



Annual Report 2022

DHI A/S

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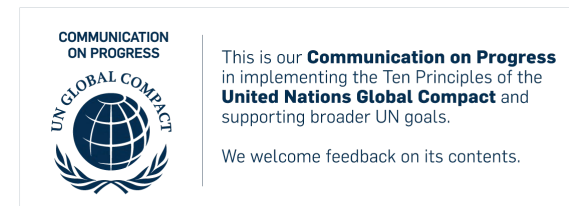
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Reporting framework

Due to the nature of our work at DHI, sustainability has become increasingly integrated into DHI's business strategy and daily operations. For the financial year 2022, we therefore combine our reporting on financial as well as environmental, social and governance (ESG) performance in one single publication providing a holistic view of our business, including strategy, global impact and governance, and financial and non-financial performance.

This combined Annual Report 2022 for DHI has been prepared in accordance with the Danish Financial Statements Act and covers the financial year 2022 (1 January-31 December 2022). The report also constitutes DHI's corporate responsibility report according to Section 99a, 99b and 99d in the Danish Financial Statements Act and serves as our Communication on Progress to the UN Global Compact (UNGC).





We enable a
sustainable future
for water



DHI at a glance



Employees

1,000+

80% with an MSc or PhD degree



Founded in

1964

Our credibility is built on dedicated research, testing and comprehensive field work



Involved in more than

2,400

projects in 2022



Industry-trusted physical and digital **test facilities**



Global partnerships

with United Nations Environment Programme (UNEP), World Health Organisation (WHO), Global Water Partnerships (GWP), leading universities worldwide and many more



Signatory to the United Nations **Global Compact** since 2013



Advanced technology and software



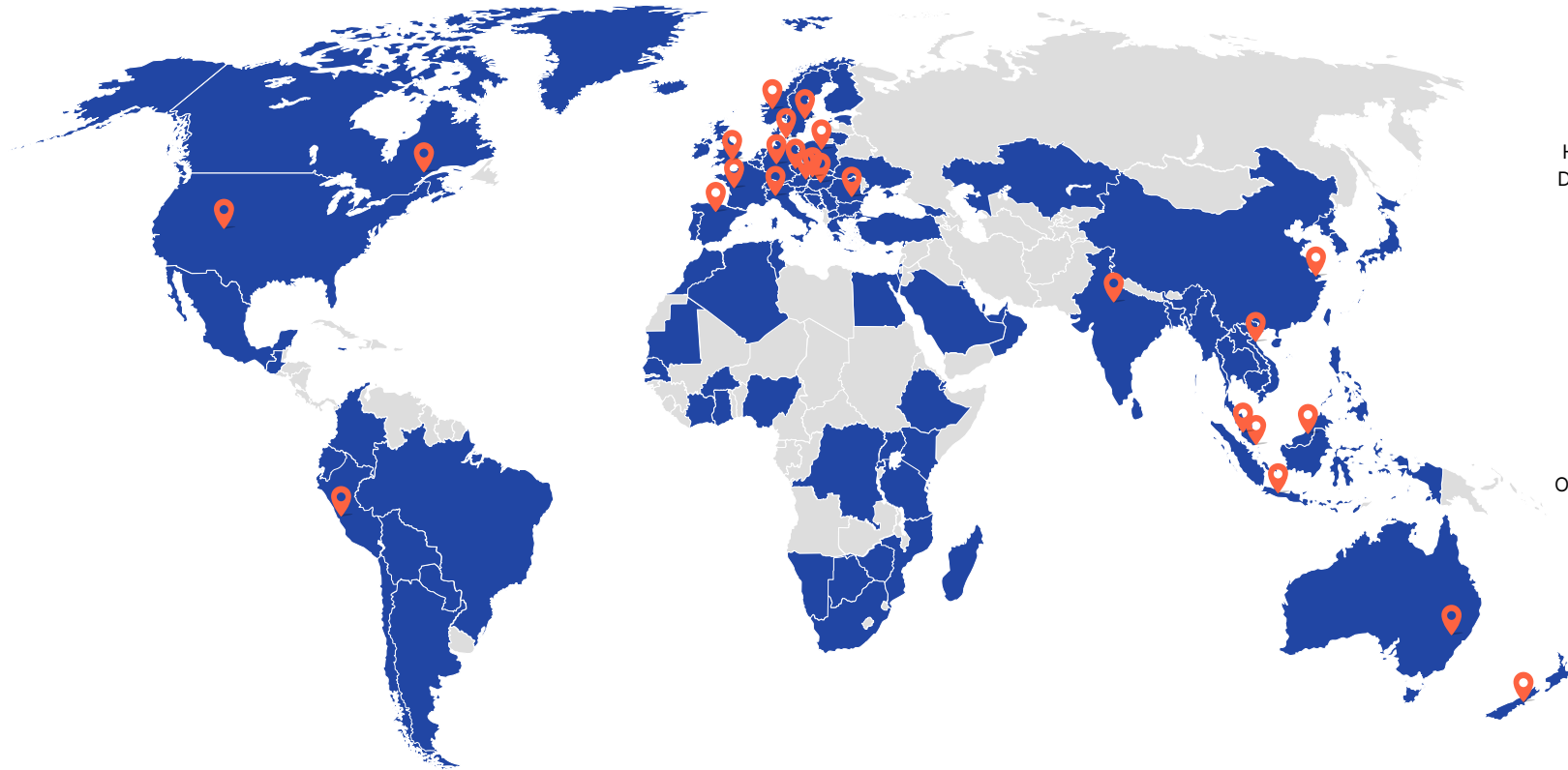
ISO-certified

ISO 9001, ISO 45001, ISO 14001



DHI AT A GLANCE

Our global impact



Headquartered in Denmark,
DHI is present with offices in

26

countries



Our solutions and technology
are enabling clients in

115

countries to improve their
sustainability efforts



Performance highlights 2022



20.9%

Order inflow growth



119.4

million euro in total revenue



8.2%

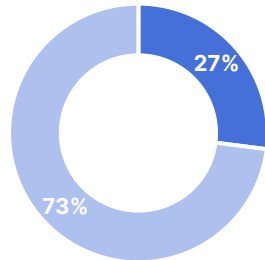
Revenue growth



2.3

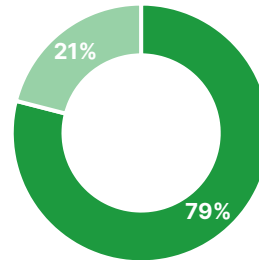
million euro in EBITDA

Gender diversity in leadership



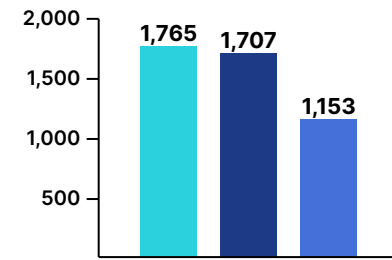
27% proportion of women in leadership positions (vice presidents, directors, department heads and local management), excluding the Board of Directors and the Executive Leadership Team

SDG impact



79% proportion of projects in 2022 contributing positively to the SDGs (based on mapping of 71% of all projects)

Carbon emissions (MtCO₂e)



From own operations (scope 1 and scope 2 market-based)



LETTER FROM OUR CEO

Enabling a sustainable future for water

Throughout 2022, the world faced unprecedented water challenges. Europe experienced historical drought. Marine environments are under pressure from increasingly violent weather events, and biodiversity suffers. Many countries experienced severe flooding, and water quality is under pressure. The world is experiencing disruptions in the global water cycle. The water crisis is imminent and growing.

We need a paradigm shift in how we live with and manage water and in how we protect water-related ecosystems. The United Nations has set clear sustainable development goals (SDGs) on how to achieve this paradigm shift. DHI's strategy, DHI+, launched in 2021, has a clear target to use the combined power of DHI's highly skilled people, our unique technology and our global presence to accelerate the achievement of the SDGs.

In 2022, we took a significant step forward, successfully completing the first phase of the strategy. We increased our efforts to connect with clients, partners and universities across the world, and together with them, we are innovating for the future. We applied our knowledge and technology in more than 2,400 projects across the world, ensuring a science-based approach to problem-solving. We also completed a transformation of our organisation, setting up a new structure that releases the full potential of our people's global expertise and skills.

Uniting our efforts across the globe internally and externally also resulted in the launch of several new innovative digital solutions and new releases to our unique water modelling software suite, MIKE Powered by DHI.

Our financial results for 2022 confirm the positive development. DHI delivered solid growth across all global business units with revenue growth of 8.2%, reaching the highest revenue in the history of DHI. Growth in order inflow was even higher, with an increase of 20.9% compared to 2021, also reaching a record high. During the year, we also succeeded in attracting more research funds than in 2021, enabling us to develop more technology services to the benefit of our clients. EBIT was EUR 0.7 million higher than in 2021, despite we continued to develop and invest in our strategy.

DHI is a signatory member of the United Nations' Global Compact (UNGC) and its 10 principles, and we took steps to advance our sustainability strategy. We have set ambitious targets of reducing carbon emissions from our own operations, and we have started to categorise the direct and positive SDG impact from our projects - with findings showing that 79% of our projects contribute positively to the SDGs.

I am deeply impressed by the dedication and competencies of the people at DHI. They are second to none in understanding the water cycle and its impact on society and nature. Together with our clients and partners, and with the use of advanced technology, we innovate new ways to live with water. Across DHI, we look forward to continuing the collaboration and enabling a sustainable future for water.

Mette Vestergaard
CEO





Consolidated key figures

EUR million	2022	2021	2020	2019	2018		2022	2021	2020	2019	2018
Income statement						Financial ratios³					
Revenue	119.4	110.4	108.3	114.2	113.8	Revenue growth	8.2%	1.9%	-5.2%	0.4%	1.2%
Net project revenue	98.4	90.0	84.9	91.0	91.2	EBITDA margin	1.9%	1.5%	3.1%	1.9%	5.8%
EBITDA ¹	2.3	1.6	3.3	2.2	6.6	EBIT margin	0.0%	-0.6%	1.1%	0.2%	4.0%
EBIT ²	0.0	-0.7	1.2	0.2	4.6	Solvency ratio	49%	52%	51%	52%	53%
Net financials	-1.3	1.6	-0.3	0.8	-0.9	Return on equity	-2.0%	0.6%	1.0%	1.7%	5.8%
Profit/loss for the year	-1.0	0.3	0.5	0.8	2.6	Liquidity ratio	1.8	1.9	1.9	1.9	2.1
Balance sheet						ESG key figures					
Balance sheet total	100.5	97.0	94.9	94.0	90.2	<i>Environmental</i>					
Equity	48.8	50.0	48.6	48.9	47.9	Total scope 1 & 2 - market based (MtCO ₂ e)	1,153	1,707	1,765	1,813	
Cash flows						<i>Social</i>					
Cash flow from operating activities	-1.1	3.8	8.5	8.7	-0.3	Number of full-time employee equivalents (FTEs)	1,022	1,028	1,014	1,055	1,030
Cash flow from investing activities	-2.2	-1.6	-4.4	-7.4	-2.3	Women in other leadership positions ⁴	27%	26%			
- Hereof from investment in property, plant and equipment	-2.2	-1.7	-2.6	-5.5	-2.4	<i>Governance</i>					
Cash flow from financing activities	-0.1	-0.2	-0.1	-0.2	-0.1	DHI resources invested in innovation (mEUR)	5.8	5.2			

¹ EBITDA: Earnings before interest, taxes, depreciation and amortisation

² EBIT: Earnings before interest and tax

³ For terms of financial ratios refer to accounting policies note 1 for the Consolidated financial statements.

⁴ Vice presidents, directors, department heads and local management, excluding the Board of Directors and the Executive Leadership Team.

Our business

Our world is water, and our expertise spans all water environments, from rivers and reservoirs to oceans and coastlines, to cities, industries and factories, to surface and groundwater. Rooted in deep domain knowledge combined with advanced technologies and unique modelling software, we develop tailor-made solutions and provide specialised advisory services to solve water challenges across segments and industries.



OUR CONTRIBUTION

Innovating new ways to use, manage and live with water

There is no substitute for water. Future development will depend on how water can be managed and shared, climate change adaptation can be implemented, and water quality can be improved.

DHI has been committed to advancing and sharing knowledge of water environments for over half a century. We are a leading, global advisory and technology company. Together with our clients and partners, we combine deep domain knowledge and advanced technology to innovate new ways to use, manage and live with water and to protect water-related ecosystems. We support the UN Sustainable Development Goals, with a specific focus on SDGs 6, 7, 9, 13 and 14.

We are committed to:

- Enabling access to safe water, safe treatment of wastewater and protection from climate impact in cities
- Protecting water basins and groundwater from water scarcity and pollution
- Ensuring sustainable development of offshore renewable energy and maritime transport
- Facilitating the improvement of environment and biodiversity in oceans and water-related ecosystems

We work with a wide variety of clients all over the world. Our aim is to provide science-based findings that enable informed and data-based decisions related to water and water environments.

THE ACADEMY by DHI

Our global training and knowledge-sharing activities for clients and partners are managed and presented through our ACADEMY by DHI. Through the academy, we share our experiences with clients and partners, develop and arrange training packages and facilitate access to research results, expert forums, networks, partnerships and technology.

In 2022, we arranged more than 40 courses, which over 5,000 professionals attended and learned from. The courses ranged from thematic and capacity-building workshops to training in the use of specific software tools.

THE ACADEMY by DHI cooperates with universities and other knowledge institutions to establish a large network of knowledge partners. We have more than 200 trainers worldwide. They are experienced professionals, many of whom are recognised international experts in their fields with a thorough knowledge of the local markets and regulations. Special training packages are arranged for universities and research institutions. We also teach at universities.



OUR STRATEGY

Unlocking the potential of DHI

Our strategy DHI+, launched in 2021, is built on our ambition to support the realisation of the UN Sustainable Development Goals (SDGs).

DHI+ is a growth strategy that builds on a number of overall megatrends that collectively call for new sustainable solutions and smart digitally enabled water solutions:

- **Climate change** – drives more extreme weather conditions, worsening floods, rising sea levels, shrinking ice fields and droughts. Extreme weather events are not only making water scarcer, but also more unpredictable and more polluted, and these impacts throughout the water cycle threaten sustainable development, biodiversity, and people's access to water and sanitation
- **Biodiversity loss** – damaged ecosystems exacerbate climate change and put people and communities at risk. According to the UN, 75% of the Earth's land surface has been significantly altered by human actions, including 85% of wetland areas, and one million of the world's estimated eight million species of plants and animals are threatened with extinction
- **Urbanisation** – requires new standards for water distribution and water quality. Rapid urbanisation along coasts or rivers may also make citizens vulnerable to natural disasters such as extreme storms and floods

There are five key components and objectives to DHI+:

- Accelerate the realisation of the UN SDGs and make measurable impact
- Focus our efforts on selected business segments where we have the biggest impact
- Continue to enhance our technology edge and deliver robust and differentiated business advice on the basis of superior scientific domain knowledge, modelling skills and continuous innovation
- Unite the organisation and maximise the potential of our global competencies and skills
- Increase ability to invest in innovation through growth in revenue and profit

These objectives are achieved through three phases: 'Connecting', 'Innovating' and 'Impacting', each of them with defined initiatives and actions to support progress.

In 2022, we have focused our efforts on the 'Connecting' phase, which externally means we have further reinforced and developed the collaboration with our largest clients. New partnerships with clients, suppliers and universities have been established and existing partnerships have been strengthened. Internally, we have focused on bringing together capabilities and strengthening collaboration across segments. Achievements included the completion of DHI's new global organisational structure and governance, creating increased transparency and introducing four global business units combining our global strengths across teams and geographies.

As one of the Danish Research and Technology Organisations (RTOs; GTS in Danish), we are part of the backbone of the Danish innovation system. In 2022, we delivered a unified technology portfolio, and we attracted more research funds, enabling us to develop additional technology services while also launching several new solutions and updates to our water modelling software suite, MIKE Powered by DHI. Our technological solutions support our continuous ambition to create positive technological change for the benefit of people and society.

During the year, we launched a dedicated idea incubator programme 'Innovation for Sustainability' and an 'Innovation Challenge Programme' rooted in the water-related challenges our clients are currently facing.



OUR CLIENTS

Enabling clients worldwide to solve their water challenges

DHI's solutions and technologies are enabling clients in 115 countries across the world to solve tasks and challenges related to water.

In partnership with DHI, our clients get access to a wide range of environmental advisory services rooted in deep domain knowledge of water, in combination with our advanced technologies and unique modelling software, as well as global training and knowledge-sharing. Our knowledge and expertise, combined with the power of our world-leading software technology MIKE Powered by DHI, hold the key to unlocking the right solutions for water challenges across key segments and industries worldwide.

The clients we work with range from decision-makers to water professionals:

- Public authorities and government organisations
- Coastal and port authorities
- Water and wastewater utilities
- Energy, infrastructure and transportation companies
- River basin commissions and water councils
- Engineering consultants and contractors

Most of our clients are found within the following segments and industries:

- Water in Cities
- Marine Infrastructure & Coastal Development
- Energy & Ports
- Water resources & Mining

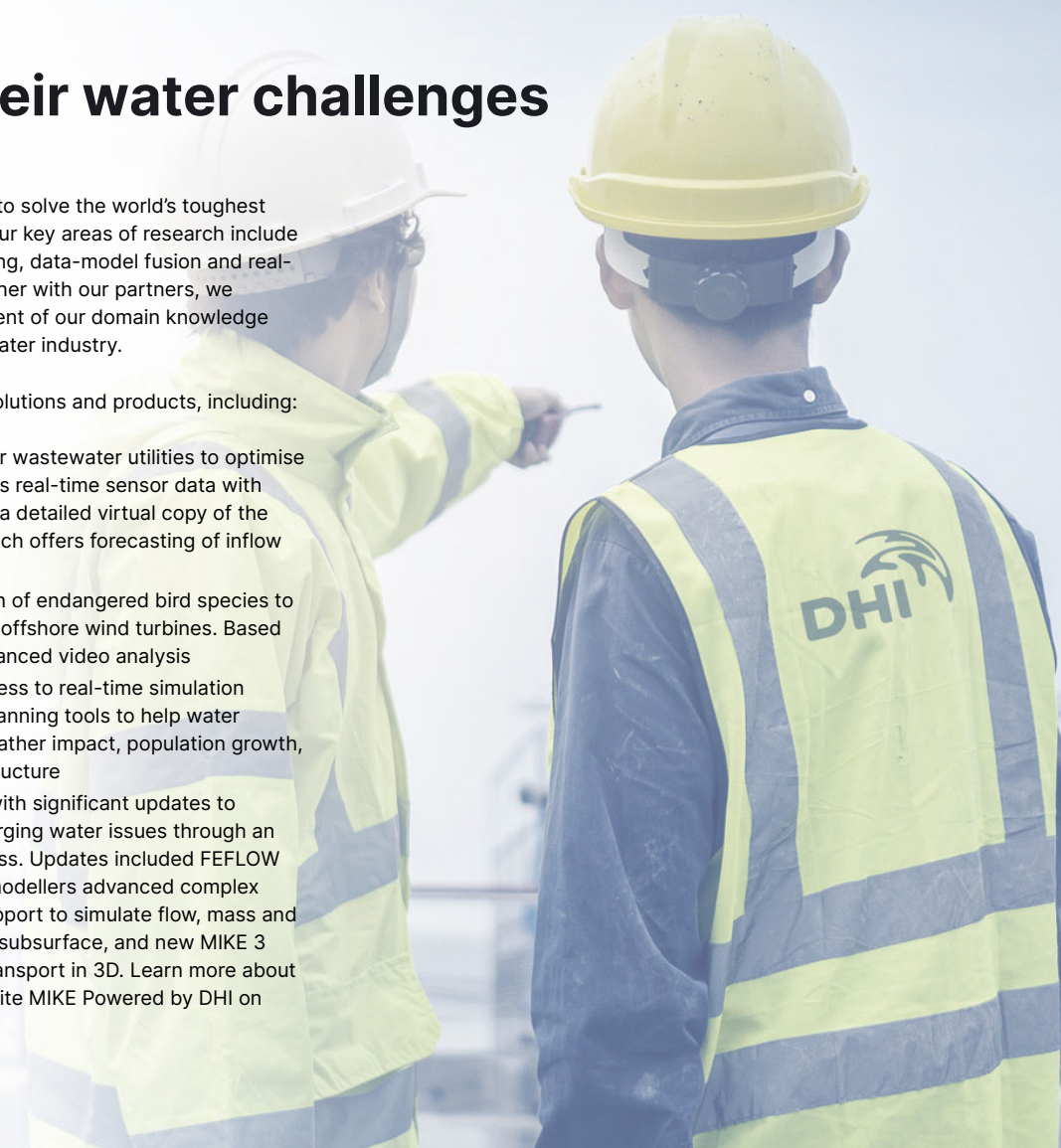
Learn more about our solutions and the specific challenges we solve on the following pages.

2022 product launches

Through R&D, we deliver innovation to solve the world's toughest challenges in water environments. Our key areas of research include automatic modelling, machine learning, data-model fusion and real-time optimisation and control. Together with our partners, we continuously invest in the development of our domain knowledge and technologies to transform the water industry.

In 2022, we launched several new solutions and products, including:

- **TwinPlant** – targeted solution for wastewater utilities to optimise energy consumption. It combines real-time sensor data with simulation models and provides a detailed virtual copy of the physical plant, a digital twin, which offers forecasting of inflow and plant conditions
- **MUSE AI** – automatic recognition of endangered bird species to protect them from collision with offshore wind turbines. Based on artificial intelligence and advanced video analysis
- **Future City Flow** – provides access to real-time simulation software and scenario-based planning tools to help water utilities and operators buffer weather impact, population growth, densification and ageing infrastructure
- **MIKE 2023** – software release with significant updates to provide better insights into emerging water issues through an expedited model-building process. Updates included FEFLOW 8.0, which offers groundwater modellers advanced complex meshing and model-building support to simulate flow, mass and heat transport processes in the subsurface, and new MIKE 3 models to calculate sediment transport in 3D. Learn more about our water modelling software suite MIKE Powered by DHI on [page 21](#)



OUR SOLUTIONS: WATER IN CITIES

Overcoming water challenges in cities

As the world is faced with rapid global urbanisation, climate change and increasing water scarcity, we are in the midst of a paradigm shift in the way we manage water. Cities all over the world are devising more holistic adaptation and mitigation strategies, implementing sustainable ways of ensuring safe and clean water for all.

Over the course of 2022, DHI has enabled cities across the world to optimise their urban water management, resulting in energy savings and reduced CO2 emissions, as well as reduced downtime risk and increased safety. In close partnerships, we work with city authorities, urban developers and water and wastewater utilities to ensure clean drinking water and alleviated flood risks. Our solutions focus on planning, design and operation of urban infrastructure as we leverage the latest technological advancements and knowledge to develop water management tools that foster better collaboration with clients and partners, predict the effects of interventions and accelerate implementation processes.

Our solutions include:

- **Water supply and distribution** – accessing real-time data and information on water supply and distribution systems to drive improvements in delivering a continuous supply of high-quality and affordable drinking water from source to tap
- **Wastewater treatment** – enabling ways to increase capacity, reduce effluent concentrations, become an energy producer rather than consumer and recover valuable and scarce resources. Establishing automated data-driven operations to minimise risks of human error and ensure regulatory compliance
- **Urban drainage** – supporting cities and utilities to achieve sustainable and efficient wastewater and stormwater management for daily operations and long-term strategic planning, reducing the risks and environmental impact, supporting regulatory compliance and justifying efficient investments for existing infrastructure and future development

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‘Our long-standing collaboration with DHI means that we stay ahead of the digital curve with solutions such as the Future City Flow digital twin. We are now better prepared for whatever weather patterns the future will bring.’

Åsa Magnusson, Process Engineer, Gryaab AB
Gryaab AB is a wastewater utility in Gothenburg, Sweden.

See case story on the following page.



CASE STORY

Gothenburg is ready for the storm

A digital twin of the wastewater utility in the Swedish city of Gothenburg and its surrounding municipalities is helping to future-proof the region and make the most efficient use of existing infrastructure.

Gothenburg has a vision of becoming the best city in the world when it rains. And this vision makes perfect sense as Gothenburg is one of the rainiest cities in Sweden. Add to that a growing population, an ageing infrastructure and increasingly extreme weather patterns, and the city's water utilities have their work cut out for them to protect both the city and the surrounding environment. With the solution 'Future City Flow' from DHI, launched in 2022, a digital twin of the utility now enables a harmonious flow of stormwater.

Challenge:

Heavy rainfall causes large loading variations to the Gothenburg region's central treatment facility. Approximately 25% of the sewers in Gothenburg are combined, which increases the risk of floods as stormwater and wastewater are transported in the same system. It also increases the risk of untreated wastewater being discharged into the ecosystem.

Solution:

By implementing DHI's Future City Flow, a digital twin of the entire system, the wastewater utility Gryaab improved overview and got real-time information about events in the tunnels. Furthermore, the solution enabled accurate predictions of potential issues and peak pressure on the system, since the digital twin also incorporates weather forecasts in the modelling.

Key results:

- Reduced risk of flooding for peace of mind for both citizens and operators
- Cost-efficient long-term planning of inflow and infiltration management for informed investment decisions and more efficient use of existing infrastructure
- Improved water quality in the waters around Gothenburg and reduced environmental impact

Read the full case story on our [website](#).

This project contributes to UN SDG #6 Clean water and sanitation and UN SDG #13 Climate action.



OUR SOLUTIONS: MARINE INFRASTRUCTURE AND COASTAL DEVELOPMENT

Protecting marine and coastal environments with nature in focus

Marine and coastal environments are under pressure from increasingly violent weather events, which also continued to increase in frequency and force in 2022. At the same time, coastal cities continue to grow and put pressure on local ecosystems. All this combined with the impact of climate change puts pressure on the natural environment, and solutions to these issues must be flexible and adapted to work in harmony with nature – not against it.

DHI works with clients in the public and private sectors such as governments, insurance, real estate and shipping, to protect shorelines, support coastal development and safeguard ecosystems. Our solutions, technologies and data help our clients transform model results into sustainable engineering solutions designed to cope with future climate and development needs.

Our solutions include:

- **Coastal resilience** – resilience adaptation planning helps coastal communities adapt and improve long-term sustainability against loss of lives and properties. One example is how digital twins of coastal environmental settings support mitigation of coastline instability and flooding
- **Protection of life below water** – ecological restoration, biodiversity conservation and resource exploration. Our nature-based approach is backed by advanced modelling technology and monitoring data, including satellite imagery
- **Blue carbon advisory** – nature-based solutions for climate change mitigation and adaptation through restoration and protection of coastal habitats. We provide data-driven technology solutions to ensure robust carbon accounting, monitoring, reporting and verification for nature-based carbon offsetting

”

'As a company committed to sustainable growth, it is important for CHEC that a project's site is left in a similar condition as it was before the project existed, if not better. Successful mangrove restoration is not easy to achieve and DHI's approach that takes site-specific conditions into account makes all the difference to the overall restoration success.'

Zhang Shuaijun, Project Director
China Harbour Engineering Company Ltd. (CHEC)



CASE STORY

Restoring coastal water quality

An innovative solution helps Auckland estimate the contribution of freshwater-derived contaminants to the coastal receiving environment and evaluate the effect on water quality.

Auckland in New Zealand has the most densely populated coast in the country and is facing a series of major challenges, including rapid growth, against a backdrop of declining coastal water quality. Biodiversity, cultural values, fisheries and broader ecosystem services are at risk of degradation while simultaneously benefiting from investment as Auckland grows. Through a contaminant assessment using an integrated model from DHI and Auckland Council, as well as by implementing an online Coastal Receiving Environment Scenario Tool, the city can now better evaluate and predict implications to coastal water quality.

Challenge:

Auckland Council's Freshwater Management Tool FWMT predicts water quality and flows in each of the region's catchments, however, the tool does not simulate outcomes in estuaries or harbours, creating uncertainty about current and future effects on Auckland's coast. This makes growth more challenging and increases risks for poorly targeted investment and degraded harbours.

Solution:

A contaminant assessment of the inner and outer Waitematā Harbour was carried out by DHI using a coupled Freshwater Management Tool-Coastal Hydrodynamic Model. This helps estimate the contribution of freshwater-derived contaminants to the coastal receiving environment at close to 100 sub-estuary/harbour domains. Furthermore, an online Coastal Receiving Environment Scenario Tool (CREST) system was developed to view the baseline model results and compare them against agreed thresholds for each contaminant.

Results:

- Ability to identify hot spots of ecological importance such as seagrass beds or shellfish beds, as well as catchments that contribute to the poorest water quality. Helps pinpoint where to focus resources to reduce contaminant loads and protect marine biodiversity
- The solution helps inform if reductions in catchments contaminants will improve coastal ecosystem health
- Provides the first steps for developing a regionwide integrated catchment-to-sea land use management tool

Read the full case story on our [website](#).

This project contributes to UN SDG #11 Sustainable cities and communities and UN SDG #14 Life below water.



OUR SOLUTIONS: ENERGY & PORTS

Contributing to the development of sustainable energy

The United Nations' Sustainable Development Goal 7 urges countries to ensure access to affordable and clean energy for all by 2030. At the same time, global energy demand is estimated to grow by more than one-third by 2035. The urgent global need to reduce carbon emissions and slow down the rate of climate change has accelerated the push for renewable energy sources, be it offshore wind, hydropower or tidal energy.

Over the course of 2022, the increasing demand for energy combined with the global geopolitical situation continued to put pressure on the renewable energy sector to increase both capacity and efficiency without compromising on safety and protection of vulnerable species and ecosystems. DHI's solutions for the energy sector combine knowledge of natural processes with models and data, and they are based on advanced technologies related to field monitoring, remote sensing, model testing, laboratory analyses, numerical modelling and customised software development.

Our solutions include:

- **Offshore wind** – identification of new offshore wind farm opportunities and evaluation of potential environmental impacts with high-quality data, modelling tools and detailed analyses, enabling clients to ease approval processes, prevent operational hiccups and reduce investment risks. Using our expertise within engineering, metocean services, water environments and ports infrastructure to support the expansion, installation and continuation of offshore wind services. In particular, DHI has a strong focus on bird monitoring and digital portals for metocean conditions in wind farms. DHI has contributed to more than 80% of all commissioned offshore wind farms worldwide (excluding China)
- **Port management** – new ports and terminals are built and existing facilities are expanded to accommodate more and larger vessels. DHI's port-specific solutions are recognised by PIANC, IMO, UN and IALA and they leverage smart technology to support clients in achieving safer and more efficient port operations and reducing a port's environmental impact

- **Carbon capture and storage/Power-to-X** – providing environmental assessments for offshore carbon storage sites and a broad range of analyses to support Power-to-X facilities. This is done by connecting DHI services to optimise capacity, reduce risks and assess the possible impact on marine ecosystems



'MEWO has been successfully cooperating with DHI for over eight years in the implementation of offshore wind farm projects in Poland. DHI's reliable analyses and reports on marine mammals, seabirds, migratory birds and underwater noise modelling has supported us with the best solutions.'

Michał Sander, Project Manager, Deputy Director of Operations
MEWO. S.A. (Subsea Solutions)
MEWO. S.A. (Subsea Solutions) is the largest privately owned and independent marine survey/ geoscience/ environmental and subsea engineering company in Poland.



CASE STORY

Powering a greener Europe

Metocean study reduces design risk of world's first energy island in the North Sea covering the development area for the artificial island and surrounding wind farms.

Denmark is on the way to ramp up its offshore wind energy production, with a 2020 climate agreement that initiated the realisation of the world's first two energy islands. The largest of the two planned energy islands will be located in the North Sea, home to some of the greatest wind conditions for offshore wind energy in the world. DHI provides comprehensive metocean studies as part of the site conditions assessment.

Challenge

As Denmark's national transmission system operator for electricity and natural gas, Energinet is developing and will operate the electricity infrastructure for the two future energy islands. Offshore wind turbine generators will surround the artificial island which will be constructed on a shallow bank. To ensure safe construction, Energinet called for a detailed metocean assessment covering the development area for the artificial island and surrounding wind farms. This metocean assessment will be used as the basis for the tender design of the energy island, as well as in later analyses and design phases of the island and cable export corridors.

Solution

With extensive knowledge of the metocean conditions in the Danish North Sea, DHI is providing a comprehensive, high-quality metocean assessment report for Energinet based on high-resolution hindcast data, available measurements and historical records. DHI will simulate more than 43 years of metocean conditions through MIKE Powered by DHI's 2D hydrodynamic and spectral wave models. Local project datasets will be populated to DHI's Metocean Data Portal for data access, download, analytics and visualisation. DHI's in-house approach to studying storm statistics will enable a more accurate analysis of the properties of extreme storm events.

Results

- Reduced risk due to the high-quality metocean conditions assessment with accurate and validated wind, wave, water level
- Optimised metocean design parameters
- Shortened timeline due to the availability of existing models and local site experience

Read the full case story on our [website](#).

This project contributes to UN SDG #7 Affordable and clean energy.





OUR SOLUTIONS: WATER RESOURCES & MINING

Sharing water for a sustainable future

As the global population grows, there is an increasing demand for water that creates significant challenges to the sustainability of our current approaches to sharing water resources. In addition, we are faced with increasing uncertainty associated with the changing climate, which, combined with our growing population, increasingly expose our communities to natural hazards. Society can address these challenges by building resilience into our current water resource management approaches.

By using digital technologies such as modelling, digital twins and decision support systems, DHI enables the assessment of risks and making risk-informed decisions. Over the course of 2022, we have supported capacity building efforts in an increasing number of countries and local communities to achieve a more resilient community by designing and implementing science-based tools for effective planning and management of floods, droughts, water scarcity and protection of freshwater ecosystems.

The transition of our global energy system from fossil fuel-based to more sustainable electrification-based systems is creating an increase in demand for critical minerals, estimated to require a sevenfold increase in the global mining industry. DHI works with

the mining industry to develop more sustainable approaches to water management from mine dewatering, trailing management and reducing the overall footprint of a mine on available water resources in a catchment context.

Our solutions include:

- **Transboundary water management** – working with national and local authorities to foster transboundary dialogue and integrated management of water resources across boundaries
- **Flooding and drought mitigation** – supporting cities, coastal communities and governments to protect community assets against flooding and drought with analytical tools and forecasting techniques to test different climate scenarios and potential mitigation measures such as dikes, sluices and pumps for flood prevention and alleviating the consequences of drought
- **Freshwater systems infrastructure** – optimising freshwater infrastructure operations through digital solutions that include climate adaptation analyses, data-backed investment strategies, damage loss impact analyses, flood prevention schemes and emergency planning

- **Water management in mining** – including groundwater extraction planning for open-pit dewatering e.g., modelling the geology and geometry of a mine site while considering geochemical and hydrologic conditions for protecting ground water environments



'DHI's solution has solved great concerns by accurately simulating the flow mechanism, nutrient and sediment transport and river water quality variation. The decision support system is starting to be used actively to support integrated water resource planning for the Sesan-Srepok river basins and also for transboundary cooperation with Cambodia.'

Dr. Le Duc Trung, Director General, Office of Viet Nam National Mekong Committee



CASE STORY

Helping countries accelerate efforts in implementing water SDGs

The UNEP-DHI Centre is a joint partnership between United Nations Environment Programme (UNEP) and DHI and has attained global recognition for its work in promoting sustainable water resources management.

Water is the source of life. That is why water-related targets are a significant part of the United Nations' 2030 Agenda for Sustainable Development and essential for meeting many of the SDGs. Ensuring countries get the support to meet these goals is a priority for agencies like the United Nations Environment Programme (UNEP), which works closely with the UNEP-DHI Centre on Water and Environment to help countries track and accelerate progress towards water-related SDGs.

Challenge:

When countries adopted the SDGs, they committed to regularly reporting data to the UN to track progress and ensure accountability, however, many of them struggled to take these ambitious new goals on board.

Solution:

Providing countries with the support they need to achieve these goals is a priority for UN agencies like UNEP, United Nations Environment Programme, which work closely with DHI. Together, we have formed a partnership dedicated to improving the management, development and use of freshwater resources from

the local to the global level. The UNEP-DHI Centre has attained global recognition for its work in promoting sustainable water resources management and supporting the water-related SDGs. This work included the SDG 6 IWRM Support Programme, which assists governments to accelerate sustainable water management implementation by identifying challenges, developing action plans and implementing solutions for measurable progress towards water-related SDG targets.

Results:

- With structured support programmes, training, guidance and tools to track progress, as well as measurable and consistent data, UN Member States are one step closer to achieving water-related SDGs by 2030
- Improved water management to ensure availability when and where most needed
- Data and science-driven policymaking and actions

Read the full case story on our [website](#).

This project contributes to UN SDG #6 Clean Water and Sanitation.





OUR SOFTWARE: MIKE POWERED BY DHI

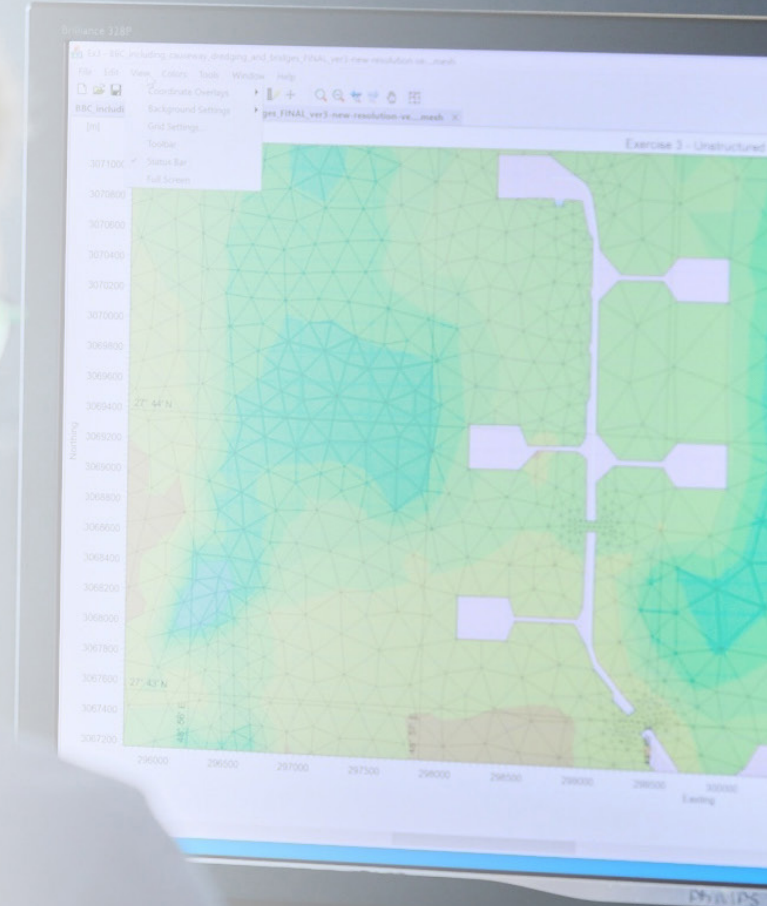
Advanced technologies for water environments

Water is life, yet this vital natural resource is being depleted, polluted and mismanaged. In addition, we continue to experience more water-related disasters caused by a disruption in the hydrological cycle. To help tackle these mounting concerns, DHI's developers continuously work to advance the capabilities of our water modelling software suite, MIKE Powered by DHI. For more than 25 years, MIKE software has been used by water professionals worldwide, from single users to large, global corporations with hundreds of concurrent users. We offer everything from off-the-shelf software to highly customisable IT solutions, developed specifically for specific clients, and the total coverage and integrated modelling possibilities of our MIKE product range are unmatched by any similar software family.

2022 marked the launch of our latest release, MIKE 2023. With an emphasis on efficiency and expanded application, users are empowered to develop accurate and intelligent solutions in real-time across the entire water cycle. The MIKE 2023 release also included the launch of FEFLOW 8.0.

MIKE software solutions include:

- **Urban water** – fully integrated software trusted by water utilities and wastewater treatment plant operators to model and simulate water distribution systems, collection systems, flooding, rivers and wastewater treatment plants
- **Coast and marine** – 2D and 3D modelling tools used by port authorities and coast and marine engineers to analyse flow phenomena, waves, sediment dynamics, dispersion phenomena and ecological systems
- **Water resources** – specialised 2D modelling tools relied on by water authorities to better understand inland water dynamics and water resources availability
- **Groundwater and porous media** – 2D and 3D simulation software used by mining professionals, civil engineering, geotechnical and geothermal engineers to analyse groundwater quality and quantity
- **Data and operational decision-making** – integrated software that empowers users across all sectors to build data management, real-time forecasting and operational control systems





Financial review

In 2022, DHI realised revenue growth of 8.2% compared to 2021 and generated revenue of EUR 119.4 million. Order inflow was the highest ever in DHI's history and increased 20.9% compared to 2021. EBIT was EUR 0.7 million higher than 2021, reaching EUR 0.0 million.



Revenue

In 2022, DHI generated revenue of EUR 119.4 million, an increase of 8.2% compared to 2021. The increased revenue was mainly driven by growth in markets within the reporting segments Marine & Coastal and Energy & Ports. Order inflow was EUR 106.3 million, the highest ever in DHI's history, with an increase of EUR 18.4 million or 20.9% compared to 2021.

We continued the implementation of the DHI strategy to ensure digitally enabled advisory and digital solutions for our clients. As a result, DHI has continued investing in innovation and services to support clients in all key market segments.

Net project revenue, which is DHI's own project production (excluding revenue from subcontractors), including revenue from software, was EUR 98.4 million, which was 9.5% higher than the same period in 2021. The growth has been obtained fully through organic growth. Growth was strong in all regions, especially in Europe and the Americas, however, we had a slight decline in revenue in Denmark.

Earnings

EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by EUR 0.7 million to EUR 2.3 million equivalent to an EBITDA margin of 1.9%, which was 0.5 percentage point higher than in 2021.

EBIT (earnings before interest and tax) before special items decreased to EUR 1.0 million from EUR 2.0 million in 2021.

The decrease in EBIT before special items contrasts with the increase in revenue and was due to increased costs and investments. Staff costs have been driven by salary increases and from adding new competencies to support the execution of our strategy, travel costs have increased due to activity level returning back to normal after the COVID-19 pandemic, and IT costs increased due to investments in infrastructure and cybersecurity. As a consequence, the EBIT margin before special items decreased from 1.8% to 0.8% in 2022.

In 2022, special items amounted to EUR 1.0 million compared to EUR 2.7 million in 2021. Expenses for special items (non-recurring costs) were related to the implementation of the new DHI strategy and reorganisation of functions and termination or turnaround of low-performance operational activities.

EBIT (earnings before interest and tax) increased by EUR 0.7 million to EUR 0.0 million.

Financial items negatively impacted DHI in 2022 with EUR -1.3 million compared to a positive impact on financial items of EUR 1.6 million in 2021. The negative development in 2022 was primarily due to the financial markets developing negatively in 2022 driven primarily by falling equity markets and higher interest rates, following sharply increased inflation levels. Generally, DHI pursues a relatively low-risk investment strategy for investments in bonds and shares.

Result for the year

As a consequence of the above, DHI generated a loss before tax of EUR 1.3 million in 2022 compared to a profit before tax of EUR 0.9 million in 2021.

Tax for the year contributed positively to the net result due to increased income from various tax credit schemes.

Loss for the year amounted to EUR 1.0 million compared to a profit of EUR 0.3 million in 2021. Net profit for 2022 is not considered satisfactory.

Cash flow

Cash flow from operating activities was negative in 2022, EUR -3.5 million, significantly lower than the positive cash flow of EUR 3.0 million generated in 2021. The lower operating cash flow in 2022 was primarily due to an increase in working capital.

Investments in tangible assets amounted to EUR 2.2 million against EUR 1.7 million in 2021.

Total net cash flow for the year amounted to EUR -3.4 million.

Financial position

The financial position of DHI remains strong. Cash position, including securities, as of 31 December 2022 amounted to EUR 39.9 million compared to EUR 44.9 million as of 31 December 2021.

**Balance sheet**

Total assets increased to EUR 100.5 million from EUR 97.0 million in 2021. The increase was mainly due to the increase in the working capital items, Trade receivables and Contract work in progress, net.

As a result of the loss for the year, equity decreased by EUR 1.2 million to EUR 48.8 million. The solvency ratio was 49% as of 31 December 2022 and the solvency ratio remains strong, despite current year loss.

Events after the balance sheet date

Management is not aware of any events subsequent to 31 December 2022 that are expected to have a material impact on DHI's financial position.

New company

As of 1 February 2023, DHI established a new company together with Aarhus Vand A/S. The company, 'Utilizero', will offer DHI's digital solutions such as TwinPlant combined with Aarhus Vand's experiences from their digital transformation within automation, process optimisation, sensors and treatment processes for wastewater.

2023 outlook

Growth in order inflow and revenue is expected to continue.

However, increasing inflation remains a risk as index adjustments in consultancy and software sales prices are not always possible due to various contract terms. In addition, the development of the financial markets and the geopolitical impact of the war in Ukraine and the related consequential impacts remain uncertain. Despite this uncertainty we expect both revenue and EBIT to grow compared to 2022.



ESG review

Sustainability is deeply rooted in our company purpose and in our business. We have set ambitious targets of reducing carbon emissions from our own operations, and we make a positive impact on our planet together with our clients and partners, driving more than 2,400 projects in 2022 supporting water environments across the world. Our sustainability framework outlines clear targets, commitments and actions and direct us in our work to increase our contribution.



Sustainability framework

Sustainability is a central part of DHI's DNA and purpose. In everything we do, we strive to make a positive contribution to the sustainable development of our planet.

With focus on sustainability, decision-makers are driving new regulations to impose higher standards for environment and social protections and disclosure of performance, it is clear that our global water ecosystems are under pressure. Climate change drives more extreme weather conditions, global warming and rising sea levels, and at the same time urbanisation requires new standards for water distribution and water quality.

Our strategy, DHI+, is built on our ambition to support the realisation of the UN Sustainable Development Goals (SDGs). We highlight five SDGs that reflect the areas in which we make the largest impact together with our clients and partners:

- SDG 6: Ensure availability and sustainable management of water and sanitation for all
- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- SDG 13: Take urgent action to combat climate change and its impacts
- SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Our work in relation to these SDGs includes:

- Improving access to safe water, reducing untreated wastewater and increasing water-use efficiency
- Reducing water scarcity and implementing integrated water resource management
- Enabling increased use of renewable energy
- Develop sustainable and resilient marine infrastructure
- Strengthening resilience and adaptive capacity to climate-related hazards and natural disasters
- Protecting and restoring water-related ecosystems



Sustainability reporting

DHI is a signatory to UN Global Compact and committed to upholding the 10 principles of human rights, labour rights, anti-corruption and the environment.

The information contained in the Annual Report also serves as our progress report on DHI's implementation of the 10 principles of the UN Global Compact.

Our sustainability reporting has been based on Global Reporting Initiative (GRI) guidelines and standards since 2021. This section provides an overview of all relevant information to fulfil the GRI indicators and shows how DHI contributes to the SDGs and the principles of the UN Global Compact.

Further, from 2022, we have structured our reporting based on the principles following the EU Corporate Sustainability Reporting Directive's structure for Sustainability Statements. For DHI, the new EU Directive is effective for the financial year starting 1 January 2025.

The key sustainability topics are structured on the basis of ESG issues and KPIs.

Our ambitions and commitments

Our approach to sustainability is described in our sustainability framework, which outlines our ambitions, key targets and commitments within the two overall impact levels: the impact we have together with clients and partners through our advisory services and solutions, and the impact we have within DHI from our own operations.

The framework is based on a double materiality approach and furthermore, we have applied the GRI requirements to determine our material topics. This means we have taken an 'outside-in' view of sustainability matters that can affect our business as well as an 'inside-out' view of where our actions influence the environment and society. Both positive and negative outcomes are included.



Due to the nature of our business, sustainability is two-sided for DHI. We are first and foremost making an impact together with our clients and partners through the work that we do and the services we provide. Seeing how our solutions are making a difference is what motivates us to take on global water challenges, be it enabling the design of offshore wind farms, protecting large cities from stormwater, removing plastic from the ocean or managing the world's biggest water basins. Second, we can make an impact with our own operations and footprint within DHI.

Enabling sustainable development in water environments



Acting & operating with responsibility



Enabling sustainable development with our clients and partners

Sustainability is not only a critical business opportunity for DHI. It is deeply rooted in our company purpose and in our business. Together with our clients and partners, we use our deep domain knowledge and our technological edge to find new ways to use, manage and live with water and to protect water-related ecosystems, making a positive impact on our planet.

Our impact is predominant on three different levels:

- **Conserving and enhancing ecosystems** – we help to protect the natural world and its biodiversity through the application of our predictive tools and practical applications. Our modelling software suite in combination with our advisory services is equipped to support science-based decisions on the management, conservation and restoration of nature, and our services include nature-based solutions, habitat restoration, wildlife management and conservation
- **Tackling climate change and building resilience** – we enable our clients to reduce their climate impact through our products and services, supporting climate adaption and focusing on resiliency for water and environment e.g., in offshore wind farms projects. Furthermore, we collaborate and co-create with world-leading partners in engineering, insurance and economics to understand vulnerabilities and impacts, and to identify holistic and feasible solutions to sea level rise, storms, flooding, drought and other pressing challenges affecting our communities and infrastructure.
- **Driving sustainable outcomes** – bringing innovation and science-backed approaches to our projects is essential in driving sustainable outcomes. Whether this be helping decision-makers target at-risk areas for intervention, influencing strategy or permitting processes or developing

ever more accurate predictive models and knowledge base, our technology and innovation provide support for our clients and partners. Our long-standing partnerships across sectors, from UN agencies to international donors and academic institutions, drive significant innovations, extend our reach and allow us to positively influence developments around the globe.

Our key targets and commitments towards 2025 include:

1. Mapping of how DHI's products and services contribute to the SDGs
2. Implementing sustainability as a key driver in our technology and innovation investments
3. Innovating and connecting to develop new ways to support our clients' sustainability agendas

Directly impacting the UN SDGs

In 2022, we started to categorise our impact in terms of how our projects contribute to the UN SDGs. The mapping was done towards the five key SDGs identified as being where we make the most impact.

Through a collaborative effort involving the project managers, we have mapped 71% of our projects. The selection of projects represents all DHI client segments, offerings and geographies and the methodology for impact mapping was following best practice and guidelines from organisations like GRI. Based on the mapping, 79% of our projects contribute positively to the SDGs. In relation to revenue, this represents 68% of the 2022 revenue from advisory projects in DHI.

The following is our contribution to the five key SDGs for projects mapped in 2022:



- SDG 6 Clean water and sanitation: 49%
- SDG 7 Affordable and clean energy: 12%
- SDG 9 Industry, innovation and infrastructure: 37%
- SDG 13 Climate action: 25%
- SDG 14 Life below water: 19%

In 2023, we will continue the categorisation of projects and will set ambitions for the future share of projects with a positive impact on the SDGs.

Sustainability focus in investments

Technology and innovation are key elements in enabling our clients and partners to overcome their challenges and achieve their sustainability agendas. Early 2022, DHI launched a dedicated idea 'Innovation for Sustainability' (I4S) incubator programme with the objective to strategically connect our innovation and sustainability efforts by identifying and maturing ideas for new potential and commercially viable DHI services that can impact our planet in a quantified and positive way. Across the organisation, our specialists put their expertise, innovation power, idea richness and passion for sustainability into specific I4S ideas that were discussed with our DHI Innovation Lab. Five ideas were shortlisted and two moved on for investment.



CASE STORY

Singapore shows the potential for carbon capture in urban mangrove wetlands

DHI was involved in a study in Singapore that included testbedding climate solutions with research into blue carbon, outlining the potential for carbon capture in urban mangrove wetlands. The first results have proved promising.

Gardens by the Bay, an iconic horticultural attraction in Singapore, developed the area now known as Kingfisher Wetlands into a central urban wetland with enhanced microhabitats to encourage biodiversity, in turn enriching visitor experience. Beyond aesthetics, the project is also inspiring research into the question: can urban mangrove wetlands help us in our fight against climate change? DHI scientists contributed to making this happen, and a pilot study on the potential of urban mangroves capturing blue carbon has proved promising.

Challenge:

Gardens by the Bay wanted to make part of the Kingfisher Wetlands area more inviting for visitors while also serving the higher purpose of supporting national sustainability efforts. Initially, the intention was to improve aesthetics while enhancing biodiversity habitats and improving water circulation and aeration in the water bodies for biodiversity to thrive.

Solution:

- In consultation with DHI scientists, Gardens by the Bay planted over 200 native mangroves and mangrove associates: DHI provided guidance on the selection of species and monitored their health and growth.

- The project included testbedding climate solutions with research into blue carbon: a pilot study on the potential of urban mangroves capturing blue carbon showed that the carbon content in sediments was found to be comparable to natural, intertidal habitats in Singapore and has remained stable post-development.
- Through a series of educational lectures and science activities, the community learned how coastal ecosystems and nature-based solutions are helping to protect our environment.

Results:

- With the urban mangrove wetlands and newly-created water cascades and streamlets, there are now more spaces for biodiversity to flourish.
- The project paves way to explore the potential of manmade wetlands for long-term carbon storage
- Offers insights into scaling the solution for use in other parts of Singapore or other cities

Read the full case story on our [website](#).

This project contributes to UN SDG #13 Climate Action.





Acting and operating with responsibility within DHI

Acting and operating responsibly at DHI means that we are integrating key sustainability parameters into our operations at three main levels:

- **Environmental footprint** – includes identifying and mapping our operations, and taking action to minimise our climate impacts and water consumption
- **People, diversity and inclusion** – driven by overall objectives of developing our people and attracting outstanding talent, key sustainability-related actions include safeguarding our people from risk of injury and improving health and well-being in the workplace as well as embracing an inclusive culture that recognises and values diversity and prevents discrimination based on gender, nationality, race, religion, etc.
- **Operational excellence** – rooted in our DHI+ strategy and overarching focus on enhancing our operational excellence, key initiatives include protecting against data fraud and theft, building strong client relationships and driving market-based innovation

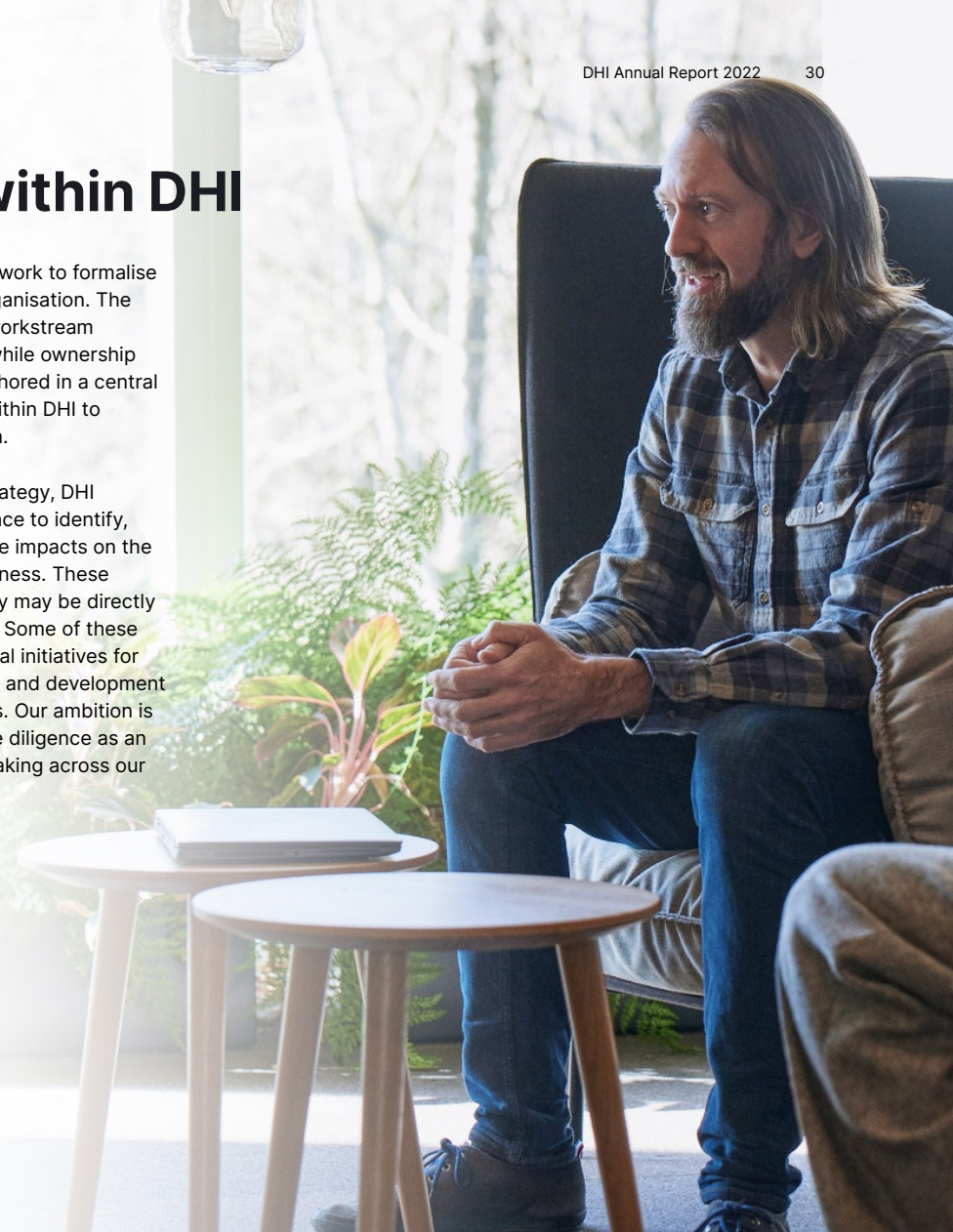
We are guided by our DHI Business Excellence Policy and Code of Conduct in all our actions.

Sustainability governance and organisation

The Board of Directors sets the strategic direction and oversees our sustainability work as the highest authority, while the Executive Leadership Team is accountable for our sustainability process and execution. Currently, sustainability-related performance is not directly included in the internal incentive schemes for the Executive Leadership Team.

Over the course of 2022, we have continued the work to formalise a sustainability management structure for our organisation. The work has been spearheaded by a sustainability workstream sponsor within the Executive Leadership Team, while ownership and responsibility to drive actions have been anchored in a central steering committee representing key functions within DHI to ensure direction, coordination and data collection.

As a responsible company and in line with our strategy, DHI continuously works with sustainability due diligence to identify, prevent and mitigate actual and potential negative impacts on the environment and people connected with our business. These negative impacts may be caused by DHI, and they may be directly linked to our own operations and/or our services. Some of these sustainability due diligence actions include internal initiatives for energy reductions and sourcing (own operations) and development of new sustainable and innovative client solutions. Our ambition is to increase the incorporation of sustainability due diligence as an integrated part of our processes and decision-making across our organisation.





Evaluation of material topics

To assess material topics that are of interest to society *and* have impact on our business, we annually update our materiality assessment, which is based on the double materiality approach as well as Global Reporting Initiatives (GRI) requirements to determine material topics. This means we have taken an 'outside-in' view of sustainability matters that can affect our business, as well as an 'inside-out' view of where our actions influence the environment and society. Both positive and negative outcomes are included. Topics have been summarised into the overall sustainability topics for DHI to report on:

Environment

- Climate
- Energy conservation
- Water conservation

Social

- Diversity and inclusion
- Health, safety and well-being
- Development and retention
- Employee welfare and engagement

Governance (operational excellence within DHI)

- Client relationships
- Operational excellence
- Cyber security

Ambitions for 2025

DHI's Environmental Footprint			
Carbon neutral by 2025 (NetZero for scope 1 and 2)		Measure and reduce our water footprint	
Supporting SDG Target 13.3 to build knowledge and capacity to meet climate change		Supporting SDG Target 6.4 to increase water-use efficiency and ensure freshwater supplies	
People, Diversity & Inclusion			
Stimulate employee learning and engagement	% of women in leadership corresponds to women in company	Zero work related injuries	Zero discrimination or harassment grievances
	Supporting SDG Target 5.5 to ensure women's full and effective participation and equal opportunities for leadership	Supporting SDG Target 8.8 to protect labour rights and promote safe and secure working environments for all	Supporting SDG Target 10.3 to ensure equal opportunity and reduce inequalities of outcome
Operational Excellence			
Increase our ability to invest in innovation		Zero reports of cyber security breaches	
Supporting SDG Target 9.5 to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation			



Environmental KPIs

Within DHI, we continuously strive to conduct our operations in an environmentally sound manner. We actively seek to avoid or reduce any waste and minimise our carbon footprint through our operations and water usage. Parts of our operations are more energy-intensive than others, e.g. the use of diesel fuel for our fleet of marine vessels. When available, in future, we are open to new technologies to decrease these harmful substances.



We are committed to working towards reaching net zero by 2025 for our scope 1 and 2 emissions (market-based).

Water consumption

DHI is in the business of protecting and managing water environments and ecosystems, and that is why being prudent in the way we use water is second nature to us.

Each DHI office is responsible for monitoring usage and ensuring functioning utilities infrastructure. These offices are typically not water intensive as consumption is limited to restrooms and kitchen/canteen facilities.

In addition to business offices, DHI operates ballast water test facilities and laboratories in Denmark. The ballast water test facility conducts biological evaluations of maritime technologies and other technical equipment. These test facilities are using freshwater and

seawater for tests, and this consumption is not comparable to other businesses of DHI, including FTE-comparable.

For 2022, our total water consumption excluding test facilities amounted to 6.3 mega litres, approximately at the same level as the year before (2021: 6.4 mega litres). This equates to a water intensity of 6,198 litres per FTE for the year (2021: 6,196 litres per FTE).

Going forward, we will continue to monitor our water footprint and work towards reductions.

Our energy use and carbon footprint

DHI has committed to working towards reaching net zero by 2025 related to sources that are owned or controlled by DHI, namely within scope 1 and scope 2. Our scope 1 emissions stem from our owned assets such as fuel for our fleet of marine vessels and cars, whereas scope 2 emissions relate to energy purchases, with considerable energy used to power our servers, IT equipment and test facilities.

During 2022, we have worked to reduce our CO2 emissions and we have invested in offset programmes.

Our carbon footprint (scope 1 and 2 market-based) amounted to 1,153 MtCO₂e, significantly lower than the year before (2021: 1,707 MtCO₂e). The reduction is mainly due to Danish Renewable Energy Certificates covering the electricity consumption at the DHI headquarters in Denmark. We are aware that certificates are merely a guarantee that green electricity is produced corresponding to the agreed amount, however, currently this is considered the best alternative for DHI at this time. Our carbon

footprint (scope 1 and 2 location-based) was 1,262 MtCO₂e, which is approximately at the same level as the year before (2021: 1,225 MtCO₂e), amounting to 1.2 MtCO₂e per FTE (2021: 1.2 MtCO₂e per FTE).

We will continue to implement energy savings to reduce emission and costs and furthermore investigate additional options for residual emissions, e.g., through verified carbon offsetting programmes.

As expected, our scope 3 emissions from air travel increased in 2022 compared to 2021, as many countries returned to a normality following the COVID-19 pandemic. Thus, emissions from air travel increased from 250 MtCO₂e in 2021 to 977 MtCO₂e in 2022. For 2023, we expect this increase to continue. However, we will initiate plans to reduce it in the future.

Future scope

DHI's net zero commitment is confirmed, and in the coming years, we will work to continuously reduce our consumption of energy and water. As a company working with water contributing to solving the world's water challenges and protecting water-related ecosystems, our aim is to invest in our own services and especially the method for blue carbon looks like a promising method to achieve net zero.

We will improve the data collection and tracking of emissions, including the continuance of internal initiatives to reduce our emissions. We will also establish formalised roles and responsibilities to undertake the global energy audit needed for all our offices, focusing on scope 1 and scope 2 emissions. In the future, we also have an ambition to complete a scope 3 mapping to understand our full footprint.



Social KPIs

At DHI, all employees are ambassadors of DHI's purpose and sustainability efforts. They are the channel through which we influence, educate and co-create with our clients to develop solutions to handle and protect water environments.

People, Diversity & Inclusion			
Stimulate employee learning and engagement	% of women in leadership corresponds to women in company	Zero work related injuries	Zero discrimination or harassment grievances
	 Supporting SDG Target 5.5 to ensure women's full and effective participation and equal opportunities for leadership	 Supporting SDG Target 8.8 to protect labour rights and promote safe and secure working environments for all	 Supporting SDG Target 10.3 to ensure equal opportunity and reduce inequalities of outcome

By year end 2022, our workforce amounted to 1,022 employees, full-time equivalent (FTE) (2021: 1,028). The majority of our staff is based in Europe, and the largest concentration of people are at our offices in Hørsholm, Denmark (HQ), Singapore and Shanghai, China.

Discrimination

DHI strives to be a great place to work for all employees and to have zero discrimination or harassment grievances. DHI's Code of Conduct reiterates that we do not practise any form of discrimination in hiring and employment practices, including access to training, promotions and rewards on the grounds of race, colour, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or

ethnic origin, union membership or marital status. We continue to focus on using non-discriminatory language in job advertisements and job interviews across our markets and organisation.

Our Non-harassment Policy and guidelines, established in 2020, states that no employee or manager should silently tolerate or witness unwelcome conduct that leads to a hostile work environment. There were no non-compliances or incidents of discrimination reported in 2022 (2021: 0).

In 2023, we aim to increase our focus on inclusive initiatives.

Diversity

Fairness is a cornerstone in ensuring diversity and inclusion. Our compensation packages are internally benchmarked to ensure equal pay for equal work.

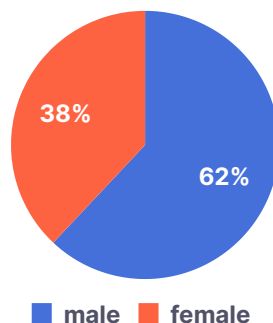
Similar to 2021, the underrepresented gender remains females constituting 38% of the workforce by end 2022.

In 2022, the ratio between men and women in the Board of Directors, including employee-elected board members, was 50:50 (unchanged from 2021). Excluding employee-elected board members, the ratio between men and women was 40:60 and meet the Danish Business Authority's gender diversity requirements.

The ratio between men and women in DHI's Executive Leadership Team is 67:33. In terms of leadership diversity, we aim to have a gender balance that reflects that of the wider company. Diversity in the broadest sense remains a key focus area for the Board of Directors and Executive Leadership Team.

The gender diversity in other leadership positions (vice presidents, directors, department heads and local management) was 73:27 by year-end 2022 (2021: 74:26). The current gender diversity ratio in other leadership positions is below our target of a gender balance that reflects that of the wider company. We aim to increase the ratio of women in leadership, and in 2022 we intensified efforts to retain and attract diverse talent to DHI. We focus on creating a positive recruitment experience for all parties, and we have started initiatives on internal training on inclusive hiring and unconscious bias in recruitment.

Split between men and female





Health, safety and well-being

The health, safety and well-being of our employees is our highest priority. We believe that when employees return home to family, they must be as safe and sound as when they left for work; anything less is unacceptable.

According to our group-wide DHI Health & Safety Policy, implemented in 2021, each country in which DHI has offices and facilities must apply a system compliant with their own local requirements. In 2023, we will additionally implement a group-wide system focused on those offices performing field work as a known high-risk activity.

Each geographical region has its own health and safety officer to ensure that our operations follow local regulation. Our occupational health and safety management system (OHS) is compliant with the requirements of the international ISO 45001:2018 standard and is implemented in offices where employees perform field work or out-of-office work. It is currently voluntary to implement the system in offices where employees perform desktop and office work only. Our Health & Safety Process covers topics such as providing optimal work conditions for employees by preventing workplace accidents with our office risk assessments.

Potential health and safety risks that may be present at our workplaces and in our activities or undertakings are continually evaluated. Where potential risks are found, a documented risk assessment will be completed to describe measures that must be

in place to effectively eliminate or control harm from happening. Since the implementation of our Health & Safety Process in 2012, no serious incidents involving fatalities or high-consequence injuries have occurred. In 2022, three work-related injuries were documented (2021: 4), all related to office and workshop-based work. No one was injured while performing work in the field.

As part of our global employee engagement process, DHI monitored employee engagement monthly during 2022 to drive continuous feedback and foster development of teams and individuals. The overall engagement rate remained stable during 2022 despite the many changes implemented as part of our new strategy. It shows we have a robust organisation that has been ready for change.

Skills, development and training

At DHI, we continuously strive to establish an organisational environment that stimulates employee learning and development. The professional and personal development of each employee development is facilitated through a blend of avenues, which include the annual Performance and Development Dialogue (PDD), on-the-job training and courses and learning activities at the DHI Campus, our internal platform for learning and development.

Our PDD process is the cornerstone in our employees' career and competency development. In 2022, 93% of all employees completed the mandatory PDD. We continue to aim for all permanent employees to have a yearly PDD and quarterly follow-

up dialogues. Jointly, the plan and the dialogues enable managers to take an active role in helping staff fulfil their career aspirations with DHI.

The DHI Campus offers knowledge-sharing and learning activities and has more than 1,000 registered users. In 2022, a total of 70 courses were completed in a combination of self-paced and instructor-led sessions mostly facilitated by internal instructors.

To promote opportunities for career development within DHI, we have launched the Global Mobility Scholarship programme, which was rolled out globally in the second half of 2022. A scholarship allows employees to spend one to three months in another country. With the overall objective to develop experts and leaders within DHI, the programme is intended to expose colleagues to different working cultures and technical approaches and to support them in building relations and networks globally. A total of nine scholarships were granted in 2022. The programme continues in 2023.

In 2022, DHI entered a three-year 'Growth Partnership' with the Danish branch of Young Water Professionals (YWP) to support, connect and engage with young talents in the global water community. YWP is part of the International Water Association (IWA) and aims to share knowledge between young professionals in the water sector. As a Growth Partner, DHI is building a long-term collaboration with YWP and is involved in both regional and global YWP activities.



All new employees at DHI are required to undertake a mandatory onboarding curriculum. During 2022, more than 150 new employees completed the virtual training programme. New employees are also trained in the DHI Code of business conduct and ethics, anti-corruption, cyber and information security, and General Data Protection Regulation (GDPR). Annual refresher training is provided for all employees. Key health and safety policies and processes are also communicated on an office-specific basis, depending on their local requirements.

Recruitment and retention

The talent, expertise and resources of our staff are cornerstones in DHI's growth and progress. Talent management is essential to retaining and recruiting the best people.

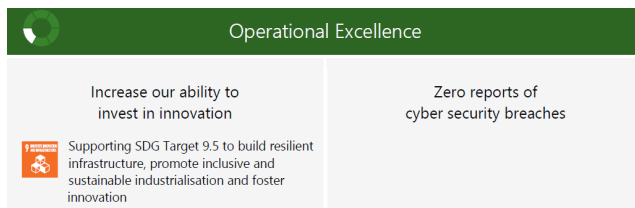
It is a strategic focus area to continuously work to ensure that DHI is an attractive workplace that can attract and retain the brightest and most innovative people in the industry. In 2023, DHI will work to further clarify career paths and the employee value proposition in line with the strategic direction in DHI+.





Governance KPIs

Our focus on operational excellence at DHI covers a multitude of aspects, from business ethics to innovation, client relationships and data security. The security of our operations and client data remains paramount.



Investments in innovation

Investing in innovation is essential to DHI. To reflect our commitment, we have created a Technology & Innovation unit within our global structure to provide support to our global business units. Part of this new structure is an Innovation Lab, which focuses on commercialising our innovations. The Lab seeks upfront market validation through experimentation, staying true to market-driven innovation and supporting fast scaling of ideas. Engagement spans across all of DHI, from investigating potential within blue carbon markets to providing design and mock-ups for prototypes or facilitation of innovation processes.

In 2022, DHI's resources invested in innovation amounted to EUR 5.8 million (2021: EUR 5.2 million). All resources are invested with the goal of boosting our innovation capabilities and connecting DHI with external innovation ecosystems such as start-ups, funding, R&D partners, etc., linking innovation and sustainability.

In 2022, DHI's external revenue from research & development amounted to EUR 7.7 million (2021: EUR 6.7 million).

Excellence in information security

DHI deals with client solutions where confidentiality is essential for data and knowledge. We build decision support systems for different clients where integrity is paramount. Furthermore, availability of data is a critical factor, and constant access needs to be maintained. Our clients need to be able to trust our services and recommendations.

Protecting DHI's confidentiality, integrity and availability is the foundation of our information security governance. Our Chief Information Security Officer is tasked with the responsibility of maintaining our information security. We have established a Cyber Security Board as a steering committee to implement security policies, comprised of senior management and the Executive

Leadership Team. The role of the board is to ensure compliance with relevant regulations and to ensure the necessary resources and commitments.

We aim to continuously improve our enterprise security architecture. We are working towards implementing a DHI-wide Information Security Management System according to the ISO 27001 standard.

We are also focused on the security of our DHI application portfolio. In 2022, we commenced a review of our 150+ client-facing applications and will work with our stakeholders to update and design security standards and policies to ensure 'security by design' for our applications eliminating vulnerabilities and making them as impervious to attack as possible.

Employee knowledge of our systems and requirements is essential to maintain information security. We run annual awareness training and certification for General Data Protection Regulation (GDPR) compliance, Information Security compliance and fraud and corruption topics.

As in 2021, there has been no reports of any substantial data losses, complaints regarding client privacy or non-compliance in 2022.



Data ethics

Data and technology are great enablers in creating opportunities for delivering services and solutions to our clients and partners. As our business models are increasingly powered by data and technology to deliver reliable and stable services to our clients, high data-ethical standards are key in our operations.

Our approach and commitment to data ethics consider the principles of data privacy, the ethical use of artificial intelligence, careful and respectful use of confidential and sensitive information and the necessary collection of data. Handling and processing data from our clients and stakeholders is based on trust. To earn and maintain that trust, we commit ourselves to protecting and securing the data, no matter the state of the data.

Our goals and objectives of data ethics are to integrate data ethics into decision-making systems, including processes and technologies across DHI.

DHI's Data Ethics Policy

We use and process data based on the principles of necessity, transparency, respect, security, ethical design and innovation with the overall purpose of creating value for our clients and partners.

- **Necessity:** As our business models increasingly rely on data to produce reliable and accurate results, we commit ourselves to restrict the creation, collection and acquisition of data beyond what is necessary for the purpose

- **Transparency:** Transparency is a key aspect of collecting data. Transparency means that our clients, stakeholders, business partners and employees know what data is collected and shared and how it is used by DHI and its affiliates
- **Respect:** Data is handled with respect for human rights and the privacy of our clients, business partners and employees. We integrate internal controls and train employees in applying high ethical standards when handling data and using our systems
- **Security:** Our clients, business partners, stakeholders and employees trust us with their data, which is why we as a trusted company are committed to protecting and storing their data securely and safely using state-of-the-art security measurements. We apply DHI Group security policies and controls when processing and handling data to protect confidentiality and integrity and to ensure compliance with applicable legislation and regulations. We ensure that systems and services operate securely and effectively using advanced technologies
- **Ethical design:** We integrate data ethics principles into processes where data is the key element of success to ensure high ethical standards when developing services and solutions for our clients and employees, including the use of artificial intelligence
- **Innovation:** We are committed to bringing innovative solutions to our clients, business partners and employees and equally to using innovation to positively impact the global sustainability challenges through operational optimisations

Business ethics

We operate our business in compliance with all legal requirements. Our business practices are transparent and in accordance with the International Federation of Consulting Engineers (FIDIC) Code of Ethics. We acknowledge and respect the requirements of the United Nations Declaration of Human Rights and the Convention against Corruption, and we require that our employees work actively to ensure continued compliance in all their work.

DHI adheres to all relevant laws and regulations aimed at the protection and promotion of human rights both in the workplace and more broadly in our business activities. Every employee is an important member of the DHI team. We believe diversity and inclusion help to attract, develop and retain talent, generate innovation and help fulfil and exceed client expectations. We are committed to providing equal opportunities regardless of ethnicity, race, national origin, religion or belief, gender identity or expression, sexual orientation, age, disability or any other characteristic. Our assessment is that the highest risks in respect of human rights are related to DHI's use of subcontractors and suppliers. Risks relating to human rights are considered within our risk management due diligence process, overseen by the Board of Directors. During the year, DHI has continued to work on protecting and promoting human rights to ensure that we comply with applicable legislation at all times.



We are committed to promoting transparency and accountability globally in DHI and we are committed to making anti-corruption part of the DHI culture and operations. Our assessment is that the highest risks within anti-corruption and bribery relate to the interaction with suppliers and to the receipt of gifts or other benefits. Through our practices and DHI's Code of Conduct, we show employees, clients and suppliers that DHI applies a zero-tolerance policy on corruption in any form, including bribery and facilitation payments. Our Code of Conduct is communicated to all employees during onboarding and is available on our website.

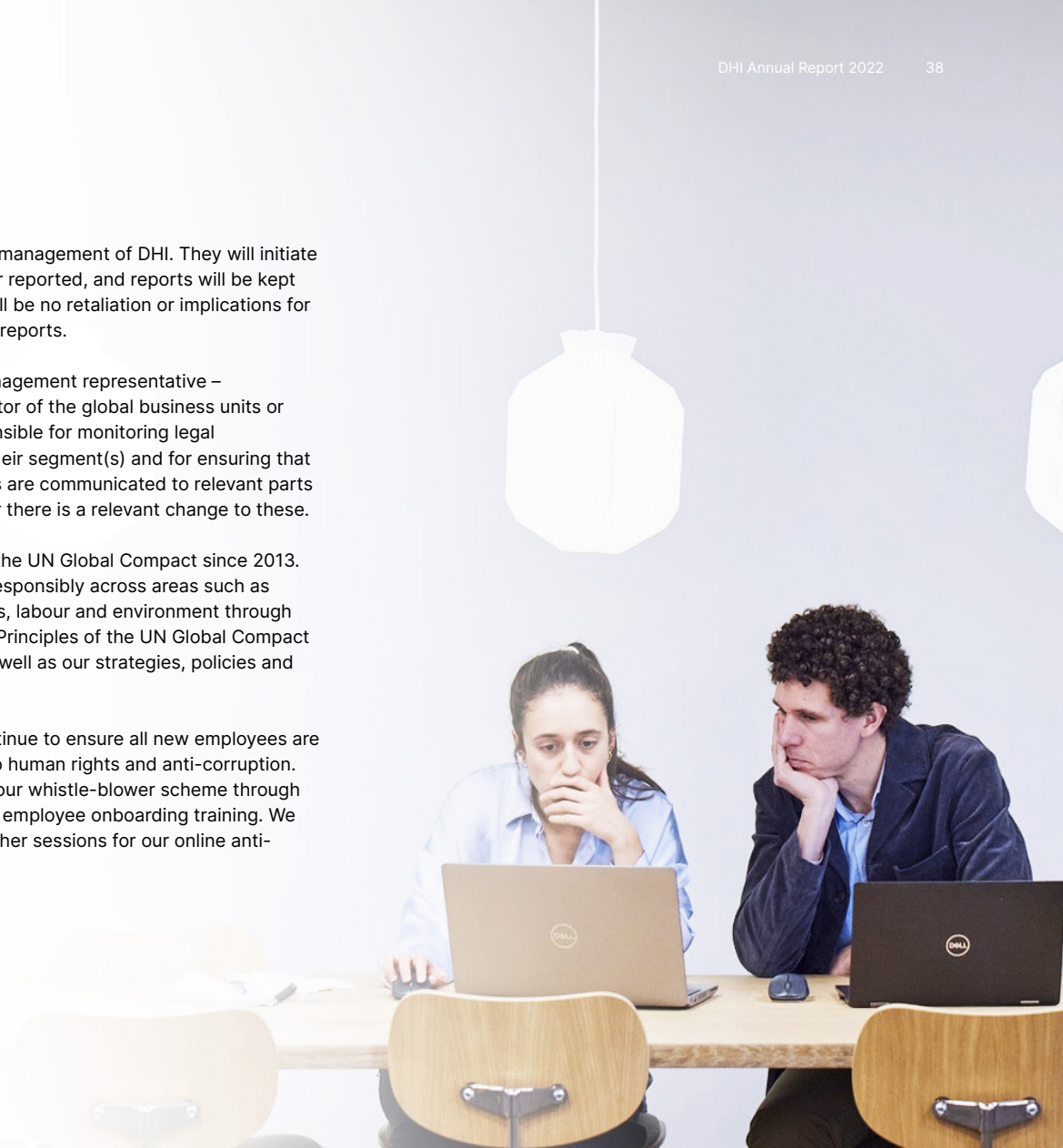
We demonstrate our commitment to the principles of our Code of Conduct by having established suitable management systems, including adequate training and controls to ensure compliance, and by maintaining necessary documentation to demonstrate our compliance. All employees have a duty to report to management any violations and/or suspected violations of the Code of Conduct or any other unethical behaviour by anyone employed by or working for DHI, clients, distributors, suppliers or subcontractors. Any concerns may be reported anonymously via the DHI Whistle-blower Portal, which is publicly available from the DHI website, enabling employees and other stakeholders to report if they become aware of or suspect unlawful/non-confirming activity is taking place in the company. Any concern reported is sent to two members of our external Board of Directors for investigation, who

are independent of the daily management of DHI. They will initiate an investigation of the matter reported, and reports will be kept strictly confidential. There will be no retaliation or implications for any person making any such reports.

Every business segment management representative – Operational Excellence Director of the global business units or segment manager – is responsible for monitoring legal requirements applicable to their segment(s) and for ensuring that applicable legal requirements are communicated to relevant parts of the organisation whenever there is a relevant change to these.

DHI has been a signatory to the UN Global Compact since 2013. This requires us to operate responsibly across areas such as human rights, business ethics, labour and environment through the incorporation of the Ten Principles of the UN Global Compact into our Code of Conduct as well as our strategies, policies and procedures.

Looking to 2023, we will continue to ensure all new employees are aware of our commitments to human rights and anti-corruption. We will continue to promote our whistle-blower scheme through internal communications and employee onboarding training. We will also roll out annual refresher sessions for our online anti-corruption e-learning course.





ESG highlights

Selected material Topics	Target 2025	Unit	2022	2021	2020	2019
ENVIRONMENT						
Water footprint (excluding test facilities), total		Mega litres	6.3	6.4	5.5	7.4
Water footprint (excluding test facilities) per FTE		Litres	6,198	6,196	5,391	7,002
Water consumption, test facilities (Ballast water and laboratories), mega litres		Mega litres	4.2	7.3	5.4	9.9
Scope 1 Direct emissions		MtCO2e	356	348	299	537
Scope 2 Indirect emissions (including electricity and district heating) - market-based	NetZero	MtCO2e	797	1,359	1,466	1,275
Scope 2 Indirect emissions (including electricity and district heating) - location-based		MtCO2e	906	878	921	1,079
Total scope 1 & 2 (market-based)	NetZero	MtCO2e	1,153	1,707	1,765	1,813
Total scope 1 & 2 (location-based)		MtCO2e	1,262	1,225	1,220	1,616
Scope 3 emissions from air travel, total		MtCO2e	977	250	435	2,178
Scope 3 emissions from air travel, per FTE		MtCO2e	1.0	0.2	0.4	2.1
SOCIAL						
Number of employees (FTEs)		FTEs	1,022	1,028	1,014	1,055
Men:Women ratio			62:38	62:38	62:38	61:39
Proportion of women in leadership positions (vice presidents, directors, department heads and local management), excl. the Board of Directors and the Executive Leadership Team		%	27	26		
Incidents of discrimination recorded	Zero	Number	0	0		
<i>Health and safety</i>						
Fatalities because of work-related injury	Zero	Number	0	0		
High-consequence work-related injuries (excluding fatalities)	Zero	Number	0	0		
Recordable work-related injuries reported in line with local laws and regulation	Zero	Number	3	4		
GOVERNANCE						
External revenue from research & development		mEUR	7.7	6.7		
DHI resources invested in innovation		mEUR	5.8	5.2		
Substantiated data losses	Zero	Number	0	0		
External complaints regarding customer privacy	Zero	Number	0	0		
Complaints/non-compliance regarding customer privacy	Zero	Number	0	0		



Reporting principles

The ESG Review section focuses on the topics we consider most important and material to our business and society, by taking into consideration relevant stakeholder inputs.

The reporting covers the statutory reporting on corporate social responsibility, as required by section 99a, 99b and 99d of the Danish Financial Statements Act.

Framework and reporting metrics

The sustainability reporting for 2022 includes all offices and legal entities of DHI, compared to only five offices in the 2021 reporting. Consequently, the environmental data for 2019–2021 has been restated. Subsidiaries not fully owned are included 100% in the reporting metrics.

The sustainability reporting is not externally assured.

GRI and UN Global Compact index

DHI is a signatory to the United Nations Global Compact (UNGC) and we express our ongoing commitment to the 10 principles of the UNGC. This report forms part of our annual communication on implementing the principles of the UNGC and supporting broader UN goals. The Global Reporting Initiative (GRI) content index and the UN Global Compact index can be found at dhi.group.com. Additional performance data regarding ESG is also available in these indexes.

Environmental calculation principles

Water:

Actual water consumption figures for our offices are available, with the exception of offices where data collection from landlords has not been feasible. To mitigate this lack of information, we have included an estimate for the specific office based on the average consumption per FTE in comparable locations.

Scope 1 Direct emissions:

Includes emissions that occur from sources that are controlled or owned by DHI, including use of diesel fuel for our fleet of marine vessels. Data is based on invoices and/or estimates where no actual data is available. Emissions are calculated centrally by multiplying activity data with the relevant emission factor.

Electricity:

Actual electricity consumption figures for our offices are available, with the exception of offices where data collection from landlords has not been feasible. To mitigate this lack of information, we have included an estimate for the specific office based on the average consumption per FTE in comparable locations.

We have used the following electricity emission factors:

Electricity location-based: we have used the local published conversion factors, or where not available, the most recent currently available Country Specific Electricity Grid Greenhouse Gas Emission Factor for production mix emission factors as published by carbonfootprint.com. The production mix emission is

based on the mix of fuels used by power stations in the specific area. When the actual production mix emission factor was available for a specific office, this has been used

Electricity market-based: we have used 0 as emission factor for our headquarters in Denmark from 2022, as our electricity has been green. For the other locations and previous years, we have used the local published conversion factors, or where not available, the most recent currently available Country Specific Electricity Grid Greenhouse Gas Emission Factor for residual mix emission factors as published by carbonfootprint.com. These residual mix emission factors are based on the mix of fuels used by power stations in the area where the energy from certain fuels that has been sold to specific consumers has been taken out

District heating:

Actual heating consumption figures for our offices are available, with the exception of smaller offices where data collection from landlords has not been feasible. To mitigate this lack of information, we have included an estimate for the specific office that has district heating, based on the average consumption per person in comparable locations.

We have used the following district heating emission factors: For our headquarters in Hørsholm, Denmark, the emission factor has been based on the specific district heating provider. For the remaining offices that have district heating, emission factors are based on the country's emission factors.

*Business travel:*

Scope 3 air travel emissions have been estimated via the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator, except for Denmark where flight emissions were provided directly from the travel agent (Egencia).

Social calculation principles*Full-time equivalent (FTE):*

Averages across a 12-month period. Data collected via our ERP system. The calculation of FTEs includes hourly paid employees, substitutes (MSc students, trainees/internship), DHI Consultants and regular employees.

Gender diversity:

Gender diversity data are based on registrations in DHI's global HR system. All FTEs are included. Employees are registered with their gender during the recruitment process.

Incidents of discrimination recorded:

Number of incidents of discrimination is collected by DHI's global HR based on our Non-harassment Policy and guidelines.

Fatalities because of work-related injury

An occurrence of death during work for DHI. DHI did not experience any fatalities in 2022.

High-consequence work-related injuries (excluding fatalities):

Work-related injury from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within six months.

Recordable work-related injuries reported in line with local laws and regulations:

Workplace injury as defined per local law and regulation and which leads to loss of productive work in the form of absenteeism or delays.

Governance calculation principles*External revenue from research & development:*

Total revenue from Research, Development & Innovation and the Danish Research Contract.

DHI resources invested in innovation:

Resources used to deliver new ideas, products or methods or significantly improved products and processes for the market.

Substantiated data losses:

Substantiated data losses are an incident where data is destroyed, deleted, corrupted, or made unreadable by users and software applications. A data loss incident can be intentional or accidental.

External complaints regarding customer privacy:

An external complaint regarding customer privacy is logged by the receiver/DHI contact in our Non-Compliance tool. Subsequently, a root cause investigation and implement corrective actions is initiated.

Complaints/non-compliance regarding customer privacy:

The complaint is logged by the DHI employee that disclosed the complaints/non-compliance. Subsequently, a root cause investigation and implement corrective actions is initiated.



Corporate governance

DHI is owned by The DHI Foundation and is a Danish government-approved Research and Technology Organisation (RTO/GTS) recognised by the Danish Ministry of Higher Education and Science. We have a two-tier management structure comprising the Board of Directors and the Executive Management.



Ownership and company structure

DHI is owned by the DHI Foundation (Danish: DHI Fonden), which owns 100% of the company shares in DHI A/S.

The foundation is a Danish, philanthropic commercial foundation, established in 2018 with the objective to support non-profit or charitable purposes, in particular to promote and support technological development and competence in Denmark in the areas of aquaculture and offshore technology, oceanography and marine environment, water resources, aquatic ecology, environmental chemistry, health and environment, water in industry and urban environment and related areas. The foundation seeks to enhance business and society's opportunities to create development and welfare in a technically, economically and environmentally optimal way, and to develop more technology services to the benefit of our clients.

DHI A/S has fully or partially owned subsidiaries in 26 countries across the world.

Danish government-approved technology organisation

We invest significantly in research and development to develop new knowledge, methods and technologies to the benefit of our customers and the society, we cooperate with universities in Denmark and abroad, and we are recognised worldwide for our innovation and expertise within water and water environments.

The Parent Company, DHI A/S, is a Danish government-approved Research and Technology Organisation, RTO (in Danish named GTS), recognised by the Danish Ministry of Higher Education and Science. DHI A/S is one of seven RTOs in Denmark. The RTOs play a key role in the Danish innovation system as the link between research, technology and business as they seek to make new knowledge and technological services applicable to businesses and promote businesses' uptake of new technology.

The Danish RTOs are not-for-profit organisations, which are self-owned, impartial, and independent of business or political interests. For DHI, being a not-for-profit organisation means that all profits are reinvested in research and innovation and supporting infrastructure and facilities.

Leadership

DHI has a two-tier management structure comprising the Board of Directors and the Executive Management. There are no overlapping members.

Board of Directors

The Board of Directors is responsible for the overall and strategic management and proper organisation of the Group's business and operations. On behalf of the shareholder, the Board of Directors supervises DHI's organisation, day-to-day management and results.

The Board of Directors consists of eight members and has appointed a Chair and a Deputy Chair. Three members are elected by the employees. Meet the Board of Directors on [page 44](#).

The Board of Directors evaluates its work on an annual basis and determines once a year the qualifications, experience and skills needed for the Board of Directors to best perform its tasks. All board members are up for election at each Annual General Meeting excluding employee-elected board members.

The Board of Directors has established an audit committee consisting of three board members. The audit committee's responsibilities include assisting the Board of Directors in monitoring the effectiveness of the internal control and risk management systems and reviewing DHI's financial reporting and audit process.

Management

The Executive Management includes DHI's CEO, who is appointed by the Board of Directors.

Furthermore, DHI has an Executive Leadership Team (ELT), which is responsible for the day-to-day operations of their respective business areas while at the same time being part of the overall leadership of DHI. The Executive Leadership Team consists of nine members including the CEO. Meet the Executive Leadership Team on [page 45](#).



Board of Directors

Board members



Jakob Thomsen

Chair

Chairman and CEO,
Thomsen Safety
Member of the Board of Directors
since 2015
Audit Committee member



Merete Soby

Deputy Chair

Executive Vice President,
KMD
Member of the Board of Directors
since 2016



Birgitte Nauntofte

Professor, University of
Copenhagen
Member of the Board of Directors
since 2021



Helle Rootzén

CEO, andhero
Member of the Board of Directors
since 2016



Michael Rosenvold

Professional full-time Board
member
Member of the Board of Directors
since 2018
Audit Committee Chair

Employee-elected Board members



**Bo Brautz
Christensen**

Senior Coastal Engineer
Elected to the Board of Directors in
2020



**Anders Chr.
Erichsen**

Head of Environmental Solutions
Elected to the Board of Directors in
2018
Audit Committee member



**Gunvor Tychsen
Philip**

Operational Excellence Director,
Technology & Innovation
Elected to the Board of Directors in
2020



The Executive Leadership Team



Mette Vestergaard
CEO



Kenneth Barrett
CFO



Tarek Barky
Vice President,
Head of Strategy Portfolio



Ann-Louise Elkjær
Senior Vice President,
People & Communications



Anders Liechti
CTO



Stefan Paul Szykarski
Executive Vice President,
Water Resources & Mining



Mikael Kamp Sørensen
Executive Vice President,
Energy & Ports



Cheng-ann Tan
Executive Vice President,
Marine & Coastal



Cecilia Wennberg
Executive Vice President,
Water in Cities



Risk assessment

The Executive Leadership Team assesses risk on an ongoing basis, including risks related to financial reporting. The overall risk management due diligence process is overseen by the Board of Directors.

Operating risks and financial risks

DHI operates in a highly competitive and rapidly changing global marketplace. We consider risk management and due diligence a necessity for sound business and have adopted a structured approach comprising four elements: risk identification, risk assessment, identification of mitigating actions and risk reporting. Our risk management and due diligence approach includes non-financial topics such as environment, social and governance (ESG) aspects.

Operating risks

In 2022, DHI delivered on more than 2,400 client projects globally. Loss on projects is minimised by carefully evaluating risks during the bidding and execution process. A thorough risk evaluation process is in place during the bidding process, and executing risks are evaluated as part of the daily project management process and the monthly follow-up process. Project resources are allocated between the DHI entities to the extent possible to minimise under or overcapacity.

Risk of potential losses from claims from clients is mitigated by a thorough quality review of all projects delivered and by an international liability insurance programme.

Potential risks from breakdown of our central IT systems and from cybersecurity issues are mitigated by our internal IT policies and processes.

Market risks

As a global advisory company, DHI is influenced by the geopolitical development and economic situation. These market risks are mitigated by the global presence and variety of products and services offered to a wide span of both public and private clients.

Financial risks

DHI's financial risks are managed centrally to ensure alignment of financial risk management with corporate objectives; to optimise access to debt capital and to ensure that treasury operates within a controlled environment.

DHI's excess funds, which are not required to meet operational financial obligations, are placed in short-term bonds and shares with a relatively low-risk profile.

Business management system certifications

The DHI Business Management System is an integrated system for the management of business, quality, business integrity, environment and health and safety. It fulfils the requirements of ISO9001 (quality management), ISO 14001 (environmental management) and ISO 45001 (health and safety management). The environmental management as well as health and safety management of the office operations are optional.

As explained in the ESG Review section, we are working towards implementing a DHI-wide Information Security Management System according to ISO 27001, which we aim for certifying during 2023.

Independent auditor

DHI's independent group auditors are appointed for a term of one year at the Annual General Meeting following a proposal from the Board of Directors, which is based on a recommendation from the Audit Committee. The framework for the auditors' duties, including their remuneration, audit and non-audit services, is agreed annually between the board and the auditors following the recommendation of the Audit Committee.

A photograph of three people in an office setting. A man with a beard and glasses is looking at a computer monitor. A woman with blonde hair is smiling and looking towards the man. Another person's head is visible in the foreground, looking at a computer monitor. The background is a dark blue wall.

Financial statements



Consolidated financial statements



Consolidated profit and loss account

EUR million	Note	2022	2021
Revenue	3	119.4	110.4
Project costs		-21.0	-20.4
Net project revenue		98.4	90.0
Other operating income		0.2	0.4
Other external costs		-19.2	-15.3
Staff costs	4	-77.1	-73.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		2.3	1.6
Depreciation and amortisation		-2.3	-2.3
Earnings before interest and tax (EBIT)		0.0	-0.7
Financial income	5	0.5	1.8
Financial expenses	6	-1.8	-0.2
Profit/loss before tax		-1.3	0.9
Tax	7	0.3	-0.6
PROFIT/LOSS FOR THE YEAR		-1.0	0.3



Consolidated cash flow statement

EUR million	Note	2022	2021
Earnings before interest and tax (EBIT)		0.0	-0.7
Depreciation and amortisation		2.3	2.3
Cash flow from operating activities before working capital		2.3	1.6
Working capital			
Change in trade receivables		-4.2	1.5
Change in contract work in progress and payments from clients, net		0.1	-1.2
Change in trade payables		0.8	1.7
Change in other working capital items		-0.2	1.0
Change in working capital, total		-3.5	3.0
Tax paid/received, net		0.3	-1.0
Financial items, net		-0.2	0.2
CASH FLOW FROM OPERATING ACTIVITIES		-1.1	3.8
Investments in tangible assets	9	-2.2	-1.7
Investments in other fixed asset	10	0.0	0.1
CASH FLOW FROM INVESTING ACTIVITIES		-2.2	-1.6
Repayment of mortgage loans		-0.1	-0.1
Dividends paid		-	-0.1
CASH FLOW FROM FINANCING ACTIVITIES		-0.1	-0.2
NET CASH FLOW FOR THE YEAR		-3.4	2.0
Cash and cash equivalents at 1 January		30.7	27.6
Exchange adjustment of cash at bank and in hand		0.3	1.1
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		27.6	30.7

The cash flow statement cannot be immediately derived from the published financial records.

Accounting policies

The cash flow statement shows DHI's consolidated cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as earnings before interest and tax (EBIT), adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as other fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from the shareholder.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".



Consolidated balance sheet

ASSETS - EUR million			2022	2021	LIABILITIES - EUR million			
Goodwill			0.0	0.0	Share capital	Note 15	1.3	1.3
Acquired licenses			0.0	0.0	Foreign currency translation reserve		0.2	0.4
Intangible assets	8		0.0	0.0	Retained earnings		46.1	47.2
Land and buildings			1.7	2.1	Equity attributable to shareholders of the Parent Company		47.6	48.9
Other fixtures and fittings, tools and equipment			5.4	5.1	Minority interests		1.2	1.1
Leasehold improvements			0.8	0.8	Total equity		48.8	50.0
Property, plant and equipment	9		7.9	8.0	Mortgage loans	Note 16	0.9	1.0
Deposits and other fixed assets investments			1.0	1.0	Total long-term liabilities		0.9	1.0
Deposits and other fixed assets investments	10		1.0	1.0	Mortgage loans	Note 16	0.1	0.1
Total fixed assets			8.9	9.0	Trade payables		6.3	5.5
Inventories			0.2	0.2	Prepayments from clients	Note 11	19.4	15.7
Trade receivables			25.2	21.0	Corporation tax		0.4	0.4
Contract work in progress	11		17.6	14.0	Other payables	Note 17	17.9	17.9
Other receivables			0.7	0.4	Deferred income	Note 18	6.7	6.4
Tax receivables			1.1	1.1	Total short-term liabilities		50.8	46.0
Deferred tax assets	12		5.0	4.7	Total liabilities		51.7	47.0
Prepayments	13		1.9	1.7	TOTAL EQUITY AND LIABILITIES		100.5	97.0
Receivables			51.5	42.9	Distribution of profit/loss	Note 19		
Securities	14		12.3	14.2	Contingent liabilities and other financial obligations	Note 20		
Cash at bank and in hand			27.6	30.7	Related parties	Note 21		
Currents assets			91.6	88.0	Auditors' fee	Note 22		
TOTAL ASSETS			100.5	97.0	Subsequent events	Note 23		



Statement of changes in consolidated equity

EUR million	Share capital	Foreign currency translation reserve	Retained earnings	Equity attributable to shareholders of the Parent Company	Minority interests	Total equity
Total equity at 1 January 2021	1.3	-0.7	47.0	47.6	1.0	48.6
Exchange adjustments	-	1.1	-	1.1	0.0	1.1
Profit for the year	-	-	0.2	0.2	0,1	0.3
Total equity at 1 January 2022	1.3	0.4	47.2	48.9	1.1	50.0
Exchange adjustments	-	-0.2	-	-0.2	0.0	-0.2
Loss for the year	-	-	-1.1	-1.1	0.1	-1.0
TOTAL EQUITY AT 31 DECEMBER 2022	1.3	0.2	46.1	47.6	1.2	48.8



Notes to the consolidated financial statements

Note 1 - Basis for preparations

DHI A/S is a public limited company domiciled in Denmark.

The financial statements for 2022 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. The Consolidated and Parent Company Financial Statements for 2022 are presented in EUR million rounded with one decimal. Notes for management remuneration and auditors fee have been presented in EUR thousand.

Reclassifications in 2022

With effect from 2022, pass through revenue arising from joint operations are presented net, as it has been evaluated that DHI acts as an agent for accounting purposes and does not actually assume risks, etc. in connection with pass through revenue. The adjustment has no effect on the result. Comparative figures have been adjusted accordingly.

In 2022, minor reclassifications have been made to comparative figures. These reclassifications have no effect on the result and overall evaluation of the financial position of the Group.

Recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DHI A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.



Notes to the consolidated financial statements (continued)

Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Explanation of financial ratios

$$\text{Revenue growth} = \frac{\text{Change in revenue}}{\text{Revenue previous year}}$$

$$\text{EBIT margin} = \frac{\text{EBIT}}{\text{Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Equity}}{\text{Balance sheet total}}$$

$$\text{Return on equity} = \frac{\text{Profit/loss for the year}}{\text{Average equity}}$$

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Short - term liabilities}}$$

Note 2 – Accounting estimates and judgement

The calculation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions concerning future events.

The estimates and assumptions made are based on historical experience and other factors that Management finds reasonable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the Group is subject to risks and uncertainties that may entail those actual results differ from these estimates.

It may be necessary to change previous estimates due to changes in the conditions on which these previous estimates were based or due to new knowledge or subsequent events. Estimates that are significant to the financial reporting are made by determining revenue and selling price on contract, including valuation of deferred tax assets.

Recognition of revenue from fixed-price contracts

Revenue from fixed-price contracts is recognised based on the stage of completion of the services, which is determined based on time spent and an assessment of the fee value thereof. The assessment of the stage of completion are part of the continuous internal management control and budgetary control over the individual projects, which reduces the uncertainty related to the determination thereof. Reference is made to note 11 for an overview of contract work in progress.

Trade receivables

The write-down is based on historical data based on expected losses over the total term of the receivable, corrected for estimates of the effect of expected changes in relevant parameters such as economic development.

Deferred tax assets

Deferred tax balances relates in all material matters to goodwill which arose as a result of the group-internal restructuring as of 31 December 2018. The Group has chosen to recognise EUR 4.3 million as a deferred tax asset based on the projected Danish taxable income for the next 3-5 years. The valuation of the deferred tax asset is especially dependent on DHI A/S being able to realise the projected growth in projects and achieving the necessary market shares to profit from the investments in development projects. The remaining amount relates to foreign subsidiaries. Reference is made to note 12 for an overview of deferred tax assets.



Notes to the consolidated financial statements (continued)

Note 3 - Segment information

Revenue by reporting segments

EUR million	2022	2021
Marine & Coastal	35.4	32.4
Energy & Ports	21.2	19.2
Water Resources & Mining	21.2	20.7
Water in Cities	20.8	20.1
Product Sales and Support	15.5	13.1
Technology & innovation	5.3	4.9
Total	119.4	110.4

Due to organisational changes, the internal reporting on global business units was changed from 2022. Comparative figures for 2021 have been updated to reflect this change.

Revenue by geography

EUR million	2022	2021
Denmark	22.4	23.9
Europe	41.0	36.0
Americas	12.2	9.4
Asia & Pacific	38.7	36.8
Africa	5.1	4.3
Total	119.4	110.4

Revenue from the Danish Research Contract amounted to EUR 4.9 million (2021: EUR 4.9 million).

Segment information

For internal management purposes, DHI is organised into global business units (GBUs) based on products and services. Segment information are provided on these global business units (reporting segments), as these are regarded as the reportable segments which is also aligned with the internal financial reporting.

The Board of Directors and Executive Leadership Team monitors the operating results of the global business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's financing (including finance costs, finance income and other income) and taxes are managed on a Group basis and are not allocated to operating segments.

Revenue by geography is based on the location of the client.



Notes to the consolidated financial statements (continued)

Note 3 - Segment information (continued)

Accounting policies

DHI, predominantly, performs consultancy services and sells software.

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue generally is recognised net of discounts relating to sales and any taxes collected from customers and subsequently remitted to governmental authorities.

Consultancy services

Consultancy services are provided on a time and material basis or as a fixed-price contract. Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. Revenue from fixed-price contracts is recognised under the percentage of completion method.

Under the percentage of completion method, revenue is generally recognised based on the services performed to date as a percentage of the total service to be performed.

Revenue includes re-invoicing of work performed by sub-suppliers at the Group's expense and risk, i.e. where the Group is considered to be principal in the transaction as well as other outlays.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income during the period in which the circumstances that give rise to the revision become known by Management.

Revenue from the Danish GTS-performance contract (Danish Research Contract) and project grants are recognised as they are used at approved rates, adjusted for any self-financing.

Software

Revenue is recognised when the client has obtained control of the license and has the ability to use and obtain substantially all the benefits from the license. License revenue is therefore generally recognised at that point-in-time.

Software as a Service (SaaS), such as digital operational services for ports are revenue recognised over the term of the service.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.



Notes to the consolidated financial statements (continued)

Note 4 - Staff costs

EUR million	2022	2021
Wages and salaries	-69.7	-66.4
Pension costs	-1.9	-1.3
Other social security costs	-5.5	-5.8
Total staff costs	-77.1	-73.5

Remuneration to the Executive Board and fee to the Board of Directors (EUR thousand)

Executive Board		-1,747
Board of Directors		-167
Remuneration to the Executive Board and fee to the Board of Directors	-1,051	-1,914

For 2022, separate information on remuneration for the Executive Management and Board of Directors has been omitted in accordance with the exemption provision in the Danish Financial statements Act § 98 b, subsection 3.

Remuneration to the Executive Board for 2021 consisted of remuneration to the current Executive Board and former member of the Executive Board, including one-time severance payments to former member of the Executive Board in 2021.

Remuneration of the Executive Board consist of fixed monthly salary, pension contribution, car allowance and a variable short term bonus incentive.

	2022	2021
Number of full-time employee equivalents (FTEs)	1,022	1,028

Accounting policies

Staff costs comprise wages and salaries as well as payroll expenses and other related expenses.



Notes to the consolidated financial statements (continued)

Note 5 - Financial income

EUR million	2022	2021
Unrealised capital gains, securities	-	0.9
Foreign exchange gains	0.4	0.5
Interests and other financial income	0.1	0.4
Financial income	0.5	1.8

Accounting policies

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Note 6 - Financial expenses

EUR million	2022	2021
Unrealised capital loss, securities	-1.6	-
Interests and other financial expenses	-0.2	-0.2
Financial expenses	-1.8	-0.2

Note 7 - Tax

EUR million	2022	2021
Current tax for the year	-1.4	-1.5
Change in deferred tax for the year	0.3	0.2
Income due to tax credit schemes	1.4	0.7
Tax	0.3	-0.6

Accounting policies

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.



Notes to the consolidated financial statements (continued)

Note 8 - Intangible assets

EUR million	Acquired licenses	Goodwill	Total
Cost at 1 January	0.4	0.7	1.1
Exchange adjustment	0.0	0.0	0.0
Cost at 31 December	0.4	0.7	1.1
Impairment losses and amortisation at 1 January	-0.4	-0.7	-1.1
Exchange adjustment	0.0	0.0	0.0
Amortisation for the year	0.0	0.0	0.0
Impairment losses and amortisation at 31 December	-0.4	-0.7	-1.1
Carrying amount at 31 December 2022	0.0	0.0	0.0

Accounting policies

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Acquired licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; however not exceeding 5 years.



Notes to the consolidated financial statements (continued)

Note 9 - Property, plant and equipment

EUR million	Land and Buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January	5.0	21.2	2.4	28.6
Exchange adjustment	0.1	0.3	0.0	0.4
Additions for the year	-	2.1	0.1	2.2
Disposals for the year	-	-0.7	0.0	-0.7
Cost at 31 December	5.1	22.9	2.5	30.5
Amortisation at 1 January	-3.0	-16.0	-1.6	-20.6
Exchange adjustment	-0.1	-0.2	0.0	-0.3
Depreciation for the year	-0.3	-1.9	-0.1	-2.3
Reversal of amortisation on disposals	-	0.6	0.0	0.6
Amortisation at 31 December	-3.4	-17.5	-1.7	-22.6
Carrying amount at 31 December 2022	1.7	5.4	0.8	7.9

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

- Production buildings 30-50 years
- Other buildings 30-50 years
- Other fixtures and fittings, tools and equipment 3-5 years
- Leasehold improvements 5-10 years

The fixed assets' residual values are determined at nil. Depreciation period and residual value are reassessed annually.

The carrying amounts of intangible and tangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.



Notes to the consolidated financial statements (continued)

Note 10 - Deposits and other fixed assets investments

EUR million	2022	2021
Cost at 1 January	1.0	1.0
Additions for the year	0.0	0.1
Disposals for the year	0.0	-0.1
Cost at 31 December	1.0	1.0
Carrying amount at 31 December	1.0	1.0

Note 11 - Contract work in progress

EUR million	2022	2021
Selling price of work in progress	195.7	183.9
Payments received on account	-197.5	-185.6
	-1.8	-1.7
<i>Recognised in the balance sheet as follows:</i>		
Contract work in progress recognised in assets	17.6	14.0
Prepayments from clients recognised in liabilities	-19.4	-15.7
Contract work in progress, net	-1.8	-1.7

Accounting policies

Other fixed asset investments consist of deposits and other capital investments and are measured at the lower of cost and net realisable value at the balance sheet date.

Accounting policies

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

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

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative. Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.



Notes to the consolidated financial statements (continued)

Note 12 - Deferred tax assets

EUR million	2022	2021
Deferred tax asset at 1 January	4.7	4.5
Recognised in the income statement for the year	0.3	0.2
Carrying amount at 31 December	5.0	4.7

Accounting policies

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Note 13 - Prepayments

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

Note 14 - Securities

EUR million	2022	2021
Value at 1 January	14.2	13.1
Unrealised value adjustment for the year	-1.6	0.9
Realised value adjustment for the year	-0.3	0.2
Carrying amount at 31 December	12.3	14.2

Accounting policies

Securities include bonds and shares are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.



Notes to the consolidated financial statements (continued)

Note 15 - Share capital

The share capital consists of 10,000,000 shares of a nominal value of EUR 1.344 thousand. No shares carry any special rights.

The share capital has developed as follows:

EUR million	2022	2021	2020	2019	2018
Share capital at 1 January	1.3	1.3	1.3	1.3	0.7
Capital increase	-	-	-	-	0.6
Capital decrease	-	-	-	-	-
Share capital at 31 December	1.3	1.3	1.3	1.3	1.3

Note 16 - Mortgage loans

EUR million	2022	2021
After 5 years	0.5	0.6
Between 1 and 5 years	0.4	0.4
Long-term part	0.9	1.0
Within 1 year	0.1	0.1
Carrying amount at 31 December	1.0	1.1

Accounting policies

Mortgage loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.



Notes to the consolidated financial statements (continued)

Note 17 - Other payables

EUR million	2022	2021
Taxes and VAT payable	2.9	2.2
Accrued holiday allowance	6.5	6.7
Other debt	8.5	9.0
Carrying amount at 31 December	17.9	17.9

Note 18 - Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Note 19 - Distribution of profit/loss

EUR million	2022	2021
Minority interest	0.1	0.1
Retained earnings	-1.1	0.2
Profit/Loss for the year	-1.0	0.3



Notes to the consolidated financial statements (continued)

Note 20 - Contingent liabilities and other financial obligations

Rental obligations

As of 31 December 2022, the Group has a rental obligation of EUR 10.8 million (2021: EUR 11.3 million), of which the Parent Company's obligation amounts to EUR 6.7 million (2021: EUR 7.3 million). The present part of the Parent Company's leases may be terminated at 6 months, however the contract for the Domicile in DK cannot be terminated before May 2029 and hereafter 12 months.

Lease obligations

As of 31 December 2022, the remaining payments relating to leases amount to EUR 0.4 million (2021: EUR 0.4 million) for the Group. The remaining terms run from 6 to 60 months. The lease obligation of the Parent Company amounts to EUR 0.1 million (2021: EUR 0.1 million) of the total obligations.

Guarantees

As of 31 December 2022, total guarantees of EUR 5.3 million (2021: EUR 5.0 million) have been provided by the Group in connection with project completion. Guarantees provided by the Parent Company amounts to EUR 3.6 million (2021: EUR 3.5 million).

As of 31 December, the Parent Company has issued a guarantee of EUR 0.3 million (2021: EUR 0.3 million) with respect to operating credits in DHI Sweden. DHI Sweden has moreover provided its outstanding invoices as security for the company's operating credit (EUR 0.2 million). Furthermore,

The Parent Company has stated that it provides financial support to the Australian subsidiary, DHI Water & Environment Pty Ltd.

Note 21 - Related parties

Transactions

Related parties comprise DHI Fonden (the DHI Foundation), Board of Directors, Executive Board, Managers and other key employees and subsidiaries. Apart from usual intercompany transactions and usual management remuneration, no transactions were made during the year with related parties.

Transactions with related parties at arm's length have not been disclosed in accordance with section 98 c(7) of the Danish Financial Statements Act.

Ownership

DHI A/S is controlled by DHI Fonden (The DHI Foundation), Agern Allé 5, 2970 Hørsholm, Denmark which owns 100% of the shares. The DHI Foundation does not carry out any independent business, and no material transactions are conducted between the foundation and DHI.



Notes to the consolidated financial statements (continued)

Note 22 - Auditors' fee

EUR thousand	2022	2021
Fee, statutory audits	172	117
Assurance engagements	32	0
Tax consultancy	61	57
Services other than audit	0	13
Total invoiced fee, PricewaterhouseCoopers	265	187
Others	92	92
Total invoiced fee within the year	357	279

Note 23 - Subsequent events

Management is not aware of any events subsequent to 31 December 2022 that are expected to have a material impact on DHI's financial position.

New subsidiary

As of 1 February 2023, DHI established a new company together with Aarhus Vand A/S. The company, Utilizero, will offer DHI's digital solutions such as TwinPlant combined with Aarhus Vand's experiences from their digital transformation within automation, process optimisation, sensors and treatment processes for wastewater.



Parent Company financial statements



Profit and loss account for the Parent Company, DHI A/S

EUR million	Note	2022	2021
Revenue	3	53.2	51.5
Project costs		-13.9	-14.8
Net project revenue		39.3	36.7
Other operating income		6.1	5.5
Other external costs		-15.2	-12.3
Staff costs	4	-33.6	-32.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-3.4	-2.4
Depreciation and amortisation		-1.3	-1.5
Earnings before interest and tax (EBIT)		-4.7	-3.9
Income from subsidiaries	10	4.8	2.3
Financial income	5	0.5	1.6
Financial expenses	6	-1.9	-0.2
Loss before tax		-1.3	-0.2
Tax	7	0.2	0.4
PROFIT/LOSS FOR THE YEAR		-1.1	0.2



Balance sheet for the Parent Company, DHI A/S

ASSETS - EUR million	Note	2022	2021
Goodwill		0.0	0.0
Acquired licenses		0.0	0.0
Intangible assets	8	0.0	0.0
Land and buildings		1.0	1.3
Other fixtures and fittings, tools and equipment		3.4	3.5
Leasehold improvements		0.7	0.7
Property, plant and equipment	9	5.1	5.5
Investments in subsidiaries	10	27.6	25.9
Deposits and other fixed assets investments	11	0.6	0.6
Other fixed assets investments		28.2	26.5
Total fixed assets		33.3	32.0
Inventories		0.1	0.1
Trade receivables		8.9	7.7
Contract work in progress	12	4.0	3.7
Receivables from subsidiaries		12.6	9.4
Tax receivables		0.7	0.8
Deferred tax assets	13	4.3	4.3
Prepayments	14	1.4	1.3
Receivables		31.9	27.2
Securities	15	11.1	13.0
Cash at bank and in hand		1.9	1.8
Currents assets		45.0	42.1
TOTAL ASSETS		78.3	74.1

LIABILITIES - EUR million	Note	2022	2021
Share capital	16	1.3	1.3
Revaluation reserve under the equity method		6.4	5.0
Retained earnings		39.9	42.6
Total equity		47.6	48.9
Mortgage loans	17	0.9	1.0
Total long-term liabilities		0.9	1.0
Mortgage loans	17	0.1	0.1
Trade payables		4.9	4.1
Prepayments from clients	12	9.5	4.9
Payables to subsidiaries		1.9	1.2
Other payables	18	8.9	9.6
Deferred income	19	4.5	4.3
Total short-term liabilities		29.8	24.2
Total liabilities		30.7	25.2
TOTAL EQUITY AND LIABILITIES		78.3	74.1
Distribution of profit/loss	20		
Contingent liabilities and other financial obligations	21		
Related parties	22		
Auditors' fee	23		
Subsequent events	24		



Statement of changes in equity for the Parent Company, DHI A/S

EUR million	Share capital	Revaluation reserve under the equity method	Retained earnings	Total equity
Total equity at 1 January 2021	1.3	3.4	42.9	47.6
Exchange adjustments	-	1.1	-	1.1
Dividend from subsidiaries	-	-1.8	1.8	0.0
Profit for the year	-	2.3	-2.1	0.2
Total equity at 1 January 2022	1.3	5.0	42.6	48.9
Exchange adjustments	-	-0.2	-	-0.2
Dividend from subsidiaries	-	-3.2	3.2	0.0
Loss for the year	-	4.8	-5.9	-1.1
TOTAL EQUITY AT 31 DECEMBER 2022	1.3	6.4	39.9	47.6



Notes to the Parent Company's financial statements

Note 1 - Basis for preparations

The Parent Company financial statements show the financial position and results of DHI A/S on a non-consolidated basis for the financial year 1 January to 31 December 2022.

No separate cash flow statement has been prepared for the Parent Company, in accordance with section 86(4) of the Danish Financial Statements Act.

The accounting policies of the Parent Company are unchanged from last year and identical to the accounting policies in DHI's consolidated financial statements, with the following exceptions:

Income from subsidiaries

The item 'Income from subsidiaries' in the income statement includes the proportionate share of the profit for the year.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method. The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Reclassifications in 2022

With effect from 2022, pass through revenue arising from joint operations are presented net, as it has been evaluated that DHI acts as an agent for accounting purposes and does not actually assume risks, etc. in connection with pass through revenue. The adjustment has no effect on the result. Comparative figures have been adjusted accordingly.

In 2022, minor reclassifications have been made to comparative figures. These reclassifications have no effect on the result and overall evaluation of the financial position of the Group.

Note 2 – Accounting estimates and judgement

Accounting estimates and judgements of the Parent Company are identical to the items included in the consolidated financial statements. Reference is made to note 2 Accounting estimates and judgement to the consolidated financial statements.



Notes to the Parent Company's financial statements (continued)

Note 3 - Segment information

Revenue by global business units

EUR million	2022
Marine & Coastal	13.1
Energy & Ports	14.8
Water Resources & Mining	8.6
Water in Cities	6.8
Product Sales and Support	6.4
Technology & innovation	3.5
Total	53.2

Due to organisational changes, the internal reporting on global business units was changed from 2022. For the Parent Company, no comparative figures for 2021 is available.

Revenue by geography

EUR million	2022	2021
Denmark	22.4	21.5
Europe	13.0	11.5
Americas	3.1	3.2
Asia & Pacific	10.2	11.5
Africa	4.5	3.8
Total	53.2	51.5



Notes to the Parent Company's financial statements (continued)

Note 4 - Staff costs

EUR million	2022	2021
Wages and salaries	-32.5	-31.7
Pension costs	-0.8	-0.3
Other social security costs	-0.3	-0.3
Total staff costs	-33.6	-32.3

Remuneration to the Executive Board and fee to the Board of Directors (EUR thousand)

See note 4 - Staff costs to the consolidated financial statements as identical for the Parent Company.

	2022	2021
Number of full-time employee equivalents (FTEs)	308	306

Note 5 - Financial income

EUR million	2022	2021
Unrealised capital gains, securities	-	0.9
Interest, subsidiaries	0.1	0.1
Foreign exchange gains	0.4	0.5
Interests and other financial income	0.0	0.1
Financial income	0.5	1.6

Note 6 - Financial expenses

EUR million	2022	2021
Unrealised capital loss, securities	-1.7	-
Interests and other financial expenses	-0.2	-0.2
Financial expenses	-1.9	-0.2



Notes to the Parent Company's financial statements (continued)

Note 7 - Tax

EUR million	2022	2021
Current tax for the year	-0.5	-0.3
Income due to tax credit schemes	0.7	0.7
Tax	0.2	0.4

Accounting policies

The Parent Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes. Taxes include corporation taxes and withholding taxes etc.

Note 8 - Intangible assets

EUR million	Acquired licenses	Total
Cost at 1 January	0.4	0.4
Cost at 31 December	0.4	0.4
Impairment losses and amortisation at 1 January	-0.4	-0.4
Amortisation for the year	0.0	0.0
Impairment losses and amortisation at 31 December	-0.4	-0.4
Carrying amount at 31 December 2022	0.0	0.0



Notes to the Parent Company's financial statements (continued)

Note 9 - Property, plant and equipment

EUR million	Land and Buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January	3.5	11.0	1.8	16.3
Additions for the year	-	1.1	0.0	1.1
Disposals for the year	-	-0.6	0.0	-0.6
Cost at 31 December	3.5	11.5	1.8	16.8
Amortisation at 1 January	-2.2	-7.5	-1.1	-10.8
Depreciation for the year	-0.3	-1.0	0.0	-1.3
Reversal of amortisation on disposals	-	0.4	-	0.4
Amortisation at 31 December	-2.5	-8.1	-1.1	-11.7
Carrying amount at 31 December 2022	1.0	3.4	0.7	5.1



Notes to the Parent Company's financial statements (continued)

Note 10 - Investments in subsidiaries

EUR million	2022	2021
Cost at 1 January	15.3	15.3
Cost at 31 December	15.3	15.3
Value adjustments at 1 January	5.0	3.4
Exchange adjustment	-0.2	1.1
Net profit for the year	4.8	2.3
Dividends to the Parent Company	-3.2	-1.8
Value adjustments at 31 December	6.4	5.0
Equity investments with negative net asset value amortised over receivables	5.9	5.6
Carrying amount at 31 December 2022	27.6	25.9



Notes to the Parent Company's financial statements (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	
DHI Sverige AB	Gothenburg, Sweden	SEK 1,000,000	100%	*
DHI AS	Trondheim, Norway	NOK 210,000	100%	**
DHI WASY GmbH	Berlin, Germany	EUR 2,740,000	100%	
DHI Vietnam	Hanoi, Vietnam	USD 50,000	100%	
DHI GRAS A/S under likvidation	Hørsholm, Denmark	DKK 500,000	100%	***
DHI Toxispot A/S	Hørsholm, Denmark	DKK 501,000	100%	
DHI Invest ApS	Hørsholm, Denmark	DKK 200,000	100%	
DHI SARL	Nantes, France	EUR 150,000	* 100%	
DHI S.r.l. a socio unico	Genova, Italy	EUR 200,000	100%	
DHI WATER & ENVIRONMENT ESPAÑA, S.L.	San Sebastián, Spain	EUR 700,000	100%	
DHI WATER ENVIRONMENTS (UK) LTD	Southampton, United Kingdom	GBP 50,000	100%	
- DHI Österreich GmbH	Vienna, Austria	EUR 35,000	100%	
DHI a.s.	Prague, Czech Republic	CZK 12,243,000	72.5%	
- DHI SW Projects S.R.L.	Bucarest, Romania		100%	
- DHI SLOVAKIA, s.r.o.	Bratislava, Slovak Republic		100%	
- DHI Hungary Kft.	Budapest, Hungary		100%	
DHI Polska Sp. z. o. o.	Warsaw, Poland	PLN 1,110,000	100%	
DHI Water & Environment, Inc	Lakewood, CO, USA	USD 4,950,000	100%	
DHI Water & Environment, Inc	Cambridge, ON, Canada	CAD 100,000	100%	
DHI AUSTRALIA HOLDING PTY LTD	Brisbane, Australia	AUD 1	100%	
- DHI Water & Environment Pty Ltd	Brisbane, Australia	AUD 700,000	100%	
- DHI Water & Environment Ltd	Takapuna, New Zealand	NZD 100,000	100%	
- Seaport OPX Pty Ltd	Southport, Australia	AUD 0	100%	
- Eco-Nautic Pty Ltd	Brisbane, Australia	AUD 120	100%	
DHI Peru S.A.C. Miraflores	Lima, Peru	PEN 500,000	** 100%	
DHI Water & Environment (S) Pte Ltd	Singapore, Singapore	SGD 2,250,000	100%	
- DHI Philippines Holding	Manilla, Philippines	Dormant - under closure	40%	
- DHI Philippines	Manilla, Philippines	Dormant - under closure	64%	
DHI WATER & ENVIRONMENT (M) SDN. BHD.	Selangor, Malaysia	MYR 500,000	100%	
DHI (India) Water & Environment Private Limited	New Delhi, India	INR 49,804,492	** 100%	
PT DHI Water & Environment	Jakarta Selatan, Indonesia	USD 297,000	*** 100%	
DHI Water & Environment (B) Sdn Bhd	Kg. Delima Satu, BSB, Brunei	BND 10,000	*** 100%	
DHI China	Shanghai, China	CNY 3,070,186	100%	

* DHI Invest ApS owns 0.2% of France (DHI SARL)

** DHI Invest ApS owns 1% of Peru (DHI Peru S.A.C. Miraflores) and India (DHI (India) Water & Environment Private Limited)

*** DHI Singapore owns 1% of Indonesia (PT DHI Water & Environment) and Brunei (DHI Water & Environment (B) Sdn Bhd)



Notes to the Parent Company's financial statements (continued)

Note 11 - Deposits and other fixed assets investments

EUR million	2022	2021
Cost at 1 January	0.6	0.6
Cost at 31 December	0.6	0.6
Carrying amount at 31 December	0.6	0.6

Note 12 - Contract work in progress

EUR million	2022	2021
Selling price of work in progress	78.7	80.9
Payments received on account	-84.2	-82.1
	-5.5	-1.2

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	4.0	3.7
Prepayments from clients recognised in liabilities	-9.5	-4.9
Contract work in progress, net	-5.5	-1.2

Note 13 - Deferred tax assets

EUR million	2022	2021
Deferred tax asset at 1 January	4.3	4.3
Carrying amount at 31 December	4.3	4.3



Notes to the Parent Company's financial statements (continued)

Note 14 - Prepayments

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

Note 15 - Securities

EUR million	2022	2021
Value at 1 January	13.0	12.0
Unrealised value adjustment for the year	-1.7	0.9
Realised value adjustment for the year	-0.2	0.1
Carrying amount at 31 December	11.1	13.0

Note 16 - Share capital

See note 15 - Share capital to the consolidated financial statements as identical for the Parent Company.

Note 17 - Mortgage loans

See note 16 - Mortgage loans to the consolidated financial statements as identical for the Parent Company.

Note 18 - Other payables

EUR million	2022	2021
Taxes and VAT payable	0.8	0.3
Accrued holiday allowance	5.4	5.5
Other debt	2.7	3.8
Carrying amount at 31 December	8.9	9.6

Note 19 - Deferred income

Deferred income consists of payments received in respect of income in subsequent years.



Notes to the Parent Company's financial statements (continued)

Note 20 - Distribution of profit/loss

EUR million	2022	2021
Reserve for net revaluation under the equity method	4.8	2.3
Retained earnings	-5.9	-2.1
Profit/Loss for the year	-1.1	0.2

Note 21 - Contingent liabilities and other financial obligations

See note 20 - Contingent liabilities and other financial obligations to the consolidated financial statements as identical for the Parent Company.

In addition to the contingent liabilities and other financial obligations disclosed in note 20 to the consolidated financial statements, the Group's Danish entities, including the Parent Company, are jointly and severally liable for tax on the jointly taxed incomes etc. The total amount of corporation tax payable by the Group's Danish entities is nil.

Moreover, the Danish entities are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Note 22 - Related parties

Transactions

See note 21 - Related parties to the consolidated financial statements as identical for the Parent Company.

In addition to the related parties disclosed in note 21 - Related parties to the consolidated financial statements, related parties of DHI A/S also include the subsidiaries listed in note 10 Investment in Subsidiaries.

Ownership

See note 21 - Related parties to the consolidated financial statements as identical for the Parent Company.



Notes to the Parent Company's financial statements (continued)

Note 23 - Auditors' fee

EUR thousand	2022	2021
Fee, statutory audits	133	94
Assurance engagements	32	0
Tax consultancy	57	57
Services other than audit	0	13
Total invoiced fee, PricewaterhouseCoopers	222	164
Others	-	-
Total invoiced fee within the year	222	164

Note 24 - Subsequent events

See note 23 - Subsequent events to the consolidated financial statements as identical for the Parent Company.



Management's statement

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DHI A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the

results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Hørsholm, 28 March 2023

Executive Board

Mette Vestergaard Jakobsen
CEO

Board of Directors

Jakob Bo Thomasen
Chair

Michael Rosenvold

Helle Rootzén

Gunvor Tychsen Philip

Mette Søby
Deputy Chair

Birgitte Nauntofte

Henrik Bo Christensen

Anders Christian Erichsen



TO THE SHAREHOLDER OF DHI A/S

Independent auditor's report

Report on the Consolidated Financial Statements and the Parent Company Financial Statements

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements of DHI A/S give a true and fair view of the financial position of the Group and the Parent Company as of 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DHI A/S for the financial year 1 January - 31 December 2022, which comprise profit and loss account, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated cash flows statement ('the Financial Statements').

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's 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 the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the 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 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 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.

Reporting on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for the transactions comprised by the financial reporting being in accordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for due financial consideration having been made in the administration of the funds and the operation of the Parent Company comprised by the Financial Statements. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the Financial Statements, it is our responsibility to perform a compliance audit and a performance audit of selected subject matters in accordance with public auditing standards. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with the relevant provisions relating to the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support due financial consideration made in the administration of the funds and the operation of the Parent Company comprised by the Financial Statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement.

We do not have any material critical comments to report in this respect.

Hellerup, 28 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Søren Alexander
State Authorised Public Accountant
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