCTION CONTRACTS (ASSETS/EQUITY AND LIABILITIES)
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.

Notes

Note 1 Accounting policies (continued)

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 COSTS

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.

PREPAYMENTS AND DEFERRED INCOME

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

DIVIDENDS

Dividends are recognised as a liability at the date of their adoption at the Annual General Meeting. Proposed dividends are disclosed as a separate item in equity.

TRANSLATION RESERVE

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

SHARE-BASED PAYMENTS

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 administrative 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.

In the consolidated financial statements, the cost is recognised as staff costs under production or distribution costs or administrative expenses, depending on the participant's affiliation with the company, and a set-off to the recognised cost is recognised in equity over the vesting period.

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.

PROVISIONS

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.

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.

FINANCIAL LIABILITIES

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.

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

Notes

Note 1 Accounting policies (continued)

DISCONTINUED OPERATIONS

Discontinued operations are a considerable component of the entity the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity and that have either been disposed of or is 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 for 2019. Revenue, expenses, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and related liabilities for discontinued 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 operations are disclosed in note 32.

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 TO/FROM OPERATING ACTIVITIES

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 TO/FROM INVESTING ACTIVITIES

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 TO/FROM FINANCING ACTIVITIES

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 commitments.

CASH AND CASH EQUIVALENTS

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.

SEGMENT INFORMATION

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

Operating segments that have similar economic characteristics, and similar products/services, customers, manufacturing and delivery methods, are aggregated.

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

Notes

Note 1 Accounting policies (continued)

FINANCIAL RATIOS

The financial ratios comply with the recommendations of the CFA Society Denmark. Earnings per share and diluted earnings per share have been determined in accordance with IAS 33.

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

Working capital (net) excl. properties for resale:

Working capital (NWC)	Accounts receivable + Inventories + Work in progress - Accounts payable

Return on invested capital after tax incl. goodwill:

ROIC after tax	$\frac{\text{NOPLAT}}{\text{Average invested capital incl. goodwill}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin before special items	$\frac{\text{Operating profit before special items x 100}}{\text{Revenue}}$
Return on equity (ROE)	$\frac{\text{Profit after tax excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$
EBIT margin	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Average number of shares	Average number of outstanding shares in a given period
Net asset value per share	$\frac{\text{Equity excl. non-controlling interests}}{\text{Number of shares, end of year}}$

Invested capital: capital invested in operating activities (that generates income and contributes to EBIT:

Invested capital	Intangible assets and property, plant and equipment used in operations + net working capital
Price-book value (P/BV)	$\frac{\text{Price}}{\text{Book value}}$
Market capitalisation	Market price x number of outstanding shares at year end excl. the company's treasury shares
Net Interest Bearing Debt (NIBD)	Interest-bearing debt – (interest-bearing assets + cash and cash equivalents)
Pre-tax margin	$\frac{\text{Profit before tax x 100}}{\text{Revenue}}$

Earnings and diluted earnings per share (EPS and EPD-D):

EPS and EPS-D	$\frac{\text{Earnings excl. non-controlling interests}}{\text{Average number of shares}}$
Solvency ratio	$\frac{\text{Equity excl. non-controlling interests, end of year}}{\text{Total assets}}$

Notes

Note 2 Significant accounting estimates and judgements

ESTIMATION UNCERTAINTY
Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

The estimates applied 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 assets and acquisitions.

COVID-19
As stated in the Management's review, Covid-19 has not had a material impact on the Group. However, Covid-19 will continue to cause a certain amount of uncertainty about developments in construction and civil works. The principal risks are new restrictions on activities and construction sites in the event of infection rates worsening.

For these reasons, accounting estimates have not been changed during the financial year compared with previously.

CONSTRUCTION CONTRACTS, INCLUDING ESTIMATED RECOGNITION AND MEASUREMENT OF REVENUE AND CONTRIBUTION MARGIN
For construction contracts, management considers that they essentially constitute a single performance obligation and that the recognition of the selling price of contracts over time is best depicted by using an input method based on costs incurred relative to budgeted project costs. 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.

The amount of variable consideration is included in revenue only to the extent that it is highly probable that a reversal will not occur in subsequent 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 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.

DISPUTES, LEGAL AND ARBITRATION PROCEEDINGS AND CONTINGENT ASSETS AND CONTINGENT LIABILITIES
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 result 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 management's estimate.

PROVISIONS FOR GUARANTEE OBLIGATIONS
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.

RECOVERY OF DEFERRED TAX ASSETS
Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available, in the foreseeable future (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.

Notes

Note 2 Significant accounting estimates and judgements (continued)

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 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.

IMPAIRMENT TESTING OF EQUITY INVESTMENTS AND INTANGIBLE ASSETS

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 acquisition of the shares in MT Højgaard A/S on the merger of Højgaard Holding A/S and Monberg & Thorsen A/S, Civil Works and Construction in MT Højgaard A/S, and Enemærke & Petersen A/S.

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 budget for the following year and estimates for the following four 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 recognised in connection with the acquisition of MT Højgaard A/S and its subsidiaries, an assessment 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.

MANAGEMENT JUDGEMENTS APPLYING THE ACCOUNTING POLICIES

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. This is described in the following section on joint ventures and joint operations.

JOINT VENTURES AND JOINT OPERATIONS

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 and Soc. de Empreitadas e Trabalhos Hidráulicos, S.A., ("Seth").

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.

Notes

Note 3 Segment information

Amounts in DKK million								2020
GROUP	MTH Danmark	Enemærke & Petersen	Scandi Byg	Ajos	MTH International	MTH Projekt-udvikling	Lindpro	**Total**
Revenue to external customers	2,542.4	2,043.5	417.0	170.9	711.6	223.9	174.3	**6,283.6**
Intersegment revenue	8.9	4.2	52.3	76.8	-	-	15.8	**158.0**
Total segment revenue	**2,551.3**	**2,047.7**	**469.3**	**247.7**	**711.6**	**223.9**	**190.1**	6,441.6
Depreciation and amortisation	-5.1	-16.7	-10.5	-59.2	-22.0	-	-13.1	**-126.6**
Profit/(loss) from joint ventures	-	-	-	-	-4.3	5.5	-	**1.2**
Profit/(loss) before special items	-44.9	96.6	17.0	18.2	13.1	12.1	-25.0	**87.1**

Amounts in DKK million								2019
GROUP	MTH Danmark	Enemærke & Petersen	Scandi Byg	Ajos	MTH International	MTH Projekt-udvikling	Lindpro	**Total**
Revenue to external customers	2,086.8	1,567.1	152.8	147.5	557.0	290.0	497.7	**5,298.9**
Intersegment revenue	0.5	59.7	56.0	66.6	-	-	71.3	**254.1**
Total segment revenue	**2,087.3**	**1,626.8**	**208.8**	**214.1**	**557.0**	**290.0**	**569.0**	5,553.0
Depreciation and amortisation	-3.9	-13.7	-7.8	-42.4	-16.5	-	-18.0	**-102.3**
Profit/(loss) from joint ventures	-	-	-	-	9.4	4.0	-	**13.4**
Profit/(loss) before special items	-21.9	96.9	5.4	17.7	41.8	19.8	2.6	**162.3**

For further information on segments, see the section on the business on pages 18-31.

Notes

Note 3 Segment information (continued)

Geographical breakdown of revenue and non-current assets

Amounts in DKK million	2020	2019
GROUP		
Revenue		
Denmark	5,560.4	4,741.9
Rest of world	723.2	557.0
Hisingsbron Bridge (joint venture)	-158.5	-129.5
Discontinued operations	-174.3	-497.7
Total revenue	**5,950.8**	**4,671.7**
Non-current assets		
Denmark	1,269.7	1,585.3
Rest of world	222.2	197.7
Total non-current assets	**1,491.9**	**1,783.0**

Reconciliation of revenue and profit/(loss) from continuing operations before tax for reportable segments

Amounts in DKK million	2020	2019
GROUP		
Revenue		
Segment revenue for reportable segments	6,441.6	5,553.0
Elimination of intersegment revenue	-158.0	-254.1
Revenue Hisingsbron Bridge (joint venture)	-158.5	-129.5
Revenue from discontinued operations	-174.3	-497.7
Revenue, see income statement	**5,950.8**	**4,671.7**
Profit/(loss) from continuing operations		
Profit/(loss) before special items for reportable segments	87.1	162.3
Profit/(loss) before special items for discontinued operations	25.0	-2.6
Unallocated Group expenses, central functions	-25.2	-147.3
Special items	-34.5	-35.0
Net financials	-51.5	111.6
Profit/(loss) before tax from continuing operations, see income statement	**0.9**	**89.0**

Notes

Note 4 Revenue

The Group is engaged in construction and civil works activities in Denmark and internationally. In 2020, the Group was 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 119 million (2019: DKK 116 million), is recognised on delivery of the property (point-in-time). All other revenue is recognised over time. Reference is made to the accounting policies for further details on revenue recognition.

Amounts in DKK million — 2020

GROUP	MTH Danmark	Enemærke & Petersen	Scandi Byg	Ajos	MTH International	MTH Projekt-udvikling	Total
Primary geographical markets:							
Denmark	2,542.4	2,043.5	415.5	157.3	-	223.9	**5,382.6**
Rest of world	-	-	1.5	13.6	553.1	-	**568.2**
Total revenue	**2,542.4**	**2,043.5**	**417.0**	**170.9**	**553.1**	**223.9**	**5,950.8**
Products:							
Construction contracts	2,443.3	1,983.3	417.0	13.6	475.7	81.7	**5,414.6**
Project development	-	-	-	-	-	142.2	**142.2**
Rental income	-	-	-	157.3	-	-	**157.3**
Other (services etc.)	99.1	60.2	-	-	77.4	-	**236.7**
Total revenue	**2,542.4**	**2,043.5**	**417.0**	**170.9**	**553.1**	**223.9**	**5,950.8**

Amounts in DKK million — 2019

GROUP	MTH Danmark	Enemærke & Petersen	Scandi Byg	Ajos	MTH International	MTH Projekt-udvikling	Total
Primary geographical markets:							
Denmark	2,086.8	1,567.1	144.5	130.4	-	290.0	**4,218.8**
Rest of world	-	-	8.3	17.1	427.5	-	**452.9**
Total revenue	**2,086.8**	**1,567.1**	**152.8**	**147.5**	**427.5**	**290.0**	**4,671.7**
Products:							
Construction contracts	1,989.6	1,482.9	152.8	17.1	392.8	86.2	**4,121.4**
Project development	17.5	-	-	-	-	203.8	**221.3**
Rental income	-	-	-	130.4	-	-	**130.4**
Other (services etc.)	79.7	84.2	-	-	34.7	-	**198.6**
Total revenue	**2,086.8**	**1,567.1**	**152.8**	**147.5**	**427.5**	**290.0**	**4,671.7**

Notes

Note 5 Staff costs

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Wages and salaries	1,393.6	1,109.2		
Defined-contribution pension schemes	104.5	78.1	-	-
Other social security costs	54.2	38.4	-	-
Share-based payments	0.4	-	-	-
Total	**1,552.7**	**1,225.7**	**-**	**-**
Average number of employees	2,680	2,178	-	-
Board remuneration	3.9	4.2	0.9	0.9
Executive Board:				
Salaries and fees	13.9	23.5	-	-
Share-based payments	0.1	-	-	-
Total Executive Board	**14.0**	**23.5**	**-**	**-**

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 6).

In the salaries and fees for the Executive Board is included DKK 3 million to resigned Board members.

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.

Note 6 Share-based payments

In 2020, the Group introduced a restricted share programme for executive officers employed by parent companies and subsidiaries in the MT Højgaard Holding Group ("LTI programme"). The LTI programme entitles participants to invest the equivalent of 50% of any short-term bonus earned under the plan 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 company, 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 shares granted under the LTI programme, including any Matching Shares and Dividend Shares, at the vesting date. Shares comprised by the LTI grant will be purchased by the company 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. Under the programme, a total of 23,123 nos. restricted shares in MT Højgaard Holding A/S at a fixed grant price of DKK 78.10 per share have been allocated among four persons. 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 on 17 March 2020 until the expiry of the deadline for adoption of the financial statements of MT Højgaard Holding A/S at the Annual General Meeting in 2023, following which the executive officers will be 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 by 50% further restricted shares during the vesting period, corresponding to 11,560 nos. shares, based on an expected increase in the share price over the period until the vesting date. It is expected that the LTI programme will be settled in shares.

Notes

Note 6 Share-based payments (continued)

Amounts in DKK million

BREAKDOWN OF OUTSTANDING RESTRICTED SHARES	Parent company Executive Board No. shares	Other senior executives No. shares
Outstanding at 1 January 2020	0	0
Granted	11,546	11,577
Expected further grant	5,773	5,787
Outstanding at 31 December 2020	**17,319**	**17,364**
Number of restricted shares that may be sold at 31 December 2020	0	0

The average remaining term to vesting for outstanding restricted shares at 31 December 2020 was approx. 2.25 years.

The fair value of the LTI grant at the grant date totalled DKK 0.9 million. In 2020, an expense of DKK 0.4 million was recognised in the income statement in respect of the LTI programme (2019: nil), excluding the share of the short-term management bonus for 2019 invested in the LTI programme, which was expensed in 2019.

The fair value of "Matching Shares" at the grant date has been calculated using a Monte Carlo simulation model based on (1) the grant price (DKK 78.10 per share) used to calculate the number of investment shares and the maximum number of restricted shares, (2) the average share price in the first five business days after the grant date of 17 March 2020 (DKK 75.01 per share), (3) the expected time to vesting of three years from the grant date, (4) the expected increase in the price of the MT Højgaard Holding A/S share between the grant date and the vesting date, and (5) subject to the payment of dividend or a decrease in non-current debt.

Note 7 Depreciation, amortisation and impairment losses

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Amortisation of intangible assets	65.2	87.3	-	-
Depreciation of property, plant and equipment	73.8	51.9	-	-
Impairment of property, plant and equipment	8.2	-	-	-
Depreciation of lease assets	90.7	76.3	-	-
Impairment of lease assets	13.7	10.8	-	-
Total depreciation, amortisation and impairment losses	**251.6**	**226.3**	**0,0**	**0,0**

The item production costs includes amortisation of intangible assets of DKK 65.1 million (2019: DKK 87.3 million).

Impairment of lease assets relates to the lease on Knud Højgaards Vej. The impairment charge is recognised in special items.

Note 8 Fees paid to auditor appointed at the Annual General Meeting (EY)

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Audit fees	3.7	3.3	0.4	0.5
Other assurance engagements	0.2	1.2	-	1.0
Tax and VAT advice	0.3	0.6	-	0.4
Non-audit services	0.8	1.1	0.5	0.7
Total fees	**5.0**	**6.2**	**0.9**	**2.8**

Notes

Note 9 Investments in other enterprises

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Investments in subsidiaries				
Cost at 01-01	-	-	1,011.9	-
Additions	-	-	553.8	611.9
Capital injection	-	-	-	400.0
Cost at 31-12	**-**	**-**	**1,565.7**	**1,011.9**
Adjustments at 01-01			-60.6	-
Foreign exchange adjustments	-	-	4.0	-
Net profit/(loss) for the year	-	-	122.6	-57.9
Other adjustments	-	-	0.4	-2.7
Disposals	-	-	-	-
Adjustments at 31-12	**-**	**-**	**66.4**	**-60.6**
Carrying amount at 31-12	**-**	**-**	**1,632.1**	**951.3**
Investments in joint ventures and jointly controlled entity				
Cost at 01-01	88.2	786.0	-	786.0
Addition on acquisition of subsidiary	-	88.2	-	-
Disposals	-	-786.0	-	-786.0
Cost at 31-12	**88.2**	**88.2**	**0.0**	**0.0**
Adjustments at 01-01	13.7	-579.1	-	-579.3
Foreign exchange adjustments	-0.9	-0.2	-	-
Dividends	-3.3	-17.9	-	-
Share of net profit/(loss) for the year	-10.2	17.2	-	-1.6
Other adjustments	-1.0	13.0	-	-
Disposals	-	580.7	-	580.9
Adjustments at 31-12	**-1.7**	**13.7**	**0.0**	**0.0**
Carrying amount at 31-12	**86.5**	**101.9**	**0.0**	**0.0**

A list of consolidated enterprises is provided in note 36.

Financial information 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	
	2020	2019	2020	2019
Ownership	60%	60%	30%	30%
Statement of comprehensive income				
Revenue	142.3	235.0	528.4	495.9
Net profit/(loss) for the year	-7.2	8.4	-38.1	31.6
Dividends received	-	29.9	-	-
Balance sheet				
Non-current assets	48.4	45.8	-	-
Current assets	185.4	203.1	359.1	400.5
Non-current liabilities	48.4	45.6	38.6	162.3
Current liabilities	112.7	122.0	262.2	141.8
Equity	72.7	81.3	58.3	96.4
Equity attributable to the Group	**43.6**	**48.8**	**17.5**	**28.9**

Soc. de Empreitadas e Trabalhos Hidráulicos (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 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).

For further details on recognition for accounting purposes, see notes 1 and 2.

Notes

Note 9 Investments in other enterprises (continued)

Reconciliation of carrying amount at 31 December

Amounts in DKK million	2020	2019
Carrying amount of material joint ventures	61.1	77.7
Carrying amount of other joint ventures	25.4	24.2
Carrying amount at 31-12	**86.5**	**101.9**

Note 10 Special items

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Redundancy costs and severance pay etc.	-20.8	-24.2	-	-
Impairment of lease assets	-13.7	-10.8	-	-
Total special items	**-34.5**	**-35.0**	**0.0**	**0.0**

Special items in 2020 related to costs associated with workforce cuts in order to adjust capacity. This also led to a write-down of the IFRS 16 asset in Søborg, where two of four floors are vacant following adjustments.

Efforts are being made to let this space.

Note 11 Finance income

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Interest, cash and cash equivalents etc.	6.1	5.2	0.3	-
Write-up of value of shares in MT Højgaard A/S to fair value	-	133.0	-	133.0
Debt remission	-	9.7	-	9.7
Foreign exchange gains (net)	-	10.2	-	-
Total finance income	**6.1**	**158.1**	**0.3**	**142.7**

Note 12 Finance costs

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Interest, bank loans etc.	10.0	17.8	0.8	-
Interest, lease commitments	15.7	13.2	-	-
Interest, group enterprises	19.9	13.9	19.9	13.9
Interest, subsidiaries	-	-	2.9	0.6
Foreign exchange losses (net)	12.0	-	-	-
Total finance costs	**57.6**	**44.9**	**23.6**	**14.5**

Notes

Note 13 Income tax

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Income tax expense for the year can be broken down as follows:				
Tax on profit/(loss) for the year from continuing operations	12.6	-27.3	8.5	-
Tax related to discontinued operations	6.3	-0.6	-	-
Tax in the income statement	**18.9**	**-27.9**	**8.5**	**0.0**
Tax on profit/(loss) for the year from continuing operations can be broken down as follows:				
Current tax	-2.3	-14.9	3.9	-
Deferred tax	5.3	9.2	3.7	-
Adjustments to deferred tax in respect of prior years	10.5	-12.3	-	-
Adjustments to current tax in respect of prior years	-0.9	-9.3	0.9	-
Tax on profit/(loss) for the year from continuing operations	**12.6**	**-27.3**	**8.5**	**0.0**
Calculated 22% tax on profit/(loss) before tax from continuing operations	-0.2	-19.9	6.8	-26.5
Adjustments of calculated tax in foreign group enterprises in relation to 22%	-	-0.1	-	-
Tax effect of:				
Non-deductible expenses/non-taxable income	-0.3	-2.0	-0.3	-0.6
Write-up of the value of shares in MT Højgaard A/S to fair value, non-taxable	-	29.3	-	29.3
Share of profit/(loss) after tax of joint ventures	-2.2	4.1	-	-
Adjustment of current and previous years' tax assets	5.3	-17.1	1.1	-2.2
Other adjustments	0.3	-	-	-
Adjustments to tax in respect of prior years	9.7	-21.6	0.9	-
Tax on profit/(loss) for the year from continuing operations	**12.6**	**-27.3**	**8.5**	**0.0**
Effective tax rate (%)	**-1,400.0**	**30.7**	**27.7**	**-**

The Group's effective tax rate for 2020 was affected by material adjustments in respect of prior years and adjustment of tax asset.

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Deferred tax at 01-01	-53.4	-	-	-
Addition on acquisition of subsidiary	7.7	-56.5	-	-
Deferred tax from discontinued operations	7.8	-	-	-
Deferred tax recognised in profit/(loss) for the year	-15.8	3.1	-3.7	-
Deferred tax at 31-12	**-53.7**	**-53.4**	**-3.7**	**0.0**
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	-155.3	-154.1	-3.7	-
Deferred tax liabilities	101.6	100.7	-	-
Deferred tax at 31-12, net	**-53.7**	**-53.4**	**-3.7**	**0.0**
Deferred tax relates to:				
Intangible assets	72.9	102.4	-	-
Property, plant and equipment	37.7	74.0	-	-
Current assets	110.4	127.1	-	-
Provisions	-108.2	-182.2	-	-
Tax loss carryforwards	-166.5	-174.7	-3.7	-
Deferred tax at 31-12	**-53.7**	**-53.4**	**-3.7**	**0.0**
Deferred tax liabilities not recognised in the balance sheet				
Temporary differences relating to distributable reserves in foreign subsidiaries	5,9	4,4	-	-
Deferred tax assets not recognised in the balance sheet				
Tax loss carryforwards	192.2	177.4	-	2.2
Total deferred tax assets	**192.2**	**177.4**	**0.0**	**2.2**

Notes

Note 13 Income tax (continued)

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

The projections of future profits in the enterprises in which losses can be utilised have been updated. At 31 December 2020, the management of MT Højgaard Holding A/S assessed 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. Against this background, the recognition of deferred tax assets has been adjusted.

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. Non-capitalised tax assets amounted to approx. DKK 0.2 billion in the Group and nil in the parent company and relate to tax losses that can be carried forward indefinitely. The non-capitalised tax asset may be recognised as income when the Group reports the necessary positive results.

Amounts in DKK million					2020
GROUP	Opening balance sheet	Addition on acquisition of subsidiary	Recognised in profit(/loss) for the year	Discontinued operations	**Closing balance sheet**
Intangible assets	102.4	7.3	-31.0	-5.8	**72.9**
Property, plant and equipment	74.0	0.7	-32.6	-4.4	**37.7**
Other current assets	127.1	-0.1	-8.2	-8.4	**110.4**
Provisions	-182.2	-0.1	66.5	7.6	**-108.2**
Tax loss carryforwards	-174.7	-0.1	-10.5	18.8	**-166.5**
Total	**-53.4**	**7.7**	**-15.8**	**7.8**	**-53.7**

Amounts in DKK million					2019
GROUP	Opening balance sheet	Addition on acquisition of subsidiary	Recognised in profit(/loss) for the year	Discontinued operations	**Closing balance sheet**
Intangible assets	-	112.7	-10.3	-	**102.4**
Property, plant and equipment	-	-10.2	84.2	-	**74.0**
Current assets	-	41.5	85.6	-	**127.1**
Provisions	-	-49.6	-132.6	-	**-182.2**
Tax loss carryforwards	-	-150.9	-23.8	-	**-174.7**
Total	**0.0**	**-56.5**	**3.1**	**0.0**	**-53.4**

Notes

Note 14 Earnings per share

Amounts in DKK million	GROUP 2020	GROUP 2019
Net profit (loss) for the year	100.8	65.8
Non-controlling interests' share of Group profit(/loss)	0.4	5.0
Group share of net profit(/loss) for the year	**100.4**	**60.8**
Average number of shares, number	7,787,069	6,891,575
Average number of treasury shares, number	-695	-
Average number of shares outstanding, number	**7,786,374**	**6,891,575**
Average diluting effect of share-based incentive programme, number	695	0
Average number of shares outstanding, number	**7,787,069**	**6,891,575**
Earnings per share (EPS), DKK	12.9	8.8
Diluted earnings per share (EPS-D), DKK	12.9	8.8
Earnings per share from continuing operations, DKK	1.7	8.2
Diluted earnings per share from continuing operations, DKK	1.7	8.2

Note 15 Intangible assets

Amounts in DKK million — 2020

GROUP	Goodwill	Brands	Order book	Customer relation-ships	Other intangible assets	Total
Cost at 01-01	134.1	205.3	69.8	49.6	182.2	**641.0**
Addition on acquisition of subsidiary	18.7	-	-	16.0	-	**34.7**
Additions	-	-	-	-	1.8	**1.8**
Disposals	-	-11.9	-	-	-88.1	**-100.0**
Cost at 31-12	**152.8**	**193.4**	**69.8**	**65.6**	**95.9**	**577.5**
Amortisation and impairment losses at 01-01	-	7.7	49.5	7.4	22.7	**87.3**
Amortisation	-	9.6	17.2	10.8	27.6	**65.2**
Disposals	-	-0.4	-	-	-8.2	**-8.6**
Amortisation and impairment losses at 31-12	**-**	**16.9**	**66.7**	**18.2**	**42.1**	**143.9**
Carrying amount at 31-12	**152.8**	**176.5**	**3.1**	**47.4**	**53.8**	**433.6**

Amounts in DKK million — 2019

GROUP	Goodwill	Brands	Order book	Customer relation-ships	Other intangible assets	Total
Cost at 01-01	-	-	-	-	-	**-**
Addition on acquisition of subsidiary	134.1	205.3	69.8	49.6	156.3	**615.1**
Additions	-	-	-	-	25.9	**25.9**
Disposals	-			-	-	**-**
Cost at 31-12	**134.1**	**205.3**	**69.8**	**49.6**	**182.2**	**641.0**
Amortisation and impairment losses at 01-01	-	-	-	-	-	**-**
Amortisation	-	7.7	49.5	7.4	22.7	**87.3**
Disposals				-	-	**-**
Amortisation and impairment losses at 31-12	**-**	**7.7**	**49.5**	**7.4**	**22.7**	**87.3**
Carrying amount at 31-12	**134.1**	**197.6**	**20.3**	**42.2**	**159.5**	**553.7**

Notes

Note 15 Intangible assets (continued)

GOODWILL, BRANDS, CUSTOMER RELATIONSHIPS AND ORDER BOOK

"The carrying amounts of goodwill attributable to MT Højgaard A/S (DKK 74.5 million) and Enemærke & Petersen A/S (DKK 59.6 million) were tested for impairment at 30 September 2020. The acquisition of MATU resulted in an addition of goodwill. The impairment test is based on the estimated value in use. In connection with the test at 30 September 2020, revenue was determined for each business unit on the basis of forecasts for 2021 and 2022 and estimates for the years 2023-2025 approved by management. Growth in the terminal period was set at 1%.

The result is based on forecasts for 2021 and 2022, and the operating margin is consequently increased over time to the long-term target of 3.5-4%. Earnings are underpinned by the order book and the strategic initiatives launched by the companies. The business units are reviewed individually and 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 rate has been estimated to be the same for the business units due to uniform market/geography and amounts to 14.92% before tax.

The impairment test did not give rise to any write-downs of goodwill to recoverable amount. Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Management has tested for impairment the carrying amounts at 30 September 2020 of the order book, customer relationships and brands recognised in connection with the merger of Højgaard Holding A/S and Monberg & Thorsen A/S. The acquisition of MATU resulted in an addition of customer relationships. The tests did not give rise to any write-downs.

OTHER INTANGIBLE ASSETS

Other intangible assets primarily comprise ERP and other IT systems. In 2020, the intangible assets were written down by DKK 80 million in total, partly in connection with the sale of Lindpro. The carrying amounts of VDC and MT Højgaard A/S's ERP platform were just under DKK 7 million and DKK 42 million respectively at year-end. The VDC asset is amortised over five years. The new IT platform is amortised over 3-7 years.

Management has not identified any factors indicating a need for impairment testing of other intangible assets.

Note 16 Property, plant and equipment

Amounts in DKK million					2020
GROUP	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
Cost at 01-01	180.9	250.8	58.2	35.7	**525.6**
Addition on acquisition of subsidiary	-	1.0	1.0	-	**2.0**
Additions	14.8	40.0	19.2	9.6	**83.6**
Transfers	39.2	-	-	-39.2	**0.0**
Disposals	-30.3	-43.0	-12.9	-	**-86.2**
Cost at 31-12	**204.6**	**248.8**	**65.5**	**6.1**	**525.0**
Depreciation and impairment losses at 01-01	5.8	31.8	12.7	-	**50.3**
Depreciation	7.0	53.0	13.8	-	**73.8**
Impairment losses	8.2	-	-	-	**8.2**
Disposals	-10.6	-13.1	-4.9	-	**-28.6**
Depreciation and impairment losses at 31-12	**10.4**	**71.7**	**21.6**	**0.0**	**103.7**
Carrying amount at 31-12	**194.2**	**177.1**	**43.9**	**6.1**	**421.3**

Plant and machinery that is hired out (operating leases) amounted to DKK 126.4 million at 31 December 2020 and DKK 165.4 million at 31 December 2019.

Amounts in DKK million					2019
GROUP	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
Cost at 01-01	-	-	-	-	**-**
Addition on acquisition of subsidiary	173.6	162.4	53.1	11.5	**400.6**
Additions	7.4	94.2	7.7	24.2	**133.5**
Disposals	-0.1	-5.8	-2.6	-	**-8.5**
Cost at 31-12	**180.9**	**250.8**	**58.2**	**35.7**	**525.6**
Depreciation and impairment losses at 01-01	-	-	-	-	**-**
Depreciation	5.8	31.9	14.2	-	**51.9**
Disposals	-	-0.1	-1.5	-	**-1.6**
Depreciation and impairment losses at 31-12	**5.8**	**31.8**	**12.7**	**0.0**	**50.3**
Carrying amount at 31-12	**175.1**	**219.0**	**45.5**	**35.7**	**475.3**

Notes

Note 17 Leasing

Amounts in DKK million — 2020

GROUP	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01	196.8	308.0	84.3	**589.1**
Additions	10.8	50.3	15.1	**76.2**
Remeasurement of lease commitment	1.5	-	-	**1.5**
Depreciation	-32.3	-28.0	-30.4	**-90.7**
Write-downs for the year	-13.7	-	-	**-13.7**
Disposals	-	-18.6	-30.7	**-49.3**
Carrying amount at 31-12	**163.1**	**311.7**	**38.3**	**513.1**

Lease assets that are hired out (operating leases) amounted to DKK 283.2 million at 31 December 2020 and DKK 279.5 million at 31 December 2019.

Future lease income from hiring out of property, plant and equipment and lease assets is made up as follows: within one year DKK 134.8 million (DKK 104.5 million), between one and five years DKK 115.0 million (DKK 109.0 million) and more than five years DKK 10.0 million (DKK 7.0 million).

Amounts in DKK million — 2019

GROUP	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Carrying amount at 01-01	-	-	-	**-**
Addition on acquisition of subsidiary	208.2	326.3	83.7	**618.2**
Additions	25.2	6.1	29.4	**60.7**
Depreciation	-25.8	-22.5	-28.0	**-76.3**
Write-downs for the year	-10.8	-	-	**-10.8**
Disposals	-	-1.9	-0.8	**-2.7**
Carrying amount at 31-12	**196.8**	**308.0**	**84.3**	**589.1**

Amounts in DKK million	GROUP	
Lease commitments	**2020**	**2019**
Future lease expenditure commitments		
Due within one year	126.3	149.2
Due between one and five years	292.8	359.7
Due after more than five years	93.2	112.0
Total non-discounted lease commitment at 31 December	**512.3**	**621.0**
Lease commitments recognised in balance sheet		
Current	125.0	144.0
Non-current	331.7	401.1
Total	**456.7**	**545.1**

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.

Amounts in DKK million	GROUP	
Amounts recognised in the income statement	**2020**	**2019**
Interest expenses related to lease commitments	15.7	13.2
Variable lease payments not recognised as part of the lease commitment	10.5	10.1
Costs related to short-term leases	1.5	0.7
Costs related to low-value leases	-	0.1

Notes

Note 18 Inventories

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Raw materials and consumables	33.5	36.6	-	-
Properties held for resale	514.6	429.2	-	-
Total	**548.1**	**465.8**	**-**	**-**

Note 19 Receivables

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Trade receivables	1,192.1	1,285.5	-	-
Receivables from joint ventures	66.5	48.0	-	-
Other receivables	109.3	84.5	0.2	-
Total	**1,367.9**	**1,418.0**	**0.2**	**-**

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Write-downs for bad and doubtful debts at 1 January	4.6	-	-	-
Write-downs for the year	4.9	4.9	-	-
Realised during the year	-	-0.3	-	-
Reversals	-0.1	-	-	-
Write-downs at 31-12	**9.4**	**4.6**	**-**	**-**

Note 19 Inventories (continued)

Receivables falling due more than one year after the reporting date relate primarily to rent deposits.

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 27.

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 compulsory winding-up or expected compulsory winding-up of customers.

Notes

Note 19 Inventories (continued)

Amounts in DKK million				2020
GROUP	Percentage loss	Amount due	Expected loss	Total
Not due	0.0%	561.2	-	**561.2**
1-30 days past due	0.0%	320.3	0.1	**320.2**
31-60 days past due	0.0%	36.4	-	**36.4**
61-90 days past due	0.4%	24.8	0.1	**24.7**
More than 90 days past due	3.6%	258.8	9.2	**249.6**
Total		**1,201.5**	**9.4**	**1,192.1**

Amounts in DKK million				2019
GROUP	Percentage loss	Amount due	Expected loss	Total
Not due	0.0%	784.1	-	**784.1**
1-30 days past due	0.0%	246.0	-	**246.0**
31-60 days past due	0.0%	25.3	-	**25.3**
61-90 days past due	0.0%	17.2	-	**17.2**
More than 90 days past due	2.1%	217.5	4.6	**212.9**
Total		**1,290.1**	**4.6**	**1,285.5**

Note 20 Construction contracts

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Progress billings	12,767.8	11,419.2	-	-
Selling price of construction contracts	-12,291.6	-11,074.2	-	-
Construction contracts (net)	**476.2**	**345.0**	**-**	**-**
Construction contracts in progress are recognised in the balance sheet as follows:				
Current liabilities	685.6	739.5	-	-
Receivables	-209.4	-394.5	-	-
Construction contracts (net)	**476.2**	**345.0**	**-**	**-**
Prepayments from customers included in progress billings	15.3	107.5	-	-
Payments withheld	137.2	51.9	-	-
Outstanding performance obligations related to construction contracts				
Within one year	4,774.5	4,392.0	-	-
More than one year	3,375.7	2,203.0	-	-
Total	**8,150.2**	**6,595.0**	**-**	**-**
Contract assets related to costs for the performance of construction contracts	2.8	4.4	-	-
Depreciation charge recognised under production costs	1.6	4.5	-	-

Notes

Note 20 Construction contracts (continued)

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 warranty obligations relating to projects or other sales, reference is made to note 27.

Note 21 Cash and cash equivalents

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Cash and cash equivalents	30.5	40.2	-	-
Cash and cash equivalents that are not available to the whole Group	173.4	101.3	1.6	1.8
Cash and cash equivalents	**203.9**	**141.5**	**1.6**	**1.8**
Overdraft facilities that are part of the ongoing cash management	-37.1	-135.5	-56.6	-24.8
Total cash and cash equivalents	**166.8**	**6.0**	**-55.0**	**-23.0**

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 22 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. The aim is for the Group to achieve and maintain a solvency ratio of around 30%.

The solvency ratio was 15.2% at the end of 2020, compared to 11.5% at the end of 2019.

The solvency ratio including subordinated loan was 25.2% at the end of 2020, compared to 20.6% at the end of 2019.

Dividends paid in 2020 amounted to nil per share (2019: nil).

Notes

Note 23 Provisions

Amounts in DKK million	2020
GROUP	**Total**
Provisions at 01-01	595.7
Provided in the year	129.1
Utilised during the year	-239.1
Reversal of unutilised prior year provisions	-51.5
Provisions at 31-12	**434.2**
Recognised in the balance sheet as follows:	
Non-current liabilities	153.3
Current liabilities	280.9
Total provisions	**434.2**

Amounts in DKK million	2019
GROUP	**Total**
Provisions at 01-01	-
Addition on acquisition of subsidiary	595.9
Provided in the year	193.7
Utilised during the year	-163.6
Reversal of unutilised prior year provisions	-30.3
Provisions at 31-12	**595.7**
Recognised in the balance sheet as follows:	
Non-current liabilities	212.6
Current liabilities	383.1
Total provisions	**595.7**

Provisions relate to claims in connection with concluded construction contracts and service contracts and cover guarantee obligations and disputes.

Note 24 Bank loans and mortgage debt

Amounts in DKK million	GROUP	
	2020	2019
Bank loans are recognised in the balance sheet as follows:		
Current liabilities	37.1	135.5
Carrying amount at 31-12	**37.1**	**135.5**
Bank loans can be broken down by fixed and floating-rate debt as follows:		
Floating-rate debt	37.1	135.5
Carrying amount at 31-12	**37.1**	**135.5**

Amounts in DKK million	GROUP	
	2020	2019
Mortgage debt is recognised in the balance sheet as follows:		
Non-current liabilities	17.3	27.6
Current liabilities	5.3	6.5
Carrying amount at 31-12	**22.6**	**34.1**
Mortgage debt can be broken down by fixed-rate and floating-rate debt as follows:		
Fixed-rate debt	22.6	34.1
Carrying amount at 31-12	**22.6**	**34.1**
Weighted average effective interest rate (%)	0.3	0.3
Weighted average remaining term (years)	8.3	8.7

Bank loans are only denominated in DKK, and movements are made up of modest drawdowns on credit facilities. Mortgage debt is only denominated in DKK, and movements are made up of decreases in debt.

Notes

Note 24 Bank loans and mortgage debt (continued)

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 an interest-bearing liabilities.

At the end of 2020, cash amounted to DKK 203.9 million and was mainly placed on short-term, fixed-term deposit and escrow accounts.

The Group's interest-bearing liabilities excluding the subordinated loan of DKK 400 million, was DKK 531.9 million at the end of 2020, with short-term borrowings accounting for 31%. The DKK 531.9 million was made up of: bank loans DKK 37.1 million, mortgage debt DKK 22.6 million, lease commitments DKK 456.7 million and other liabilities DKK 17.3 million. Fixed-rate debt accounted for 89% of the Group's interest-bearing liabilities.

Other non-current liabilities of DKK 128.9 million mainly consist of frozen holiday pay that is index-adjusted on an ongoing basis in line with the development in wages and salaries.

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 0.6 million increase in consolidated net profit/(loss) for the year and equity at 31 December 2020 (2019: DKK 0.1 million decrease). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

The above calculations exclude the subordinated loan of DKK 400 million, see note 25.

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.

The Group's financial resources amounted to DKK 715 million at year-end 2020 (2019: DKK 594 million). Financial resources are made up of cash and cash equivalents, undrawn credit facilities and a DKK 250 million subordinated loan from Knud Højgaards Fond that has not been drawn down.

Amounts in DKK million					2020
GROUP	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Mortgage debt	22.6	24.0	5.6	9.7	8.7
Bank loans	37.1	37.1	37.1	-	-
Payables to group enterprises	17.3	18.2	0.4	17.8	-
Trade payables	709.3	709.3	709.3	-	-
Non-derivative financial instruments at 31-12	**786.3**	**788.6**	**752.4**	**27.5**	**8.7**

Amounts in DKK million					2019
GROUP	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Mortgage debt	34.1	36.0	7.4	19.2	9.4
Bank loans	135.5	138.0	138.0	-	-
Payables to group enterprises	17.3	18.6	0.4	18.2	-
Trade payables	859.0	859.0	859.0	-	-
Non-derivative financial instruments at 31-12	**1,045.9**	**1,051.6**	**1,004.8**	**37.4**	**9.4**

Notes

Note 24 Bank loans and mortgage debt (continued)

Amounts in DKK million					2020
PARENT COMPANY	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Bank loans	56.6	56.6	56.6	-	-
Payables to group enterprises	616.2	744.7	0.4	17.8	726.5
Trade payables	4.3	4.3	4.3	-	-
Non-derivative financial instruments at 31-12	**677.1**	**805.6**	**61.3**	**17.8**	**726.5**

Amounts in DKK million					2019
PARENT COMPANY	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
Non-derivative financial instruments					
Bank loans	24.8	25.3	25.3	-	-
Payables to group enterprises	17.3	18.6	0.4	18.2	-
Trade payables	2.2	2.2	2.2	-	-
Non-derivative financial instruments at 31-12	**44.3**	**46.1**	**27.9**	**18.2**	**-**

Note 25 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.

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. MT Højgaard Holding A/S will be charged interest on a half-yearly basis in the form of 6-month CIBOR plus a margin.

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.

Against the background of the accounting provision to cover the Group's liabilities in the MgO board cases, in 2018 Knud Højgaards Fond committed to providing up to DKK 250 million in the form of subordinated loan capital to MT Højgaard A/S.

The loan facility can be drawn down in DKK 25 million tranches or multiples thereof, as and when funds are required to resolve the MgO board cases. Drawdowns on the loan facility may be made until 31 December 2021. MT Højgaard A/S had not made any drawdowns on the loan facility at 31 December 2020.

If any drawdowns are made on the loan, it will be repayable with DKK 50 million annually, the first time on 30 October 2022 and the last time on 30 October 2026. MT Højgaard A/S will be charged interest on a half-yearly basis in the form of 6-month CIBOR plus a margin.

No security has been provided in respect of the loan facility, and drawdowns under the loan 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.

Notes

Note 25 Subordinated loan (continued)

Amounts in DKK million					2020
GROUP	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
The subordinated loan is recognised in the balance sheet as follows:					
Non-current liabilities	400	485	20	299	166
Carrying amount at 31-12	**400**	**485**	**20**	**299**	**166**

Amounts in DKK million					2019
GROUP	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
The subordinated loan is recognised in the balance sheet as follows:					
Non-current liabilities	400	520	20	236	264
Carrying amount at 31-12	**400**	**520**	**20**	**236**	**264**

Amounts in DKK million					2020
PARENT COMPANY	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
The subordinated loan is recognised in the balance sheet as follows:					
Non-current liabilities	400	485	20	299	166
Carrying amount at 31-12	**400**	**485**	**20**	**299**	**166**

Amounts in DKK million					2019
PARENT COMPANY	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
The subordinated loan is recognised in the balance sheet as follows:					
Non-current liabilities	400	520	20	236	264
Carrying amount at 31-12	**400**	**520**	**20**	**236**	**264**

Note 26 Liabilities from financing activities

Amounts in DKK million						2020
GROUP	01-01	Cash flows	Acquisition	Disposal of enterprise	Other non-cash move-ments	31-12
Non-current liabilities	444.9	-10.3	-	-	-	**434.6**
Current liabilities	6.5	-1.2	-	-	-	**5.3**
Lease commitments	545.1	-120.9	-	-30.0	62.4	**456.6**
Purchase of treasury shares	-	-1.9	-	-	-	**-1.9**
Liabilities from financing activities	**996.5**	**-134.3**	**-**	**-30.0**	**62.4**	**894.6**

Amounts in DKK million						2019
GROUP	01-01	Cash flows	Acquisition	Disposal of enterprise	Other non-cash move-ments	31-12
Non-current liabilities	27.0	391.3	36.3	-	-9.7	**444.9**
Current liabilities	-	-250.5	257.0	-	-	**6.5**
Lease commitments	-	-52.5	554.2	-	43.4	**545.1**
Warrants	-	-5.4	-	-	5.4	**-**
Liabilities from financing activities	**27.0**	**82.9**	**847.5**	**-**	**39.1**	**996.5**

Notes

Note 26 Liabilities from financing activities (continued)

Amounts in DKK million						2020
PARENT COMPANY	01-01	Cash flows	Acquisition	Disposal of enterprise	Other non-cash move-ments	**31-12**
Non-current liabilities	417.3	598.9	-	-	-	**1,016.2**
Purchase of treasury shares	-	-1.9	-	-	-	**-1.9**
Liabilities from financing activities	**417.3**	**597.0**	**-**	**-**	**-**	**1,014.3**

Amounts in DKK million						2019
PARENT COMPANY	01-01	Cash flows	Acquisition	Disposal of enterprise	Other non-cash move-ments	**31-12**
Non-current liabilities	27.0	400.0	-	-	-9.7	**417.3**
Warrants	-	-5.4	-	-	5.4	**-**
Liabilities from financing activities	**27.0**	**394.6**	**-**	**-**	**-4.3**	**417.3**

Note 27 Contingent liabilities and security arrangements

DISPUTES, LEGAL AND ARBITRATION PROCEEDINGS AND CONTINGENT LIABILITIES

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 result in 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 management's estimate.

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 2020, the total known net liability on payable income taxes and withholding taxes in the joint taxation group was nil (2019: nil). Any subsequent adjustments of joint taxation income and withholding taxes etc. may result in the company's liability being higher.

For further information, see note 13.

Amounts in DKK million	GROUP	
Security arrangements	**2020**	**2019**
Land and buildings with a carrying amount of	104.3	121.2
Bank loans in respect of which security has been provided	22.6	34.1
Normal security in the form of guarantees from financial institutions has been provided for contracts and supplies.	3,200.5	3,629.5

Notes

Note 28 Adjustments for items not included in cash flow etc.

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Depreciation and amortisation	251.6	226.3	-	-
Provisions	58.9	150.5	-	-
Share of profit/(loss) after tax of joint ventures	10.2	-18.8	-	-
Other non-cash operating items, net	-0.1	4.0	-	-
Total	**320.6**	**362.0**	**-**	**-**

Note 29 Financial risks and financial instruments

The Group's activities entail various financial risks that may affect its development, financial position and operations.

The Group's most significant financial risks relate to loans, receivables, including construction contracts, and cash and cash equivalents as well as interest-bearing liabilities and trade payables.

The Group maintains an overview of its currency positions and interest rate sensitivity with a view to mitigating currency risk and maintaining interest rate sensitivity at a low level.

Based on the Group's expectations concerning the future operations and the Group's current financial resources, no material liquidity risks have been identified. A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

Note 29 Financial risks and financial instruments (continued)

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Categories of financial instruments				
Financial assets measured at fair value through profit or loss	1.6	5.3	-	-
Receivables	1,366.3	1,412.7	0.2	-
Cash and cash equivalents	203.9	141.5	1.6	1.8
Financial assets measured at amortised cost	**1,570.2**	**1,554.2**	**1.8**	**1.8**
Mortgage debt	22.6	34.1	-	-
Bank loans	37.1	135.5	56.6	24.8
Lease commitments	456.7	545.1	-	-
Trade payables	709.3	859.0	4.3	2.2
Payables to group enterprises	417.3	417.3	1,016.2	417.3
Financial liabilities measured at amortised cost *	**1,643.0**	**1,991.0**	**1,077.1**	**444.3**

* amortised cost corresponds largely to fair value

The Group's derivative financial instruments are valued 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).

It is the Group's policy to recognise 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 2020.

Notes

Note 30 Derivative financial instruments

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.

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.

The Group primarily uses forward exchange contracts to hedge contractual and budgeted cash flows. The amount recognised in the consolidated income statement was an expense of DKK 3.6 million (2019: income of DKK 2.6 million).

The open forward exchange contracts at 31 December 2020 had a remaining term of up to 9 months.

Consolidated revenue denominated in foreign currencies, excl. EUR, was DKK 90.1 million in 2020 (2019: DKK 0.2 billion), predominantly in USD.

Amounts in DKK million		2020
GROUP	Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on net profit/(loss) for the year and equity
SEK/DKK, probable increase in exchange rate 10%	-88.4	-6.9

Amounts in DKK million		2019
GROUP	Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on net profit/(loss) for the year and equity
SEK/DKK, probable increase in exchange rate 10%	-89.2	-6.8

A decrease in the exchange rates would have a corresponding opposite effect on net profit/(loss) for the year and equity.

The sensitivity analysis is based on the financial instruments recognised at 31 December 2020 and an assumption of unchanged production/sales and price level.

Notes

Note 31 Acquisition of enterprises

Amounts in DKK million	2020	2019
Intangible assets	16.0	481.0
Property, plant and equipment	2.0	1,024.9
Other investments	-	152.7
Current assets	3.6	2,508.7
Cash and cash equivalents	0.6	8.2
Provisions	-7.7	-608.8
Credit institutions and bank loans	-	-847.4
Other current liabilities	-4.4	-2,232.1
Net assets	**10.1**	**487.2**
Goodwill	18.7	134.1
Equity incl. non-controlling interests	**28.8**	**621.3**
Non-controlling interests	-	9.4
Purchase price	**28.8**	**611.9**
Of which cash and cash equivalents in MATU	-0.6	-
Paid in shares	-	276.1
Current shares in MT Højgaard A/S	-	335.8
Cash consideration	**28.2**	**-**

2020

The subsidiary Arssarnerit A/S took over control of MATU on 1 July 2020 by acquiring all shares, thus expanding its activities to include security and guarding services in both Nuuk and on the coast.

The acquisition of MATU cements MTH International's focus on Greenland, where we want to expand our position as a locally anchored company in the areas in which we operate.

2019

Højgaard Holding A/S and Monberg & Thorsen A/S merged with effect from 5 April 2019 through a legal merger, with Højgaard Holding A/S as the continuing company. The legal owners of Monberg & Thorsen A/S were compensated with shares in the continuing company in connection with the merger. The acquisition price for 100% of the share capital in MT Højgaard A/S was determined at DKK 611.9 million. The acquisition price was estimated based on the average listed share price from 1 April 2019 to 5 April 2019 for shares in Monberg & Thorsen A/S and Højgaard Holding A/S, the number of shares outstanding and other net assets.

Before the merger, Højgaard Holding A/S and Monberg & Thorsen A/S jointly controlled MT Højgaard A/S. At the date of the merger, the only activity in Højgaard Holding A/S and Monberg & Thorsen A/S was the ownership of shares in MT Højgaard A/S and managing the joint venture agreement between Højgaard Holding A/S and Monberg & Thorsen A/S.

The write-up of the value of the shares in MT Højgaard A/S to estimated fair value in connection with the step acquisition of the company as part of the merger had a considerable positive effect on net financials in MT Højgaard Holding A/S.

The purpose of the merger was to achieve a simpler, more transparent ownership structure for MT Højgaard A/S, creating the basis for a stronger company culture and better communication internally and externally. In connection with the merger, Højgaard Holding A/S changed its name to MT Højgaard Holding A/S. From the date of the merger, MT Højgaard Holding A/S has held all shares in MT Højgaard A/S and been the parent company of the Group.

MT Højgaard A/S is recognised in revenue with DKK 5.2 billion and in profit before tax with DKK 21 million. The pro forma effect on revenue and profit before tax for the Group for 2019, determined as if MT Højgaard A/S was acquired on 1 January 2019, was DKK 6.9 billion and DKK 24 million respectively.

- Intangible assets consist of customer relationships (DKK 49.6 million), brands (DKK 205.3 million), order backlog (DKK 69.8 million) and IT software (DKK 156.3 million).
- The fair value of customer relationships of DKK 49.6 million is amortised over five years. The values relate to existing customers of MT Højgaard A/S, Enemærke & Petersen A/S and Scandi Byg A/S.
- The fair value of brands of DKK 205.3 million is amortised over 20 years. The values relate to MT Højgaard A/S, Lindpro A/S, Enemærke & Petersen A/S, Scandi Byg A/S and Ajos A/S.
- The fair value of the order book of DKK 69.8 million is amortised over the expected delivery of the underlying performance obligations of the order backlog ranging from one to three years.

In connection with the purchase price allocation, DKK 25.0 million has been recognised on guarantee provisions corresponding to the fair value of provisions previously accounted for as contingent liabilities. As at the purchase date, the Group had around 50 pending disputes and arbitration cases and the fair market value adjustment is based on an individual review of each pending case.

Notes

Note 31 Acquisition of enterprises (continued)

The expected loss on accounts receivable and other contract assets is immaterial and the market value of acquired receivables corresponds to the nominal value.

After recognition of identifiable assets and liabilities, goodwill (including deferred tax) related to the acquisition amounts to DKK 134.1 million. Goodwill mainly expresses the value of future customers and the workforce-in-place. The recognised goodwill is not deductible for tax purposes.

In relation to the merger, the Group has incurred transaction costs of approx. DKK 4.5 million, which are recognised as administrative expenses in the parent company income statement and the consolidated income statement for the financial year 2019.

Note 32 Discontinued operations

On 26 March 2020, the Danish competition authorities approved the sale of Lindpro A/S to Kemp & Lauritzen A/S with effect from 31 March 2020.

The reason for the sale was to reinforce the Group's positions of strength and overall competitiveness. The Greenland electrical installations company Arssarnerit A/S in Nuuk was not included in the sale and remains a separate company under MT Højgaard International as part of the expansion of the position within construction and infrastructure projects in the North Atlantic.

The selling price was DKK 265 million and contributed to profit from discontinued operations of DKK 87.3 million.

Sold assets comprise mainly working capital, including trade receivables.

Amounts in DKK million	GROUP	
	2020	2019
Revenue	174.3	497.7
Costs	-197.7	-491.9
EBIT	**-23.4**	**5.8**
Interest	-0.4	-1.1
EBT	**-23.8**	**4.7**
Income tax expense	3.8	-0.6
Profit/(loss) after tax	**-20.0**	**4.1**
Gain on sale of Lindpro A/S less distribution costs and write-downs to fair value	104.8	-
Tax effect of write-downs	2.5	-
Net profit/(loss) for the year from discontinued operations	**87.3**	**4.1**
Cash flows from operating activities	75.3	-24.0
Cash flows from investing activities	63.2	-1.9
Cash flows from financing activities	-74.6	-17.4
Total cash flows from discontinued operations	**63.9**	**-43.3**

Notes

Note 33 Related parties

Amounts in DKK million	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Related party transactions:				
Sales of goods and services to joint ventures	169.7	135.3	-	-
Interest, joint ventures	1.5	0.7	-	-
Interest, Knud Højgaards Fond	-19.9	-14.5	-19.9	-14.5
Interest, MT Højgaard A/S	-	-	-2.9	-0.6
Receivables from joint ventures	103.9	111.0	-	-
Receivable from MT Højgaard A/S	-	-	45.2	-
Subordinated loan; Knud Højgaards Fond	-400.0	-400.0	-400.0	-400.0
Balance with Knud Højgaards Fond	-17.3	-17.3	-17.3	-17.3
Loan from MT Højgaard A/S	-	-	-598.9	-2.1
Acquisition of subsidiaries from MT Højgaard A/S	-	-	553.8	-

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 AND JOINT VENTURES:
In 2020, the parent company acquired the companies MT Højgaard Projektudvikling A/S, MT Højgaard International A/S, Ajos A/S, Enemærke & Petersen A/S and Scandi Byg A/S from MT Højgaard A/S at net asset value. Related parties also include joint ventures in which the Group has joint control. A list of the Group's companies is provided in note 36.

Remuneration to the Board of Directors and the Executive Board as well as the share based incentive programmes are disclosed in note 5 and 6.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 11 and 12.

Dividends from subsidiaries and joint ventures are disclosed in note 9.

The Danish companies in the MT Højgaard Holding Group are taxed jointly from 5 April 2019. In 2020, transfers of joint taxation contributions among the Danish companies were DKK 0.6 million (2019: DKK 0.3 million).

Receivables from joint ventures relate to business-related balances concerning purchases and sales of goods and services as well as subordinated loans. The business-related balances are non-interest-bearing and are entered into on the same terms as apply to other customers and suppliers. Interest on intragroup loans is charged at the Group's internal interest rate. Balances with subsidiaries and joint ventures were not written down in 2020 or 2019.

As the Group did not incur any bad debts, an ECL loss is considered to be very limited.

For further information on the subordinated loan of DKK 400 million from Knud Højgaards Fond, see note 25.

Notes

Note 34 Events after the reporting date

In February 2021, MT Højgaard International signed an agreement to acquire 80% of the shares in the Faroese company RTS Contractors. Subject to approval of the acquisition by the competition authorities, MT Højgaard International will gain access to strong excavation and civil works capabilities in the Faroe Islands and Greenland, including blasting in Arctic conditions.

In February 2021, Enemærke & Petersen signed an agreement to acquire the Danish construction and carpentry company Raunstrup for DKK 73 million. The acquisition will strengthen Enemærke & Petersen, especially in East and Central Jutland and on Funen, and will also considerably extend Enemærke & Petersen's activities in the field of building services. The acquisition is conditional on approval by the competition authorities.

Enemærke & Petersen also entered a multi-year strategic partnership with the Funen housing association Civica for projects with an estimated total value of DKK 3 billion. The projects will be carried out in collaboration with partners.

No other material events have occurred between 31 December 2020 and the date of publication of this annual report that have not already been included in this annual report and that would have a material effect on the assessment of the company's financial position.

Note 35 New standards and interpretations

The IASB has issued the following new standards and interpretations that are not mandatory for MT Højgaard Holding A/S in connection with the preparation of the annual report for 2020:

- IFRS 17 Insurance Contracts
- IAS 1 Presentation of Financial Statements - Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IFRS 3 Business Combinations - Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- IAS 16 Property, Plant and Equipment - Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
- Annual Improvements to IFRSs 2018-2020 Cycle

None of the above standards or interpretations has been adopted by the EU.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark - phase 2 are expected to be adopted in mid-January 2021.

Note 36 Company overview

Subsidiaries	Registered office	Ownership interest 2020	Ownership interest 2019
MT Højgaard Projektudvikling A/S	Søborg DK	100%	100%
MT Højgaard International A/S	Søborg DK	100%	100%
Ajos A/S	Vejle DK	100%	100%
Ajos Pavillon ApS	Vejle DK	-	100%
Enemærke & Petersen A/S	Ringsted DK	100%	100%
E&P Murerforretning ApS	Ringsted DK	100%	100%
Scandi Byg A/S	Løgstør DK	100%	100%
MT Højgaard A/S	Søborg DK	100%	100%
Lindpro A/S	Glostrup DK	-	100%
Greenland Contractors I/S*	Søborg DK	67%	67%
Arssarnerit A/S	Greenland GR	100%	100%
Matu Security ApS	Greenland GR	100%	-
MT (UK) Ltd.	England GB	100%	100%
MT Højgaard Føroyar P/F	Faroe Islands DK	100%	100%
MT Hojgaard (GIB) Ltd.	Gibraltar GB	100%	100%
MTH Qatar LCC**	Qatar QA	49%	49%
MT Højgaard Grønland ApS	Greenland GR	100%	100%
MT Højgaard Norge AS	Norway NO	100%	100%
MTHI A/S	Søborg DK	100%	100%
MT Höjgaard Iceland ehf	Iceland IS	-	100%
MTH Maldives Ltd	Maldiv. MV	100%	100%
MT Hojgaard Vietnam Company Limited	Vietnam VN	100%	100%
Horsensvej, Vejle ApS	Søborg DK	100%	100%
Gaardhaverne ApS	Søborg DK	100%	100%
Nordre Mellemvej, Roskilde ApS	Søborg DK	100%	100%
Sjællandsbroen, København ApS	Søborg DK	100%	100%
Strandvej, Korsør ApS	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.
** The company is fully consolidated on the basis of a shareholders' agreement that gives the Group control of and the right to the financial return from the company's activities.

Notes

Note 36 Company overview (continued)

Subsidiaries	Registered office	Ownership interest 2020	Ownership interest 2019
Sjællandsbroen Erhverv ApS	Søborg DK	100%	100%
Solrækkerne ApS	Søborg DK	100%	100%
Vestervænget, Høje Taastrup ApS	Søborg DK	100%	100%
Skjeberg Allé, del 3, Høje Taastrup ApS	Søborg DK	100%	100%
Halland Boulevard, Høje Taastrup ApS	Søborg DK	100%	100%
MT Højgaard Construction Management ApS	Søborg DK	100%	100%
Mosevej 15b, Risskov ApS	Søborg DK	100%	100%
Mosevej 17, Risskov ApS	Søborg DK	100%	100%
Nivåvej, Nivå - del 1 ApS	Søborg DK	100%	100%
Nivåvej, Nivå - del 2 ApS	Søborg DK	100%	100%
Nivåvej, Nivå - del 3 ApS	Søborg DK	-	100%
Nivåvej, Nivå - del 4 ApS	Søborg DK	-	100%
Petersborg, Nordre Strandvej 3A, Helsingør ApS	Søborg DK	100%	100%
Kildegården, Roskilde ApS	Søborg DK	100%	-
MTH Projekt 5 ApS	Søborg DK	100%	100%
MTH Projekt 17 ApS	Søborg DK	100%	100%
MTH Projekt 18 ApS	Søborg DK	-	100%
MTH Projekt 19 ApS	Søborg DK	100%	100%
MTH Projekt 21 ApS	Søborg DK	100%	100%
MTH Projekt 22 ApS	Søborg DK	100%	100%
MTH Projekt 23 ApS	Søborg DK	100%	100%
MTH Projekt 24 ApS	Søborg DK	100%	100%
MTH Projekt 25 ApS	Søborg DK	100%	-
MTH Projekt 27 ApS	Søborg DK	100%	-
MTH Projekt 28 ApS	Søborg DK	100%	-
MTH Projekt 29 ApS	Søborg DK	100%	-
MTH Projekt 30 ApS	Søborg DK	100%	-
MTH Projekt 31 ApS	Søborg DK	100%	-
MTH Projekt 32 ApS	Søborg DK	100%	-
MTH Projekt 33 ApS	Søborg DK	100%	-
MTH Projekt 34 ApS	Søborg DK	100%	-

Joint ventures	Registered office	Ownership interest 2020	Ownership interest 2019
OPP Vejle sygehus A/S	Fr.berg DK	50%	50%
OPP Hobro Tinglysningsret A/S	Fr.berg DK	33%	33%
OPP Randers P-hus A/S	Fr.berg DK	33%	33%
OPP Vildbjerg Skole A/S	Fr.berg DK	33%	33%
OPP Ørstedskolen A/S	Fr.berg DK	33%	33%
OPS Frederikshavn Byskole A/S	Fr.berg DK	50%	50%
OPS Skovbakkeskolen A/S	Fr.berg DK	50%	50%
Driftselskabet OPP Slagelse sygehus A/S	Fr.berg DK	50%	50%
Soc. de Empreitadas e Trabalhos Hidráulicos, S.A.,(Seth)	Portugal PT	60%	60%
Skanska-MTH Marieholmsbron HB	Sweden SE	30%	30%
Skanska-MTH Hisingsbron HB	Sweden SE	30%	30%
Bravida MT Højgaard ApS	Brøndby DK	50%	50%

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of MT Højgaard Holding A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure 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 Group's and the Parent Company's financial position at 31 December 2020 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 2020.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters, the results for the year, cash flows and financial position as well as a description of the significant risks and uncertainty factors pertaining to the Group and the Parent Company.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 24 February 2021

EXECUTIVE BOARD

Morten Hansen
President and CEO

Martin Solberg
CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Anders Lindberg
Deputy Chairman

Christine Thorsen

Ole Røsdahl

Pernille Fabricius

Independent auditor's report

TO THE SHAREHOLDERS OF MT HØJGAARD HOLDING A/S

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 2020, 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 as well as the Parent Company. The consolidated financial statements and the parent company financial statements are 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 2020 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 2020 in accordance 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 5 April 2019 for the financial year 2019. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2020.

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 2020. 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. 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, 4 and 20 to the consolidated financial statements and the parent company financial statements.

MT Højgaard Danmark, Enemærke & Petersen, Scandi Byg, MT Højgaard International and MT Højgaard Projektudvikling erects 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 disputes, 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 proposal 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 function 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 Moreover, Management is responsible 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 conditions 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 24 February 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised Public Accountant
mne21332

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

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