

ANNUAL REPORT 2019



Multiconsult



Interactive PDF

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PROJECT: **FREDRIKSTAD CAMPUS
NEW FREDERIK II HIGH SCHOOL
AND ARENA FREDRIKSTAD**

ILLUSTRATION: **LINK ARKITEKTUR
AND GRIFF ARKITEKTUR**

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2019 HIGHLIGHTS AND KEY FIGURES



Significant call-off under the Fornebu-banen frame agreement with Oslo kommune.



Frame agreement with Forsvarsbygg for new construction and reconstruction of existing infrastructure at Ørland, Værnes and other locations in Trøndelag.



New contract with Statens vegvesen Region Vest for county road 47 (Fylkesvei 47) Karmsundgata in Haugesund.



Multiconsult's subsidiary **LINK arkitektur won a major contract** for the first phase of a new emergency hospital in Västerås in Sweden. In addition, the contract includes options for the following phases.



Multiconsult's subsidiary LINK arkitektur in collaboration with Multiconsult **won a major school project** in Fredrikstad.



Multiconsult Polska was awarded an important **new contract with Polish National Railway Lines** for railway line No. 98 on the section Sucha Beskidzka – Chabówka south in Poland.



New EPC contract with Skanska for E16 Åsbygda – Olum. Multiconsult will deliver engineering services as an advisor to Skanska for the Norwegian Public Roads Administration Region East (Statens vegvesen Region Øst).

- **On 21 June 2019, Multiconsult and the Norwegian Parliament (Stortinget) reached a settlement** in the legal dispute over Multiconsult's services to Stortinget in the Prinsens gate 26 construction project.

- **On 7 November 2019, Multiconsult held a capital market day** announcing a revised strategy and introducing nextLEVEL improvement programme with a target of annual improvement of NOK 150 million. Multiconsult also introduced new financial targets related to, among others, revenue growth and profitability.

- **Employee share purchase programme 2019** was successfully completed in November 2019 with participation from 18 per cent of employees across all subsidiaries participating.

- **Multiconsult's attractive recruitment position was confirmed** by the annual Universum survey among engineering students and professionals in Norway. Within the industry, Multiconsult ranks as the most attractive employer among both students and engineering professionals in the annual surveys conducted by Universum in Norway. Multiconsult does not only hold a strong position as an attractive employer within the industry; in competition with all companies in Norway, the Universum surveys rank Multiconsult as the second most attractive employer for engineering professionals. For the very first time Multiconsult was in 2019 also ranked as the second most attractive employer for engineering students.

- **MUST summer internship was successfully completed** with 1 300 applicants for 98 positions.

2019 CONSOLIDATED KEY FIGURES

Amounts in MNOK (except EPS, shares and percentage)

	FY 2019	FY 2018	FY 2017
FINANCIAL			
Net Operating revenues	3 435.8	3 334.8	2 977.7
Growth (%)	3.0%	11.4%	14.3%
EBITDA	299.1	149.1	164.7
EBITDA margin (%)	8.7%	4.5%	5.5%
EBITDA excluding IFRS 16 effect	140.6	149.1	164.7
EBIT	106.3	99.0	118.0
EBIT margin (%)	3.1%	3.0%	4.0%
EBIT excluding IFRS 16 effect	85.8	99.0	118.0
Basic earnings per share (NOK)	1.30	2.36	3.01
Average number of shares	26 957 519	26 970 289	26 407 850
Net interest bearing debt ¹⁾	91.6	59.5	134.5
Cash and cash equivalents ²⁾	86.8	138.9	154.3
OPERATIONAL			
Order intake	4 348.1	4 592.0	3 762.5
Order backlog	2 967.6	2 803.4	2 147.7
Billing ratio (%)	69.2%	70.2%	67.0%
Employees	2 994	2 934	2 851

¹⁾ Excluding IFRS 16 lease liabilities

²⁾ Including restricted cash

PROJECT: CONSTRUCTION CITY, OSLO
ILLUSTRATION: LINK ARKITEKTUR



THIS IS MULTICONSULT

OVERVIEW OF THE BUSINESS

Overview of the business

Multiconsult group ("Multiconsult" or "the group") comprises Multiconsult ASA ("the holding company") and all subsidiaries and associated companies.

Business and location

Multiconsult ASA is a Norwegian public limited liability company with its head office in Oslo, Norway. Activities are organised through subsidiaries both in Norway and internationally, as well as project offices managed from Oslo. The group has 36 offices in Norway and abroad and had 2 994 employees as of 31 December 2019, including about 869 employed in wholly owned subsidiaries inside and outside Norway.

Multiconsult is one of Norway's leading specialists in engineering design, consultancy and architecture services. Its business concept is to deliver multidisciplinary consultancy, creating value for customers, shareholders, employees and the group. The group's principal activities involve multidisciplinary consultancy, design, planning, project supervision, project management, geotechnical site surveys, verification and controls in Norway. The group provides engineering services in Sweden and Poland in addition to architecture services in all three Scandinavian countries.

Revenue model

The group's business model is mainly based on consultancy fee revenues generated from own employees. In certain projects, services are also provided by external consultants ("sub-consultants"). In some projects, several partners have entered into cooperation agreements to bid collectively, where partners recognise their share of revenues. There is a clear definition of responsibility between Multiconsult and the partners or sub-consultants. Projects can vary in duration, and long-term projects may extend over a number of years. The scope and duration of the projects are often extended through supplementary contracts and orders.

Long-term, stable customer base

Multiconsult strives to maintain good, long-term customer relations. A majority of the largest customers are stable, long-term customers, who have been placing orders with Multiconsult for many years. The group's ten largest customers in Norway are dominated by solid, public enterprises with established investment plans and limited credit risk.

Strategic platform

At the Capital Market Update in November 2018 and 2019, Multiconsult presented a revised strategy towards 2020. The new strategy "GO" has an increased focus on strengthen operations and value creation in order to further develop the Multiconsult group. It represents an unchanged course, but a reduced speed. Hence, the long-term strategic direction of selective expansion in Sweden and Energy international remains. However, execution horizon is postponed until profitability is regained. Until then, profitability, consolidation and operations are prioritised.

GO represents the ambitions of Gain and Operations. The ambition for Gain is an initial EBIT margin of 8% and a long-term EBIT margin of 10%, while the ambition for Operations means strengthened operations and value creation.

GO consists of seven strategic objectives:

1. Regain a normalised profitability level as a basis for further development
2. Take a position as #1 in large profitable EPC/IPD projects in Norway
3. Take a leading position and improved profitability within Transportation
4. Realise profitability and selective growth within Energy in Norway and internationally
5. Further develop our leading position within health care buildings in Scandinavia
6. Enable digital innovation and develop new business models
7. Develop flexible manning solutions that ensure profitability



At the capital markets day in 2019 an update on its strategic direction and the nextLEVEL profitability improvement programme was introduced, as well as financial targets. In recent years, the company has experienced weakening margins, Multiconsult launched the nextLEVEL improvement programme – focusing on cost reductions and operational improvements. nextLEVEL has a target of annual improvement of NOK 150 million expecting a full year effect within 18 months. Development and progress will be monitored continuously and new measures implemented as deemed relevant.

Multiconsult introduced new financial targets related to, among others, revenue growth and profitability. The revenue growth target is a 10% CAGR from 2020 – 2025, including acquisitions. The profitability target is an initial EBIT margin of 8% and a long-term EBIT margin of 10%.

Maintain a solid balance sheet to support daily operations and growth targets, but also withstand periods of weaker markets.

PROJECT: NEW DEICHMAN LIBRARY, OSLO
PHOTO: KARINA RØNNING

The maximum gearing (NIBD/EBITDA) shall be 2.5x. The company shall aim to have a gearing of 1.0x – 2.0x in normal circumstances. In special circumstances (such as acquisitions), gearing may go up to 3.0x for a period not exceeding 18 months. Gearing is measured excluding IFRS 16 effects.

The dividend policy and equity ratio remains unchanged at 50% of net profit and an equity ratio excluding IFRS 16 effects higher than 25 per cent.

BUSINESS AREAS AND REPORTING STRUCTURE

The group's business is organised in three geographical areas in addition to LINK arkitektur, and comprises the following reporting segments:

- Greater Oslo Area
- Regions Norway
- International
- LINK arkitektur

A description of each is presented under segment information.

In 2019 Multiconsult comprised of seven business areas, which correspond to the group's key market segments and which operate across geographical reporting segments:

- Buildings & Properties
- Industry
- Oil & Gas
- Renewable Energy
- Transportation
- Water & Environment
- Cities & Society

A description of the group's business areas can be found in note 5 on page 67 in this report.



Grethe Bergly
Chief Executive Officer

Photo: Erik Burds / Studio B13

WE ARE PART OF THE SOLUTION

Multiconsult has played a major role in the Norwegian society for over 110 years. In the face of rapid change and the challenges the world is facing, engineering and architectural firms like Multiconsult will become even more important. Understanding the drivers of change and meeting the user and customer needs is key, as well as delivering sustainable solutions and making efficient use of new technology. Future growth will require that we challenge ourselves in terms of increased and groundbreaking innovation for the benefit of our customers.

I tend to say that “we are part of the solution”, whatever the challenge in question is. We can not solve all of the challenges on our own, but we want to always be part of the solution. I believe I can stand by my words, considering the challenges the world faces today. By working closely together with our customers and business partners, we will continue to move Norway and the world in the right direction, through challenging and sustainable projects including:

- Carbon capture and storage in the Northern Lights project
- Renewable energy sources such as solar power and large wind farms, both onshore and offshore
- Electrification of Longyearbyen in Svalbard
- A new water supply system for Oslo’s residents
- Improved transport connectivity in Oslo with the Fornebu Metro Line

The above list is only a small fraction of the many complex projects we are involved in, which generate major, long-term benefits for society each year. The list also demonstrates that our most important contribution to society is made through our projects. I never cease to be impressed by the ability of our employees to find new and revolutionary solutions to the complex challenges our clients face.

EMPOWERED BY THREE THOUSAND EMPLOYEES

As a group, we are nothing without our 3 000 employees, and our organisation is based on them and their ability to solve problems. It is the everyday work of our employees that produces complex and impressive projects and add value for both our clients and us. Our employees empower positive growth in the third world by giving access to renewable energy like hydroelectric, wind and solar power. In the oil and gas sector, our engineers are contributing in developing solutions for carbon capture and storage. The same group of engineers is also heavily involved in large offshore wind farms. Our world-leading solar power team is part of the development of the first floating solar PV farm on seawater. At Campus Ås, our employees working on the building for co-location of the Norwegian Veterinary Institute and Norwegian School of Veterinary Science worked with excellent partners to empower one of the most advanced construction projects on the Norwegian mainland.

Having employees who really want to make a difference and challenge accepted truths is of great value to us. However, we can not rest on our laurels – we must constantly look forward. To continue being part of the solution for the future, we must at all times manage to keep developing our employ-

ees at the same time as attracting leading specialists and people in the right disciplines. We are in a unique position, as according to Universum’s annual survey of how attractive companies are, both students and professionals rank Multiconsult as the industry’s most attractive employer, and put it in second place amongst all engineering companies in Norway. In the “Great place to Work” survey, our Swedish subsidiary Iterio was rated one of Sweden’s very best places to work in the category for medium-sized enterprises. This has not happened by chance, but rather it is the fruit of a concerted effort.

«It is the everyday work of our employees that produces complex and impressive projects and add value for both our clients and us»

Prizes and awards also indicate that we are doing a good job. The various prizes won by our employees show that we have exceptionally talented employees who are number one in their specialist fields. Prizes for our projects show that together we are able to solve the challenges posed by the most difficult projects the market has to offer. This is where we want to be. I am proud and impressed by our employees taking their specialist fields to a higher level, and by our ability to create teams of engineers and architects who are ready to solve the great challenges facing society. In sum, this tells me that we have laid a solid foundation for the coming years.

MARKETING AND SALES

In 2019, Buildings & Properties experienced a strong market, in both the private and public sectors. Investment levels in transport infrastructure remained high, with several big projects issued for tender in 2019. Another strong trend in 2019 was the growing market for Water & Environment. Growth was driven by major maintenance and climate adaptation projects in the water and sewerage sector. Multiconsult enjoys a strong position in all of these markets, and over the past year we won major contracts in all of them. The new water supply system for Oslo, Campus Fredrikstad, the E16 highway from Åsbygda to Olum, the S61 Expressway in Poland and the new Vesterås hospital in Sweden were some of the largest contracts we won in 2019. Being awarded the latter project reinforced our leading position within health care facilities in Scandinavia.

Our experience is that clients increasingly want integrated architectural and engineering services. Here the close cooperation between Multiconsult Norge and our subsidiary LINK arkitektur puts us in a strong position, and together we are winning major projects. One of many examples is the contract with Fredrikstad Campus, covering the new Fredrikstad sixth-form college, a sports hall and Arena Fredrikstad ice rink. Another example is the major urban development project at Lierstranda outside Drammen.

In our international operations our subsidiary in Poland. Multiconsult Polska has in recent years built itself up to become a key player in major transportation projects in its home market. It further reinforced this position in 2019 through major rail and road contracts. Multiconsult's world-leading expertise on renewable energy is also highly sought-after around the world. In 2019 international demand was particularly strong for our services related to wind and solar power.

THE BEGINNING OF A TURNAROUND

Low profitability has been our biggest challenge in recent years. For Multiconsult, 2019 represents a year of great change and the start of a turnaround. As Multiconsult is part of the solution to the challenges facing society, each individual employee is part of the solution to the challenges the group is facing. The best way to solve challenges is together. One of our basic principles is to have a joint "ownership" of our clients and projects.

Over the course of the year, a substantial part of Multiconsult's management was replaced and our organisational structure was adjusted. The goal has been to create an organisation that is focused on our core business – sales and projects. We must improve sales and how we execute our projects more efficiently than we have done in the past. Closer manager supervision and digital innovation will both play key roles in this.

In November 2019 we embarked on an 18-month programme to improve profitability, called nextLEVEL, which aims to add NOK 150 million to our financial result each year through cost-cutting and more efficient project implementation.

Multiconsult has been through challenging times before. By standing shoulder to shoulder and by each of us individually doing our bit, we have overcome our challenges and become stronger. That is what is happening this time too. I am impressed by how both managers and employees alike have responded to the changes introduced by nextLEVEL, not to

mention their desire to contribute to achieving the ambitions set out in the programme. Therefore, I am optimistic that we will succeed with our current turnaround operation, even if it will take some time to reach our profitability target.

A CHANGING INDUSTRY

In order to stay relevant, we must understand the coming changes and stay ahead of them. Our industry is being affected, like all industries, by today's big drivers of change: sustainability, digitalisation and urbanisation. In 2019, sustainability was put top on the political agenda, in large part thanks to our younger generations. There has been a noticeable shift in attitudes. Not just amongst young people, but in society as a whole. Another change we are seeing is that users are increasingly defining the parameters for our customers, our projects and us. Digitalisation creates new opportunities, as well as challenges, and we are in a strong position to seize the opportunities in this area.

This is very important to us as a group, as well as to the whole value chain in the construction and property industry. The construction and property industry is very aware of its potential for improvement in terms of sustainability. The industry wants to act, and therefore sustainability will be the main focus of the joint industry event "Sammen 2020", where Multiconsult will be heavily involved.

Projects are becoming increasingly larger, and therefore we need to forge closer links along the value chain. Closer integration adds value for everyone concerned – the Tønsberg hospital project serves as a good example of this. Looking ahead, digital innovation will be the key to open up for even better integration. This area has been prioritised by Multiconsult for some time, and in 2020 we will continue to invest in it, while also working with a selection of business partners to develop innovative solutions and make current ones more efficient for our clients.

IT'S UP TO US

2019 was a year of change for Multiconsult, in which we faced several challenges. In 2020 we should start seeing the impact of the actions taken to ensure the current turnaround operation produces results as quickly as possible. It is great to see that our clients are continuing to have strong trust in us by awarding us new contracts. We are entering 2020 with a stronger organisation and senior management team, clear goals for our business and a strong platform provided by our order backlog. Now it is up to us to demonstrate that we deserve the trust placed in us.

PROJECT: **STUDENT BUILDING, ÅLESUND**
ILLUSTRATION: **LUSPARKEN ARKITEKTER**
OG 3RW ARKITEKTER



At the time of writing, the COVID-19 virus has developed into a global pandemic and we monitor the development and follow the instructions from the authorities on measures to limit infection. Currently, we are experiencing limited operational impact, but the situation is dynamic and could quickly change, particularly regarding the needs of the clients' and employees. We will take necessary actions in order to uphold our de-

liveries, and to make sure our clients are affected to the minimum extent possible. Measures have been put in place to make sure our employees are able to perform scheduled tasks and ensure that our clients does not experience any change at the same time as we ensure the health and safety of our employees.

Grethe Bergly
CEO



Illustration: Juul | Frost Arkitekter

FJORDBYEN LIER AND DRAMMEN

A new fjordside town far into Drammensfjorden will significantly increase the population of Lier Municipality, as well as providing access to the coastline. Keywords for the planning process include zero emissions, sustainability, eco-friendly, urban and modern.

The new fjordside town will have capacity for 20,000 new residents and 20,000 jobs. Work on zoning a million square metres is well underway, and Eidos Eiendomsutvikling is developing the area for Lier Municipality.

In an interdisciplinary partnership with LINK arkitektur and WSP Norge, Multiconsult is helping to develop the zoning plan for the new fjordside town. The local population has also been encouraged to participate in the planning process.

FACTS

Final product: Fjordside town

Location: Lier and Drammen

Client: Eidos Eiendomsutvikling

Our role: Zoning plan for the area

Key figures

– The fjordside town will have capacity for 20,000 jobs and 20,000 new residents.

– Covers 1.3 million square kilometres, including a 2.5 km coastline on Drammensfjorden.



Photo: Ståle Johan Berg/Østlendingen

ROUTE 3/25 LØTEN–ELVERUM

The new Route 3/25, one of Norway's biggest ever road contracts, covers 16 km of dual highway and 9 km of single carriageway with a median barrier between Løten and Elverum. Hedmarksvegen and Skanska are responsible for building the road, and Multiconsult is one of a group of consulting firms including Aas Jakobsen, ViaNova and Grindaker.

Sustainability has been an important aspect of the project, and the Norwegian Public Roads Administration performed a thorough impact assessment which uncovered several challenges with respect to sustainability. A number of sustainability goals and requirements were specified in the tender documentation, such as observing and protecting the environment and habitats around the construction area. Multiconsult's expertise on water and the environment is, for example, being drawn on in an important study of how the construction project will affect water courses along the new road section.

The project is being certified under the international certification scheme CEEQUAL*, and aims to achieve a CEEQUAL Whole Team Award Very Good rating. One of the goals is to reduce project-related greenhouse gas emissions by 20 percent over the whole course of the project.

FACTS

Final product: New highway 3/25

Location: Innlandet, between Løten and Elverum

Client: Skanska Norge AS

Our role: Consulting engineers for all disciplines

Key figures

– 20 percent reduction in CO2 emissions

*CEEQUAL = The Civil Engineering Environmental Quality Assessment & Awards Scheme, an international certification system for sustainable construction projects.



Illustration: Asplan Viak Longva arkitekter og Arup

THE FORNEBU LINE

The Fornebu Line is a new metro line that will run from Majorstuen in Oslo to Fornebu in Viken County. It is the biggest metro project in Norway in recent times.

Multiconsult and partner Cowi are designing the new metro line from Fornebu to Oslo including the associated infrastructure, station areas and connection to the existing metro network at Majorstuen station.

The new metro line aims to provide a good, efficient transport link for residents throughout the Oslo region, facilitate sustainable, forward-looking urban development along the route and reduce future traffic growth.

Once construction work on the Fornebu Line starts in 2020, the plan is to use various new climate-friendly technologies. This will also benefit the projects' neighbours and the construction workers. The new technologies will reduce noise and local pollution from the construction sites, as well as resulting in lower CO2 emissions.

The Fornebu Line has received government grants for three pioneering projects to promote greener construction. The aim is to reduce emissions from the construction sites, from the processing of the rock that is excavated and from the concrete used.

FACTS

Final product: New metro line with stations

Location: Majorstuen/City of Oslo – Fornebu/Bærum Municipality

Client: City of Oslo and Viken County Council

Our role: Designing a 8.2 km long metro line including associated infrastructure, station areas and connection to the existing metro network

Key figures: Green construction techniques and climate-friendly technologies will reduce CO2 emissions during construction. When complete, the metro line will carry over 20 million passengers a year.



Illustration: Hundven-Clements Photography

HORTEN SIXTH-FORM COLLEGE

Horten School, with 1,200 students and 200 employees, is considered Norway's most modern and highest environmentally classified educational building. The school has an innovative and modern environmental design that meets passive house and energy-plus standards, and it generates more energy than it consumes.

For the project, LINK arkitektur worked closely in interdisciplinary teams with energy and environmental consultants to achieve the goal of an energy-efficient energy-plus building that also met passive house standards. Another project goal was for the building to qualify for BREEAM* NOR Outstanding certification, as well as to achieve a reduction in greenhouse gas emissions of at least 40 percent compared with a reference building.

Horten sixth-form college is the first school building in Norway to achieve BREEAM Outstanding certification for the design stage, and at the international BREEAM AWARDS 2019 it won the category "The Public Sector – Design Stage Award".

FACTS

Final product: Sixth-form college

Location: Horten

Client: Vestfold County Council

Our role: Architecture, landscape architecture, interior design and building physics

Key figures

Certified to passive house, energy-plus house, and BREEAM NOR Outstanding standards, 40% reduction in greenhouse gas emissions.

* BREEAM (Building Research Establishment Environment Assessment Method) is the world's leading sustainability assessment method for buildings.

PROJECT: ASKØY HIGH SCHOOL
ILLUSTRATION: HML



DIRECTORS' REPORT 2019

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SOLID CLIENT SOLUTIONS AND STRONG ORDER BACKLOG – TURNAROUND INITIATED

2019 marked the start of a turnaround for Multiconsult and the financial results for 2019 reflect that Multiconsult is at the beginning of this journey. Throughout 2019, Multiconsult has continued the commitment on delivering outstanding solutions to its customers, and the year ends with revenue growth and a record-high order backlog. The nextLEVEL improvement programme, initiated in fourth quarter 2019, is on-track and set to bring profitability back to sustainable levels within 18 months.

Covid-19: The recent outbreak of Covid-19 pandemic may have a material impact on Multiconsult, and creates increased uncertainty and have consequences which are currently not possible to assess. Please refer to other sections of this report for further reference.

All amounts in brackets are comparative figures for 2018 unless otherwise specifically stated.

The implementation of IFRS 16 has a significant effect on Multiconsult's financial statements. The group implemented IFRS 16 on 1 January 2019 using the modified retrospective approach. Comparative information is not restated. For more details of the effects in the financial statements, see note 2 and 18.

FINANCIAL REVIEW

The following financial review is based on the consolidated financial statements of Multiconsult ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as in the Norwegian accounting legislation.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial re-

sults and position of the group at 31 December.

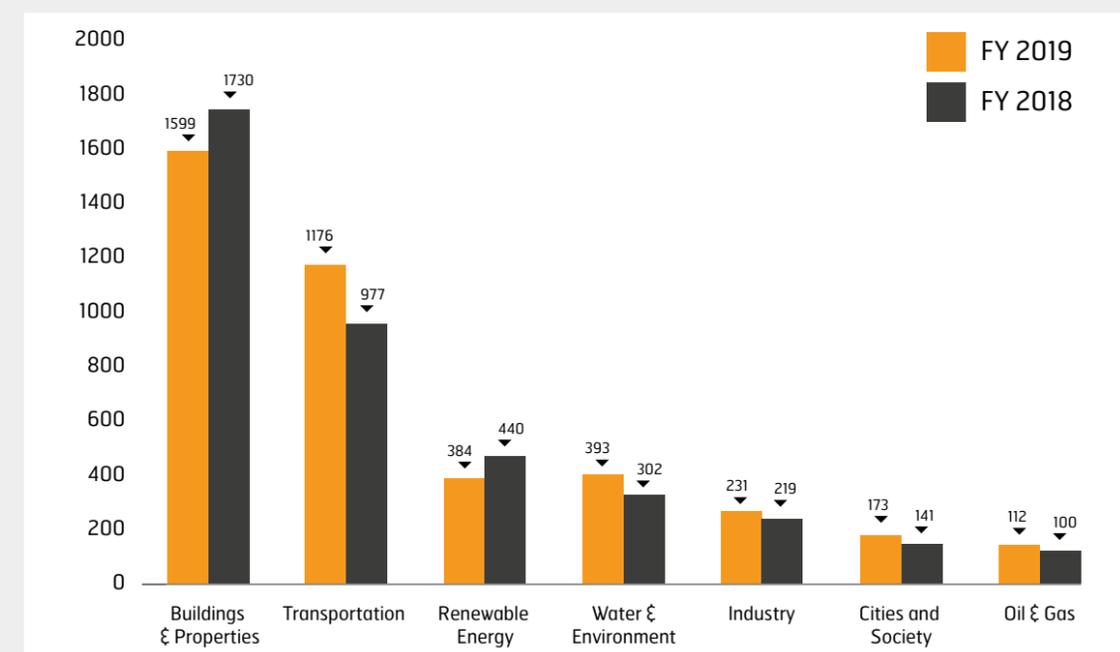
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Consolidated operating revenues in 2019 amounted to NOK 4 068.7 million (NOK 3 908.6 million). Net operating revenues, consisting of operating revenues less project expenses (including sub consultants), amounted to NOK 3 435.8 million (NOK 3 334.8 million). The 3.0 per cent increase in net operating revenues is purely organic and reflects a higher activity level. In the second quarter of 2019, Multiconsult recorded a non-recurring legal settlement with Stortinget for the Prinsens gate 26 project. Adjusted for the non-recurring legal settlement with Stortinget in the second quarter, organic growth in net operating revenues was 3.6 per cent. A lower billing ratio in the period reduced growth and was mainly due to lower activity in some units in Regions Norway throughout the period. Net project write-downs were NOK 81.2 million, reflecting a level of 2.4 per cent of net operating revenues. Excluding the non-recurring legal dispute settlement with Stortinget, net project write-downs were 1.8 per cent of net operating revenues.

Operating expenses excluding depreciation and amortisation came to NOK 3 136.7 million (NOK 3 185.7 million). Compared to 2018, there was a positive IFRS 16 effect of NOK 158.5 million on other operating expenses. Adjusted for the IFRS 16 effect, the level of operating expenses increased by 3.4 per

OPERATING REVENUES BY BUSINESS AREA

Amounts in MNOK



cent. The increase is caused by higher activity level, ordinary salary adjustment, general consumer price index and one-off severance agreement/restructuring expenses. Lower other operating expenses partly offset the increase.

Operating profit before depreciation and amortisation (EBITDA) was NOK 299.1 million (NOK 149.1 million), including a positive NOK 158.5 million IFRS 16 effect.

Operating profit (EBIT) for the year was NOK 106.3 million (NOK 99.0 million), reflecting an EBIT margin of 3.1 per cent in 2019, including the legal settlement with Stortinget of negative NOK 20.2 million, NOK 14 million in severance/restructuring costs and positive IFRS 16 effect of NOK 20.5 million.

Results from associated companies and joint ventures was negative NOK 0.2 million in 2019 (positive NOK 1.7 million), mainly due to weaker earnings in Norplan Tanzania.

Net financial expenses amounted to NOK 52.7 million (expense of NOK 10.6 million), including a negative IFRS 16 effect of NOK 37.1 million.

Profit before income taxes was NOK 53.4 million (NOK 90.1

million). Profit for the period was NOK 35.1 million (NOK 63.6 million).

Other comprehensive income recognised against equity was negative NOK 3.9 million (negative NOK 1.8 million), mainly related to currency translation differences in 2019.

KEY PERFORMANCE DRIVERS 2019

Change in capacity includes both net recruitment/growth from M&A and net change in operating expenses. In 2019 the increase is driven mainly by higher activity and lower operating expenses.

Billing ratio is hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. This is an important driver for revenues. In 2019, the billing ratio decreased by 1.0 percentage points to 69.2 per cent.

Billing rate is the average rate that Multiconsult group charges per hour to the company's customers and has a significant sensitivity on revenues and EBIT. There was a marked improvement in the billing rates in Norway, but lower in the

international units. In 2019, share of revenues from the international units increased and drove average group billing rates slightly down.

Net project write-downs represent losses or gains in previously recorded revenues, and may be caused by several factors, including project deliveries not according to agreements with customers or project estimates that need to be adjusted. In 2019, net project write-downs represented 2.4 per cent of net operating revenues and reduced both revenues and EBIT by NOK 81.2 million. Adjusted for the non-recurring legal settlement with Stortinget that reduced both revenues and EBIT by NOK 20.2 million, net project write-downs improved y-o-y and represented 1.8 per cent of net operating revenues. The improvement resulted in a positive effect on both net operating revenues and EBIT of NOK 5.7 million in 2019. Multiconsult's normal level of net project write-downs is expected to be 1-2 per cent of net operating revenues.

Calendar effect is a measure of capacity for revenue generation and has a direct impact on revenues and EBIT. When comparing periods for financial results, it is important to be aware of the number of working days in the periods compared. There was equal number of working days in 2019 and 2018 and no calendar effect on earnings was recorded.

FINANCIAL POSITION, FINANCING AND LIQUIDITY

Total non-current assets amounted to NOK 1 582.6 million (NOK 686.5 million) at 31 December, the increase was driven mainly by implementation of IFRS 16.

Total current assets amounted to NOK 1 091.6 million (NOK 1 203.5 million), the decrease mainly due to lower trade receivables, a reduction in work in progress, and a reduction of cash and cash equivalent.

Total shareholders' equity was NOK 581.4 million (NOK 593.2 million) at 31 December, corresponding to an equity ratio of 21.7 per cent (31.4 per cent), mainly affected by dividend payment and profit for the year. Adjusted for the IFRS 16 effect, the equity ratio was 33.6 per cent.

Total liabilities were NOK 2 092.9 million including IFRS 16 lease obligations (NOK 1 296.8 million excluding IFRS 16 lease obligations). Total interest-bearing liabilities amounted to NOK 178.4 million (NOK 198.4 million). Including IFRS 16 lease obligations, net interest-bearing liabilities amounted to NOK 1 006.2 million. Adjusted for IFRS 16 lease obligations, net interest-bearing liabilities was NOK 91.6 million (NOK 59.5 million).

At 31 December 2019, Multiconsult ASA has a term loan of remaining NOK 172 million, with final repayment in October 2020. Multiconsult ASA has an overdraft facility of NOK 320 million with Nordea Bank which is part of a cash pool for certain companies in the group. The existing loan agreement, overdraft facility and guarantee agreement contain negative pledge in relation to new loan agreements and cross default clauses, and limitations in entering into new loan agreements without the consent of Nordea Bank. The loan agreements include a covenant requiring that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times last twelve months EBITDA (NIBD/EBITDA) measured excluding IFRS 16 effects, and a covenants requiring an equity ratio excluding IFRS 16 effects of at least 25 per cent, reported quarterly.

Multiconsult ASA renegotiated terms of its loan facilities with Nordea in 2020. The overdraft facility of NOK 320 million was renewed for one year and Multiconsult has entered into a new 3-year revolving credit facility of NOK 200 million, replacing an existing NOK 172 million term loan. The terms of the loan facilities have been improved including lower margin and improved covenants. After the renegotiation the credit facility agreement, overdraft facility and guarantee agreement include a covenant requirement that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 3.0 times last twelve months EBITDA for the group (NIBD/EBITDA) measured excluding IFRS 16 effects, and an equity ratio excluding IFRS 16 effects of at least 25 per cent, reported quarterly, see also note 25.

CASH FLOW

Net cash flow from operating activities was NOK 248.2 million (NOK 220.0 million). The improvement is mainly related to changes in classification in the cash flow statement due to implementation of IFRS 16, and seasonal changes in working capital.

Net cash flow used in investment activities was MNOK 57.2 million (NOK 35.4 million), related to ordinary asset replacement. The movement is mainly related to changes in classification of non-current financial assets, restricted funds.

Net cash flow used in financing activities was NOK 236.8 million (negative NOK 173.4 million), The movement is related to changes in classification in the cash flow statement due to implementation of IFRS 16 and changes in interest-bearing liabilities.

ORDER BACKLOG AND INTAKE

The order backlog at year-end 2019 remains good at NOK 2 968 million (NOK 2 803 million), an increase of 5.9 per cent year on year. The order backlog does not reflect awarded frame agreements and includes only call-offs that have been signed under these agreements. Some of the large frame agreements are for example Fornebubanen for Oslo kommune, submarine maintenance facilities and airbase facilities with Forsvarsbygg and safety and RAMS with Bane NOR. The size and timing of execution of the order backlog varies significantly between the business areas and locations, meaning that certain areas have relatively long order horizon while others have short.

Order intake in 2019 amounted to NOK 4 348 million (NOK 4 592 million). New contracts awarded in Norway in 2019 include new water supply to Oslo for Oslo City Water and Sewerage Works Agency, Fornebubanen for Municipality of Oslo, E16 Åsbygda – Olum for Skanska, E6 Ranheim – Vernes for Nye Veier and Fredrik II high school and Arena Fredrikstad for Østfold County Council.

Among new contracts awarded internationally was the S61 Expressway in North East Poland, railway line No. 98 on the section Sucha Beskidzka – Chabówka south in Poland and new Västerås hospital in Sweden.

General market conditions with regards to volume were good in 2019, both in Norway and in Multiconsult's international markets. There was an increase in order intake within Industry, Oil & Gas, Renewable energy and Water & Environment, while there was some decrease in Buildings & Properties, Transportation and Cities & Society.

In 2019 the building and property market has been strong both in public and private sector, but the reorganisation of the counties and the municipalities towards the end of the year creating created delays in the public sector's ability to approve building permits and zoning. Business area Buildings & Properties experienced a small decline in new sales for 2019.

The Norwegian market for transportation was strong in 2019, mainly based on the launch of many large projects through Nye Veier, Statens Vegvesen and Bane Nor. The largest projects experience strong international competition. The ongoing public reforms in Norway, however create some short-term uncertainties and delay in bidding processes. Multiconsult's business area Transportation experienced a decrease in 2019.

The water and environment market was strong in 2019 driven by large maintenance and climate-adaption needs in water – and sewage infrastructure. A solid increase in order intake in the business area Water & Environment was recorded in 2019, mainly driven by contracts related Oslo City Water and Sewerage Works Agency (Oslo Kommune, vann- og avløpsetaten).

For the business area Industry, the business is closely related to the investment level in the industry sector that shows a strong growth from 2018. Multiconsult's business area Industry recorded a growth in order intake year-on-year driven from the oil refining, chemical and pharmaceutical industries, as well as food production.

Continued centralisation and strong economic achievements in Scandinavia is the main force behind a strong estate markets and need for new mobility infrastructure. Multiconsult's business area Cities & Society has contributed to an increased emphasize on early stages planning for Multiconsult, however as a business area Cities & Society recorded a decrease in order intake year-on-year.

There has been an increase in the demand for engineering services within Oil and Gas industry in 2019, also within Multiconsult's fields of services. This has resulted in an increased revenue in this segment in 2019.

The engineering consultancy market in the renewable energy sector was stable in 2019, in Norway Wind and Solar increased and the rehabilitation marked in Hydropower was stable. Internationally the marked increased inside Transmission & Distribution and Renewable Energy, but new Hydropower Projects decreased due to slow decision-making and lack of proper financing. However, Multiconsult's business area Renewable Energy recorded an increase in order intake year-on-year.

nextLEVEL

At the Capital Markets Day on 7 November 2019, Multiconsult introduced the "nextLEVEL" profitability improvement programme. Through extensive work and analysis, the company has identified significant improvement potential and initiated an improvement programme called nextLEVEL. Improvement initiatives under nextLEVEL are group-wide and focus on operational efficiency and cost savings. Under operational efficiency, a number of initiatives are included such as increasing the billing ratio, improving project execution and structural adjustments among others. Under cost savings, initiatives will consist of a wide range of initiatives,

related to office cost, IT, use of consultants, and more. It is estimated that about 60–65 per cent of improvements will come from cost savings and 35–40 per cent will come from improved operational efficiency. In total, nextLEVEL has a target of NOK 150 million annual profitability improvement estimated to be realised over a period of 18 months. Expected restructuring costs associated with the programme was estimated to be approximately NOK 30–40 million when the programme was initiated. The programme may involve staff reductions. Status on the progress of nextLEVEL will be reported quarterly. As of mid February 2020 the nextLEVEL programme is on-track and an estimated 37 per cent (NOK 55 million) of the improvements have been committed.

SEGMENT INFORMATION

The group's activities are organised in three geographical segments, Greater Oslo Area, Regions Norway, International, and a segment for LINK arkitektur. Segment revenues and expenses reflect the geographical base of employees, which does not necessarily coincide with the location where the projects have been executed. Overhead expenses such as administrative services, office rent and depreciation are allocated to individual segments, however certain corporate cost and group-wide cost is not allocated to the geographical segments.

GREATER OSLO AREA

This segment offers services in seven business areas and comprises the central area of Eastern Norway, with regional offices in Oslo, Fredrikstad and Drammen. Greater Oslo Area is the largest segment, accounting for 45.8 per cent of group net operating revenues in 2019.

Net operating revenues increased by 1.9 per cent to NOK 1 572.3 million (NOK 1 542.8 million). The increase was mainly driven by higher capacity, due to net recruitment. Billing rates were at a higher level and impacted net operating revenues positively. The billing ratio was 1.3 pp lower than same period last year. Net project write-downs were NOK 40.2 million (NOK 32.3 million) in the period, including the non-recurring settlement of the legal dispute with Stortinget of NOK 20.2 million in the second quarter 2019. Adjusted for the non-recurring legal settlement, growth in net operating revenues was 3.2 per cent.

Operating expenses came in at the same level as in 2018. Adjusted for the IFRS 16 effect of NOK 0.4 million, operating expenses increased by 1.2 per cent, which is less than the increase in manning level. Employee benefit expenses increased, in line with growth in manning level and regular salary

adjustment for the Norwegian workforce. Other operating expenses decreased mainly due to lower provisions for legal claims as well as lower office and IT expenses.

EBITDA was NOK 100.7 million (NOK 73.3 million), including a positive IFRS 16 effect of NOK 0.4 million.

EBIT was NOK 71.6 million in the period (NOK 57.5 million), reflecting an EBIT margin of 4.6 per cent in 2019, including the non-recurring legal settlement with Stortinget of negative NOK 20.2 million, and a positive IFRS 16 effect of NOK 1.3 million.

The **order intake** decreased 10.2 per cent in the period, mainly resulting from decreased sales in business areas Buildings & Properties and Renewable Energy, whereas Water & Environment had strong order intake compared to previous year.

Order backlog for the segment at the end of 2019 is at NOK 1 267 million, with business areas Buildings & Properties and Water & Environment as largest contributor.

REGIONS NORWAY

This segment offers services in seven business areas and comprises regional offices in Stavanger, Bergen, Trondheim and Tromsø. Regions Norway accounted for 32.9 per cent of group net operating revenues in 2019.

Net operating revenues increased by 4.8 per cent to NOK 1 129.5 million (NOK 1 077.6 million), compared to last year. Higher activity level resulted in net recruitment and contributed positively. Billing rates were at a higher level and drove growth in revenues further. There was a lower billing ratio in the period in some regions, and impacted growth accordingly. The significant drop of 3.5 pp came in the fourth quarter and was mainly due to lower project activity as a result of delays on some large projects due to public reforms and customer reorganisation. Net project write-downs in the period came to NOK 38.1 million (NOK 39.3 million), which was in line with 2018.

Operating expenses adjusted for the IFRS 16 effect increased by 5.3 per cent. Including a positive IFRS 16 effect of NOK 55.7 million the reported operating expenses decreased by 0.2 per cent. Employee benefit expenses increased mainly in line with growth in manning level and regular salary adjustment for the Norwegian workforce. Reported other operating expenses decreased, but increased in line with general consumer price index (KPI) and manning level, when adjusting for the IFRS 16 effect.



PROJECT: MAKAMBAKO WINDPARK
PHOTO: NORSK VIND

EBITDA came in at NOK 126.8 million (NOK 72.7 million) including a positive IFRS 16 effect of NOK 55.7 million.

EBIT was NOK 53.1 million (NOK 50.1 million), reflecting an EBIT margin of 4.7 per cent in 2019, including a positive IFRS 16 effect of NOK 8.2 million.

Order intake in the period decreased by 7.0 per cent mainly for business areas Buildings & Properties, Transportation and Industry, whereas Renewable Energy experienced a significant increase.

Order backlog for the segment at the end of 2019 was at NOK 582 million, with business areas Buildings & Properties and Transportation as largest contributor.

INTERNATIONAL

The international segment comprises the subsidiaries Multiconsult UK, Multiconsult Asia, Multiconsult Polska and Iterio AB. Multiconsult UK primarily offers services in the energy sector, while Multiconsult Asia in Singapore concentrates mainly on the oil and gas sector. Multiconsult Polska offers services in the transportation and infrastructure, environment and natural resources, and oil and gas sectors. Iterio AB primarily offers services in the transportation sector within geotechnical, environmental and traffic engineering. The international segment accounted for 6.6 per cent of the group's net operating revenues in 2019.

Net operating revenues increased by 14.8 per cent to NOK 228.4 million (NOK 198.9 million) compared to last year. The increase in net operating revenues is mainly driven by higher activity level, which resulted in net recruitment in Iterio AB and Multiconsult Polska. The positive contribution was partly offset by lower average billing rates.

Higher net operating revenues were partly offset by increased **operating expenses**, which grew by 6.0 per cent. There was a positive IFRS 16 effect of NOK 11.0 million on other operating expenses in the period. Adjusted for the IFRS 16 effect, operating expenses increased by 11.8 per cent, which is less than the increase in manning level.

EBIT was NOK 14.7 million (NOK 8.1 million), reflecting an EBIT margin of 6.4 per cent in 2019, including a positive IFRS 16 effect of NOK 0.5 million.

Order intake in the period increased by 15.6 per cent compared to same period in 2018.

Order backlog for the segment at the end of 2019 amount-

ed to NOK 519.3 million, with business area Transportation as the largest contributor

LINK ARKITEKTUR

This segment comprises LINK arkitektur, one of the leading architect firms in Scandinavia, with presence in major cities and regions in Norway, Sweden and Denmark. LINK arkitektur accounted for 15.6 per cent of the group's net operating revenues in 2019.

Net operating revenues amounted to NOK 535.8 million (NOK 513.1 million), an increase of 4.4 per cent compared to the same period last year, mainly due to higher billing ratio in Norway and improved operations in Denmark. Higher net operating revenues were partly offset by lower project activity in LINK Sweden as consequence of a weaker market.

Operating expenses decreased by 0.5 per cent in the period there was a positive IFRS 16 effect of NOK 19.6 million, recorded on other operating expenses. Adjusted for the IFRS 16 effect, operating expenses increased by 3.5 per cent, which is lower than the general salary increase and consumer price index (KPI) combined.

EBIT was NOK 20.1 million (NOK 13.1 million), reflecting an EBIT margin of 3.8 per cent in 2019, including a positive IFRS 16 effect of NOK 1.8 million.

Order intake in the period increased by 3.1 per cent to NOK 728.6 million, mainly due to higher order intake in LINK Norway.

Order backlog for the segment at the end of 2019 increased by 11.8 per cent to NOK 620.2 million.

MARKET OUTLOOK

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances in the future.

The overall market outlook for Multiconsult's services is good across most business areas. The overall pipeline of potential projects coming up for tender over the next 12 months is good, however the Covid-19 outbreak may have material impact, see last section of Market Outlook.

There are some uncertainties with respect to continued growth in certain sectors such as buildings and properties

including architectural services. The ongoing public reforms in Norway is also creating some short-term uncertainties. Political uncertainty, macroeconomic events and competition from foreign players comprise some key risk factors to Multiconsult's market outlook.

Multiconsult is at the beginning of a turnaround and the nextLEVEL programme is on track. The order backlog is at a high level and provides a good foundation, supported by valuable frame agreements generated from a broad customer base.

At the same time, Multiconsult monitors the development of COVID-19 and evaluates potential outcomes if the current situation develops into more challenging economic and financial conditions, including creating financial and operational scenarios for various outcomes. The coronavirus will reduce demand for engineering and architectural projects, as many work locations are closed or not staffed. The coronavirus also damages the overall economy, which is likely to reduce overall spending particularly in the private sector. Demand for engineering and architectural firms like Multiconsult will play a big role for society in years to come, however the demand and our result will be negatively affected by the global outbreak of coronavirus in 2020. Multiconsult take necessary actions in order to uphold our deliveries as much as possible, and to make sure our clients are affected to the minimum extent possible. Measures have been put in place to ensure our employees are able to perform scheduled tasks as far as possible.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) means to run the business in a responsible and sustainable manner over time, and in a way that contributes to a positive, trust-based relationship between Multiconsult, the group's stakeholders and society as a whole. Multiconsult's Sustainability report can be found on the group's webpage under www.multiconsult.no and includes the following sections:

1. Introduction | Stepping up for the next decade
2. Sustainability through projects | Empowered by Multiconsult
3. Environmental reporting 2019 | Step by step in the right direction
4. Employees, organisation and equal opportunities | A good working life
5. Engagement and collaboration | Working together for a better society

Multiconsult operates in a business that to a small extent directly is detrimental to the environment. Some transportation is required where especially air travel contributes negatively. Towards the end of 2019 new restrictions on air travel were put into place, mainly due to the nextLEVEL program. Overall in 2019 the use of video conferencing and other digital collaboration solutions has increased.

EMPLOYEES, ORGANISATION AND EQUAL OPPORTUNITIES

Highly educated employees are the main asset for the Multiconsult group as a competence-based business. Employee statistics per 31 December 2019 shows that 2 per cent hold a PhD degree, 62 per cent a Master's degree and 25 per cent a Bachelor's degree, while 11 per cent have other educational backgrounds.

The Multiconsult group had a total work force of 2 994 (2 934) employees per 31 December 2019.

The number of employees has increased by 60 during the year. 71 per cent of all employees are employed by Multiconsult Norge AS and hence the information reported for the main subsidiary is applicable for the group's activity.

At year-end Multiconsult Norge AS had a work force of 2125 (2103) employees.

Weighted employee turnover last 12 months for the Multiconsult group was 11.8 (10.2) per cent and 10.2 (9.6) per cent for Multiconsult Norge AS.

RECRUITMENT POSITION

The Multiconsult group is overall well positioned to recruit employees with the required educational backgrounds, both in terms of new graduates as well as more experienced candidates.

According to Universum's annual survey of how attractive companies are as seen from employees, both students and professionals rank Multiconsult in the no. 1 position as the industry's most attractive employer among engineers. Multiconsult is in second place overall as the most attractive company among engineering firms in Norway.

Close collaboration with selected universities and colleges continued in 2019, with a substantial presence at both career fairs and company presentations. The commitment to provide attractive summer programmes/jobs

was maintained, and feedback from students shows that Multiconsult offers highly attractive summer positions. However, Multiconsult experiences a strengthened competition on recruiting top talents with technological background and mind-set to solve tomorrow's digital challenges within the industry. Multiconsult recruits more and more talents from other educational institutions than the traditional engineering universities, which will require a broader employer branding approach in the future.

Of the new employees in Multiconsult Norge AS, 4 per cent have a PhD degree, 64 per cent a MSc degree, 23 per cent a BSc degree, and 9 per cent have other educational backgrounds. 30 per cent of the new recruits during 2019 graduated in 2018 or 2019.

EMPLOYEES AND EXPERTISE

Recruitment capability, employee satisfaction and expertise development are important factors for Multiconsult's long-term success. Multiconsult has a constant need to strengthen its expertise and capacity, both in project and line management. There is strong emphasis on the development of managers, and substantial resources are devoted to this work. During 2019, another large number of employees completed various internal courses and programmes for project managers. In 2019 the toplevel line managers have been included in the yearly succession review. During the first half of 2020 a broader talent review on both project and line managers, as well as key personnel, will be conducted to get an overview of the Group's talent pool, in order to build both capacity and excellence support the business strategy.

EMPLOYEE SHARE PURCHASE PROGRAMME

Multiconsult have for five consecutive years offered employees to buy shares in the Multiconsult employee share purchase programme. This stems from the understanding that employee ownership promotes long-term commitment and loyalty to the business and that these factors influence performance over time. The 2019 programme was completed in the fourth quarter with 18 per cent participation among eligible employees.

WORKING ENVIRONMENT

Multiconsult strives to ensure a healthy and productive work environment for its employees. To make sure that the group efforts address the employees' needs, Multiconsult aims to ensure a high level of employee participation at all levels of the group. A permanent collaboration committee, comprising of employees' elected representatives and represen-

tatives of the Corporate Management, is in place at group level. The committee holds regular meetings, in which management informs of planned actions affecting the working environment and invites the committee members to present their views and engage in discussions. In instances where planned actions have local impact, or otherwise a narrower scope, the group holds meetings at the relevant unit/organisational level.

The board considers the working environment and collaborative relationship with union officials in the group to be positive and constructive.

Multiconsult conducts every second year an employee engagement survey with participants from all of the subsidiaries. The survey was last conducted in 2019 where the results showed that Multiconsult group continues to score industry average on satisfaction & motivation and high score on loyalty to the group. Benchmarked against both national scores and scores for the business, the results show that Multiconsult has a sound working environment.

SICKNESS ABSENCE, INCIDENTS AND INJURIES

Multiconsult works systematically with HSE management and makes concerted efforts to mitigate health risks and prevent injuries. Dedicated action plans have been established and followed up closely by both central and subsidiaries. Working environment committee and corporate management receives periodic reports on the activities and progress of group HSE action plans.

Multiconsult arranged its sixth annual HSE-week in October 2019. During the week, several seminars and workshops were available to all employees.

Sick leave in Multiconsult Norge AS for 2019 was 4.2 per cent, at the same levels as for 2018. All sick leave is monitored and reported. Multiconsult will continue to work towards a goal of 3.3 per cent sick leave in 2020.

The company monitors absence due to injuries caused by work-related accidents or incidents. Lost Time Frequency Rate (LTIFR/H1) was 0.4 in 2019.

EQUAL OPPORTUNITIES

The purpose of Norway's Anti-Discrimination Act is to promote equal opportunities and rights, and to prohibit discrimination on the grounds of gender, pregnancy, maternity leave, ethnicity, sexual orientation, language, religion or belief.



PROJECT: ÅS HIGH SCHOOL
ILLUSTRATION: FABEL ARKITEKTER

Multiconsult works actively to promote the objectives of the Act in the group.

The board are conscious of anti-discrimination in recruitment, appointment, pay and customization of working conditions, as well as work on developing appropriate attitudes.

40 per cent of the Multiconsult group's 2 994 employees at 31 December 2019 were female and 60 per cent were male. The group is working actively to increase the proportion of female employees.

36 per cent of Multiconsult Norge AS's 2125 employees at 31 December 2019 were female and 64 per cent were male. The operational organisation had 35 per cent female staff and 65 per cent male staff. The corresponding proportions for the administrative staff were 48 per cent female and 52 per cent male. Women accounted for 31 per cent of middle managers. For new recruits in 2018 the distribution was respectively 30 per cent female and 70 per cent male, and in 2019 it was 48 per cent female and 52 per cent male.

Multiconsult Norge AS analyse gender pay gap and other variables on a yearly basis, based on public statistics in the yearly salary review. All significant differences are analysed and checked to identify potential risks of discrimination. We can find both women and men above average compared to RIF-statistics in Multiconsult Norge AS.

Multiconsult Norge AS does not have any involuntarily part-time labour, all employees are hired based on equality in 100 per cent positions. Employees hired less than 100 per cent, have decided this voluntarily. All employees in Multiconsult Norge AS use timesheet to register all working hours.

Multiconsult wants to be at the forefront of ensuring equal opportunities in the industry and contribute to setting equality matters on the wider social agenda. In 2019 Multiconsult has continued to actively work with the targets for gender demographics within the company towards 2020, both on a group and company level.

Multiconsult aims to be a workplace with no discrimination on the grounds of disability. Active efforts are made to design and customize physical working conditions so that all of the group's facilities may be accessed by all employees. The workplace and jobs are customised on an individual basis for employees or job applicants with disabilities.

3.2 per cent of employees in Multiconsult Norge AS had a

native language other than Norwegian as of 31 December 2019, with a total of 23 different languages being represented.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

This section is covered in the Corporate Governance Statement and can be found on page 39 in this annual report.

RISK AND RISK MANAGEMENT

Through its business activities, Multiconsult manages a considerable contract portfolio of engineering, architectural and advisory services that are exposed to a wide variety of risk factors. The group has established a systematic approach to risk management, in particular project risks. Other operational risks are related to Health Safety and Environment (HSE) and are mitigated by contingency plans, continuous training and management focus in the organisation.

Extraordinary risk factor – impact of coronavirus on our industry is being affected, like many other industries by the ongoing pandemic of coronavirus disease 2019 (COVID-19). On March 11, 2020, the global outbreak of coronavirus was characterised as a pandemic by the World Health Organization (WHO). On March 12, 2020, the Norwegian government announced the closure of all schools and universities in the country, as well as bars, restaurants and businesses involving personal care such as hair salons and skin treatments. All employees of other businesses or public sector institutions are advised to work from home and to maintain social distancing from others. Equal actions have been made by governments in other countries where Multiconsult operate and follows the instructions from the authorities on measures to limit infection. Multiconsult is taking steps to secure the company operationally, strategically and financially. Multiconsult provides the possibility for our employees to work from home. Multiconsult has an IT infrastructure that enables our employees to work efficiently from home. Our main goal is to uphold business as usual, to ensure that our clients does not experience any change. Multiconsult monitors the development of COVID-19 and evaluates potential outcomes if the current situation develops into more challenging economic and financial conditions, including creating financial and operational scenarios for various outcomes. The outcome and consequences of the COVID-19 situation is at this time not possible to predict. However, the COVID-19 situation may, in adverse circumstances, have a material adverse effect both on the operational situation and the financial robustness of the group and may lead to

e.g. breach of financial covenants and/or a requirement for the group to find new and/or additional sources of funding.

PROJECT RISK

The risk of disagreements and legal disputes related to the possible cost of delays and project errors is always present in the consultancy business. Multiconsult has good insurance policies and routines for following up such cases. The company's insurance cover for project liability is mainly based on collective policies for engineering consultancies. This insurance takes the form of standard policies for engineering projects, with an excess of NOK 300 000 per claim and normally with a maximum cover of up to 150 times the Norwegian national insurance base rate (G) – about NOK 15 million. Further details are provided in note 20 to the consolidated financial statements.

CREDIT RISK

Credit risk arises primarily from transactions with customers and from bank deposits. The group's losses on accounts receivable because customers are unable to meet their obligations have been modest for a number of years.

Accounts receivables represent about 23.9 per cent (35.3 per cent) of the group's total assets. The group has routines for assessing the creditworthiness of the customer, and the possible need for bank guarantees or other risk-reducing measures. New customers are subject to credit assessment and approval before credit is granted. Responsibility for credit management is centralised, and routines are incorporated in the group's quality assurance system. As approximately half of the group's revenues in 2018 and 2019, relates to public sector customers credit risk is considered to be limited.

CURRENCY RISK

The group is exposed to currency risk through ongoing projects abroad with fees agreed in foreign currencies. Hedging contracts have been entered into for certain projects to reduce this risk. Currency risk is regarded as modest.

INTEREST RATE RISK

Multiconsult ASA has used its overdraft facility actively during the year, resulting in limited interest-bearing debt and low interest rate. At 31 December 2019, Multiconsult ASA has a term loan of remaining NOK 172 million. Interest swaps have been entered into to ensure that approximately

50 per cent of interest cost is at fixed rates.

Financial non-current assets relate nearly entirely to investment in associated companies and joint ventures, while current assets consist almost entirely of bank deposits and current receivables. Non-current liabilities consist primarily of non-current interest bearing liabilities and provisions for project claims.

LIQUIDITY RISK

The group's liquidity risk exposure is limited, but with significant short-term variation that requires close monitoring. Cash management is followed on a daily basis with regular short- and long-term forecasting and annual budgets. To moderate liquidity risk and to ensure sufficient freedom of action, Multiconsult ASA has an overdraft facility of NOK 320.0 million with the group's main bank. Also see comment on extraordinary risk factor concerning Covid-19 under Risk and risk management.

ACCOUNTING ESTIMATES RISK

Estimates are made for revenue recognition related to hours, costs and progress in projects. The main uncertainty relating to the assessment of contract revenue is associated with the recoverable amount of overruns, change orders, claims and incentives. Although the group has considerable experience in project management and measurement, there is an inherent risk associated with such estimates.

See note 2B for further information on risks related to accounting estimates and policies.

CORPORATE GOVERNANCE

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Multiconsult has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which

was last revised on 17 October 2018, may be found at www.nues.no.

The annual statement on corporate governance for 2019 has been approved by the board and can be found on page 34 in this annual report.

GOING CONCERN

The annual accounts have been prepared on a going concern assumption. The board has confirmed that this assumption can be made on the basis of the group's strategy, outlook and budgets.

MULTICONSULT GROUP NET PROFIT

The annual financial statements for Multiconsult group are prepared in accordance with the international accounting standards (IFRS).

Group profit for the period came to NOK 35.1 million (NOK 63.6 million).

On the background of the ongoing COVID-19 pandemic, the board will propose 2019 dividend of NOK 0.00 per share, amounting to a total payment of NOK 0.0 million, which is equivalent of 0.0 per cent payout ratio.

SHARE AND SHAREHOLDER MATTERS

Multiconsult is listed on Oslo Børs, where it trades under the ticker symbol MULTI.

Multiconsult has only one share class, and all shares have equal rights in the company.

The share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

The share had a closing price on 30 December (last day the share was traded in 2019) of NOK 72.00.

The turnover of shares is a measure of traded volumes. On average, 19 520 Multiconsult shares were traded on Oslo Børs every day in 2019, compared to 23 300 in 2018, and 22 508 in 2017.

As of 31 December 2019, Multiconsult had 2 266 shareholders registered in the VPS, compared to 2 254 shareholders as of 31 December 2018, and 2 285 in 2017. The shareholders were from 28 different countries across the world.

The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0734338.

DIVIDENDS

Multiconsult has an ambition to distribute annual dividends of at least 50 per cent of its net profit. When deciding the annual dividend level the board of directors will take into consideration expected future cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

The Annual General Meeting on 25 April 2019 resolved payment of ordinary dividends related to the 2018 financial year of NOK 40.5 million to be paid to shareholders registered at this date. This equalled NOK 1.50 per share. The dividend was paid on 8 May 2019.

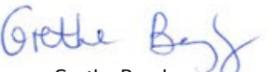
TOTAL SHAREHOLDER RETURN

Multiconsult's total shareholder return in 2019 was 21.69 per cent. Total shareholder return is the return from the share price in addition to the dividend, which is assumed reinvested on the ex-date. It is calculated from the perspective of an investment in NOK, which is considered Multiconsult's functional currency.

SHARE REPURCHASE PROGRAMME

The Annual General Meeting held on 25 April 2019 resolved to authorise the board of directors to acquire own shares with a maximum aggregate nominal value of NOK 1 348 520, equal to 2 697 040 shares. The maximum and the minimum amounts, which may be paid per share, are NOK 250 and NOK 5, respectively. The authorisation is valid until the Annual General Meeting in 2020, however, no longer than to 30 June 2020.

The Board and CEO of Multiconsult ASA Oslo, 1 April 2020

			
Bård Mikkelsen Chair of the board	Runar Tyssebotn Director	Kristine Landsnes Augustson Director	Hanne Rønneberg Director
			
Bo Rikard Appelgren Director	Simen Lieungh Director	Liv-Kristine Rud Director	Hilde Hammervold Director
			
	Grethe Bergly CEO		

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 ONE OF EUROPE'S SMARTEST BUILDINGS
 PHOTOS: DMITRY TKACHENKO



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CORPORATE GOVERNANCE

Good corporate governance provides the basis for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Multiconsult has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 17 October 2018, may be found at www.nues.no.

The annual statement on corporate governance for 2019 follows below. The statement was approved by the board of directors on 1 April 2020.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors is committed to build a sound and trust-based relationship between Multiconsult ASA and the company's shareholders, the capital market participants, and other stakeholders.

The group's overall principles for corporate governance is approved by the board of directors and can be found at www.multiconsult-ir.com/corporate-governance.

The group complies with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board, latest edition of 17 October 2018.

The board of directors' annual statement on how Multiconsult has implemented the code is set out below. The statement covers each section of the code, and deviations from the code, if any, are specified under the relevant section.

This report was prepared prior to the COVID-19 crisis. The crisis may impact the groups short term objectives and priorities in significant way – please refer to the Directors' report.

2. BUSINESS

Multiconsult's articles of association are available on the group's website.

Article 3 of these articles, the group's business purpose states: "The business activities of the group are to engage in consulting engineering business, property management and other business activities in connection therewith, including participation in other companies".

Within the framework of its articles of association, Multiconsult has established goals and strategies for its business. Multiconsult's objectives and strategies are presented in the annual report in section "This is Multiconsult". Risk and risk management is described in the board of directors' report. The "Corporate social responsibility" section in the board of directors' report covers stakeholder considerations in the company's value creation.

3. EQUITY AND DIVIDENDS

EQUITY

As of 31 December 2019, the group had a consolidated equity of NOK 581.4 million, corresponding to an equity ratio of 21.7 per cent. Adjusted for the IFRS 16 effect, a consolidated equity of NOK 597.9 million and total assets of NOK 1779.7

million, corresponding to an equity ratio of 33.6 per cent.

The board of directors considers that the group has a capital structure that is appropriate for its objectives, strategy and risk profile.

DIVIDENDS

The dividend policy is based on an ambition to distribute at least 50 per cent of the group's net profit annually. When deciding the annual dividend level, the board of directors will take into consideration the various aspects of the financing strategy, such as expected cash flows, capital expenditure plans, financing requirements and appropriate financial flexibility.

BOARD MANDATES TO INCREASE THE SHARE CAPITAL

At the Annual General Meeting of the company on 25 April 2019 the board of directors was authorised to increase the share capital of the group by up to NOK 1 348 520. The mandate is restricted to issue shares as consideration in connection with a) acquisitions, b) raise new equity to finance such acquisitions, c) in connection with incentive schemes for the employees in the group or d) in take-over situations. The authorisation is valid until the next ordinary general meeting in 2020, but in no event later than 30 June 2020.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

On 4 December 2019, Multiconsult ASA completed a share buyback programme. The transaction was executed through a reverse Dutch auction in the market. The planned transaction was open for all shareholders and was announced through a stock marked announcement on 28 November 2019 to ensure equal treatment of all shareholders. In a subsequent agreement, Multiconsult entered into a share loan agreement with its largest shareholder Stiftelsen Multiconsult. The deal was entered into on 4 December 2019 for a loan of 100 000 Multiconsult shares in connection with the implementation of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement. In consideration for the share loan, Multiconsult shall pay to Stiftelsen Multiconsult an amount corresponding to 2% p.a. based on 100 000 shares at a value of NOK 64 per share.

Pursuant to the code, the reasons for waiving the pre-emptive right in connection with a share capital increase must be published in a stock exchange announcement. The board will endeavor to comply with this recommendation if such circumstances should arise.

The board and the executive management are concerned to ensure equal treatment of all the company's shareholders and that transactions with related parties take place on an arm's length basis. Note 23 to the consolidated financial statements provides details about transactions with related parties. Financial relationships related to the directors and executive personnel are described in note 9.

5. SHARES AND NEGOTIABILITY

The company's shares are freely negotiable. The articles of association do not impose any restriction on the negotiability of the shares. There are no restrictions on the purchase or sale of shares by members of the company's management as long as they comply with the rules on insider trading. Each share carries one vote. However, the company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting. This restriction can be removed by the general meeting at any time by a 2/3 majority.

6. GENERAL MEETINGS

NOTICE, REGISTRATION AND PARTICIPATION

The board ensures that its shareholders can attend and participate in the general meeting. The annual general meeting will take place on 22 April 2020. The group's financial calendar is published via Oslo Børs and in the investor relations section of the group's website.

Notice of the general meeting, with sufficiently detailed, comprehensive and specific supporting information is made available on the group's website no later than 21 days prior to the meeting to ensure that all shareholders may form a view on all matters to be considered at the meeting. Shareholders who wish that the attachments are sent by mail can register with the company for this purpose. Shareholders must register their intention to attend by the specified deadline. The deadline for registering attendance is set as close to the meeting as possible, and, pursuant to the articles of association; no sooner than five days in advance of the general meeting.

PROXY FORM, ADVANCE VOTING AND VOTING RESTRICTIONS

Notices with documentation are made available on the group's website immediately after the documentation has been issued as a stock exchange announcement.

General-meeting notices provide information on the procedures for attendance and voting, including the use of proxies. Shareholders who cannot attend in person are encouraged to appoint a proxy.

A proxy form, where a proxy has been named, is framed in such a way that the shareholder can specify how the proxy should vote on each issue to be considered. The notices have included information on the right to raise issues for consideration at the general meeting, including the relevant deadlines.

Shareholders may cast a written vote in advance in matters to be discussed at the general meetings of the company. Such votes may also be cast through electronic communication.

The access to cast votes in advance is subject to the presence of a safe method of authenticating the sender. The board of directors decides whether such a method exists before each individual general meeting.

The notice of the general meeting states whether votes in advance are permitted and which guidelines, if any, that have been issued for such voting.

As specified in section 5 in this statement, the company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting. This restriction can be removed by the general meeting at any time by a 2/3 majority.

CHAIRING MEETINGS, ELECTIONS, ETC.

General meetings will normally be chaired by the chair person of the board. The board will however evaluate whether it is appropriate to engage an external chair person to chair the meeting.

The group's chair person of the board and chief executive officer are required to attend, and the board of directors encourages that all members are present at the general meetings, in accordance with the instructions for the board.

The nomination committee is encouraged to attend those meetings where the election and remuneration of directors and members of the nomination committee are to be considered. The board of directors requires that the chair person of the nomination committee is present. The group's auditor is present at the Annual General Meeting.

The general meeting is normally invited to vote for a complete shareholder-elected board. As a result, no opportunity has been provided to vote in advance for individual candidates.

Minutes from general meetings are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: MULTI) and in the investor relations section of the group's web-site.

7. NOMINATION COMMITTEE

The group shall, according to its articles of association, article 6, have a nomination committee consisting of three members. The nomination committee is elected by the general meeting and the members have a period of service for two years unless the general meeting determines otherwise.

In its work, the nomination committee focuses to ensuring that the board functions optimally as a collective body, that the legal requirements for gender representation and the requirements for serving in the Audit Committee are met, and that the directors complement each other in terms of their background and expertise.

The nomination committee's tasks are set out in the articles of association and include to; nominate new board members to the general meeting, propose remuneration to the board members at the general meeting, propose remuneration to the members of the nomination committee, and nominate new members of the nomination committee to the general meeting.

The remuneration of the committee is determined by the general meeting. The general meeting may issue further guidelines for the nomination committee's work.

Pursuant to the code, the composition of the nomination committee must take account of the interests of shareholders in general.

The Annual General Meeting on 25 April 2019 elected Dag Marius Nereng as new member of the nomination committee replacing Morten Aagenæs, who wanted to resign from the nomination committee. Per Horn was re-elected as chair

person and Vigdis Almestad is re-elected as member. The nomination committee comprises of Per Horn (chair person), Vigdis Almestad (member) and Dag Marius Nereng (member). No directors or members of executive management are represented in the nomination committee.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association, the board of directors may comprise seven to nine members. The board currently has five shareholder-elected directors and three employee-elected directors.

Directors and the chair person of the board are currently elected by the general meeting for a one-year term.

The composition of the board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Weight is also given to the board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management. Consideration has also been given to gender representation and independence of directors from the company and its management.

The board of directors does not include executive personnel. All shareholder elected directors are independent of the group's executive management and commercial partners.

Details on background, experience and independence of directors are presented on the group's website. Eleven board meetings were held in 2019. Each board member's attendance at board meetings is recorded by the company.

Members of the board are encouraged to own shares. The shareholding of each board member can be found in note 9 to the consolidated financial statements and in the biography of each board member on www.multiconsult-ir.com/corporate-governance/board-of-directors.

9. THE WORK OF THE BOARD OF DIRECTORS

The board of directors has overall responsibility for managing the group and for supervising the chief executive officer and the group's activities.

The board of directors establishes annual plans for its work, with particular emphasis on business objectives, strategy and implementation. The board of directors has establis-

hed instructions for its own work as well as for the executive management with particular emphasis on clear allocation of responsibilities and duties.

The principal tasks of the board include to determine the group's strategy and to monitor how it is implemented. The work of the board also includes to monitor control functions necessary to ensure acceptable management of the group's assets.

The board appoints the group's chief executive officer. Instructions describing the rules of procedure for the board's work and its consideration of matters, have been adopted by the board. The division of responsibilities between the board and the chief executive officer is specified in more detail in the instructions. The chief executive officer is responsible for the group's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair person of the board.

The board establishes an annual plan for its meetings, and evaluates its work and expertise normally once a year. The annual plan specifies topics for board meetings, including reviewing and following up the group's goals and strategy, budgets, reporting of financial information, the notice for the general meeting with associated documentation, and the board's meeting with the auditor.

The board of directors has elected an audit committee amongst the members of the board of directors. The committee currently comprises of Rikard Appelgren as the chair person, Hilde Hammervold as member, and Liv-Kristine Rud as member. The shareholder-elected members, Rikard Appelgren and Hilde Hammervold, are independent of the company's management, main shareholder and material business contacts. The same is valid for the employee representative Board member Liv-Kristine Rud, other than her employment contract.

Pursuant to section 6-43 of the Norwegian Public Limited Liability Companies Act, the audit committee shall:

- prepare the board of directors' supervision of the group's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the group's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the group's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The board has adopted separate instructions for the audit committee setting out further details on the duties and procedures of the committee.

The group's remuneration committee consists of three members of the board, Bård Mikkelsen as the chair person, Hanne Rønneberg and Runar Tyssebotn as members. The members of the remuneration committee are and shall be independent of the group's executive management.

The remuneration committee is an advisory committee to the board. The committee prepares, and recommend matters regarding the remuneration of, and matters pertaining to the group's executive management for the board to consider and decide. The recommendations of the remuneration committee cover all aspects of remuneration to executive management, including but not limited to salaries, allowances, bonuses, long-term equity incentive plans and benefits-in-kind.

The board has adopted separate instructions for the remuneration committee setting out further details on the duties, composition and procedures of the committee.

The board evaluates its own work and that of the chief executive officer and reports its evaluations to the nomination committee.

In the event that the chair person of the board is, or has been, personally involved in matters of material character, the board's consideration of such matters will be chaired by another member of the board.

In the event that a member of the board or executive management have material interests in items to be considered by the board of directors, the board member has an obligation to notify the board and the company will be aware of the fact.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The group has in place processes and routines for internal control, including financial reporting, and systems for risk management. These processes comply with the code.

Through its business activities, Multiconsult manages an extensive project contract portfolio of engineering, architectural and advisory services that are exposed to substantial risk factors, such as risk of disagreements or legal disputes with its customers related to possible cost of delays or project errors

that are always present in our business.

The organisation comprises of a large number of employees. The group's management model is based on an appropriate delegation of authority, clearly defined market and operating parameters, in addition to effective internal control.

Overall goals and strategies are periodically reviewed and updated. Based on the current strategy, the corporate values and ethical guidelines have been updated. Instructions are established by the board to CEO, who specifies delegation of authority to the CEO and other key roles in the organisation. Risk management processes, in accordance with Committee of Sponsoring Organizations (COSO) framework, are established to identify, evaluate and report risk in a systematic manner for the group's activities with particular focus on project and other operational risks in addition to financial risks.

Financial risk is managed in accordance with the group's financial strategy, which is described under the section "Financial risk and risk management" in the board of directors' report.

The board is responsible for ensuring that the enterprise, financial reporting and asset management are subject to satisfactory controls. Overall policies, governing processes and routines have been established for day-to-day management. The board is periodically informed about the company's risk management documentation and the most important risk areas and the internal controls established to mitigate these risks.

FINANCIAL REPORTING

The group has in place processes and routines for internal control over financial reporting. The main principles are transparency, segregation of duties, analytical controls and systematic and thorough management reviews. The periodic review meetings between senior financial and operational management focus on revenue recognition, possible liability costs as well as performance reviews of both financial and operational targets.

Management prepares periodic reports on business and operational developments to the board, which are discussed at board meetings. These reports are based on the results of the review process and include status of key performance indicators, update of market developments, operational issues, financial results and highlights of organisational issues.

Financial position and results are followed up in monthly accounting reports, compared to prior year, budgets and

forecasts. Reporting also includes non-financial key performance indicators related to each business area. In addition, management prepares a long term forecast of financial trends, showing profits and cash flow development.

The interim reports and annual financial statements are reviewed by the audit committee in advance of consideration and discussion in the board. Financial risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant issues in the auditor's report, if any, are also reviewed by the board.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration to the board of directors is described in note 9 to the financial statements.

Director's fees are determined by the general meeting on the basis of recommendations from the nomination committee. These recommendations have been based on the board's responsibility, expertise and the complexity of the business. The directors have not been awarded share options or any other form of incentive-based remuneration for the fiscal year 2019.

None of the directors have undertaken any special assignments for the group other than their work on the board. Directors are unable to accept such assignments without approval from the board in each case.

An overview of shares owned by the directors and their close associates is included in note 9 to the consolidated financial statement.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The board has a remuneration committee. Its main responsibilities are evaluation and advice to the board of directors relating to remuneration strategy, main principles and systems for the total remuneration (including bonus) to the CEO and other members of the group executive management. The chief executive officer (CEO) normally participates in the meetings, unless the committee discusses issues relating to the CEO.

Note 9 to the consolidated financial statements describes the group's guidelines for the remuneration of senior executives. This note also provides further details about remuneration in 2019 for group executive management. Present-

tation of the guidelines takes place at the general meeting in connection with the presentation of the annual report. The guidelines specify the main principles for the group's executive compensation policy. They aim to ensure alignment of the interests of shareholders and group executive management as far as possible.

Total remuneration to the executive management team consists of a fixed element and a variable performance based bonus, a share purchase programme for all employees, plus pension and insurance arrangements.

Fixed remuneration to members of the executive management team consists of base salary (main element) and fringe benefits.

The bonus programme is linked to financial targets, agreed action plans and relevant key performance indicators. Payout of bonus earned is partly in cash and partly in shares. No options have been issued, to employees or elected officers of the group.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The annual general meeting on 25 April 2019 re-elected Mr Bård Mikkelsen as chairperson of the board. Mr Rikard Appelgren and Ms Hanne Rønneberg were re-elected as board members. The annual general meeting elected the following as new shareholder-elected members of the board of directors: Ms Hilde Hammervold and Mr Simen Lieungh. All of the above were elected for a term of one year. No new deputy members were elected.

The following changes have taken place in the executive management since 1 January 2019:

On 11 January 2019, CEO Christian Nørgaard Madsen resigned and Lars Opsahl was appointed acting CEO at the same date. Grethe Bergly was appointed new CEO of Multiconsult ASA as of 1 March.

Hans-Jørgen Wibstad was appointed CFO as of 2 May 2019. Kari Nicolaisen was appointed EVP Human Resources and Corporate Communication as of 1 April 2019.

The following changes were made to the executive management team with effect from 1 October 2019:

- Johan Arntzen was appointed COO (Chief Operating Officer).
- Geir Juterud was appointed EVP Projects.
- Kristin Olsson Augestad was appointed EVP Region Oslo.

- Lars Opsahl was appointed EVP Sales.
- Martha Bergh Lunde was appointed acting CEO LINK Arkitektur.
- Leif Olav Bogen was appointed EVP Regions Norway.

Kirsten Anker Sørensen was appointed EVP Architecture and CEO LINK Arkitektur as of 1 November.

Hilde Gillebo has been part of the executive management-team as EVP Energy from 1 December.

Leif Øie, Rune Hardersen, Anne Harris, Jörgen Hasselström, Øyvind Holtedahl and Ola Dalen have left the executive committee during 2019. Øie, Hardersen, Harris, Holtedahl and Hasselström are no longer part of Multiconsult.

13. INFORMATION AND COMMUNICATION

The board has established guidelines for investor communication. Multiconsult's communication with the capital markets is based on the principles of transparency, full disclosure and equality.

The CEO and the CFO are responsible for the main dialogue with the investor community, hereunder the company's shareholders.

Information to the stock market is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information considered relevant and significant for valuing the company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via the group's website www.multiconsult.no simultaneously.

Multiconsult holds public presentations in connection with the announcement of quarterly and annual financial results as well as strategic updates. The presentations are also available as live presentations via the internet. Presentation material is made available via Oslo Børs' news site www.newsweb.no and www.multiconsult.no.

Multiconsult gives weight to maintaining an open and ongoing dialogue with the investor community, hereunder frequent meetings with investors, fund managers, analysts and journalists. The company is also present at relevant investor conferences and seminars. All presentations held at such events are made public via www.multiconsult.no.

The guidelines for investor communication states that the company should have limited contact with the investor

community and the business press during the last three weeks ahead of its quarterly reporting.

Reporting of financial and other information shall be timely and accurate. The main purpose of this information presents a complete picture of the group's financial results and position as well as articulating the group's long-term goals and potential, including its strategy, value drivers and important risk factors.

The group publishes a financial calendar every year with an overview of the dates of important events, including the general meeting, publication of interim reports and open presentations. This calendar is made available as a stock exchange announcement and on the group's website as soon as it has been approved by the board.

14. TAKEOVERS

The board has established guiding principles for responding to possible takeover bids.

In the event of a take-over bid being made for the company, the board will follow the overriding principle of equality of treatment for all shareholders, and will seek to ensure that the group's business activities are not disrupted unnecessarily. The board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board will not seek to prevent any take-over bid unless it believes that the interests of the group and the shareholders justify such actions. The board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the general meeting following the announcement of the bid.

If a take-over bid is made, the board will issue a statement in accordance with statutory requirements and the recommendations in the code.

In the event of a take-over bid, the board will obtain a valuation from an independent expert.

Any transaction that is in effect a significant disposal of the group's activities will be submitted to the general meeting for its approval.

15. AUDITOR

The external auditor, Deloitte, annually presents its overall plan for the audit of the group for the audit committee's consideration.

The external auditor's involvement with the board of directors during 2019 related to the following:

- Presented the main features of the audit work.
- Attended board meetings approving the financial statements, reviewing possible significant changes in accounting principles, assessing significant accounting estimates, and considering all possible disagreements between the external auditor and executive management.
- Conducted a review of the group's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the board without the presence of the executive management.
- Confirmed its independence, and provided an overview of non-audit services provided to the group.

During 2019, the external auditor attended six meetings with the audit committee.

Pursuant to the code, the board has established guidelines for the group's management use of the external auditor for non-audit services.

The board reports annually to the annual general meeting on the external auditor's total fees, split between audit and non-audit services. The annual general meeting approves the auditor's fees for the holding company.

DEFINITIONS

Net operating revenues: Operating revenues less sub consultants and disbursements.

EBIT: Earnings before net financial items, results from associates and joint ventures and income tax.

EBIT margin (per cent): EBIT as a percentage of net operating revenues.

EBITDA: EBIT before depreciation, amortisation and impairment.

EBITDA margin (per cent): EBITDA as a percentage of net operating revenues.

Operating expenses: Employee benefit expenses plus other operating expenses.

Net interest-bearing liabilities: Non-current and current interest bearing liabilities deducted cash and cash equivalents.

Order intake: Expected operating revenues on new contracts and confirmed changes to existing contracts. Only group external contracts are included.

Order Backlog: Expected remaining operating revenues on new and existing contracts. Only group external contracts are included. Call-offs on frame agreements are included in the order backlog when signed.

Billing ratio (per cent): Hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. Billing ratio per segment includes allocated administrative staff.

Employees: Number of employees comprise all staff on payroll including staff on temporarily leave (paid and unpaid), excluding temporary personnel.

DISCLAIMER

This report was prepared prior to the COVID-19 crisis. The crisis may impact the groups short term objectives and priorities in significant way, please refer to the Directors' report. This report includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future cost savings and synergies may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not pla-

ce undue reliance on these forward-looking statements. In addition, any forwardlooking state-ments are made only as of the date of this notice, and we do not intend and do not assume any obliga-tion to update any statements set forth in this report.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Multiconsult uses alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the group's underlying financial performance. There was no calendar effect between 2019 and 2018, so no APMS to report.

The Board and CEO of Multiconsult ASA
Oslo, 1 April 2020

Bård Mikkelsen
Chair of the board

Runar Tyssebotn
Director

Kristine Landsnes Augustson
Director

Hanne Rønneberg
Director

Bo Rikard Appelgren
Director

Simen Lieungh
Director

Liv-Kristine Rud
Director

Hilde Hammervold
Director

Grethe Bergly
CEO



PROJECT: FREDRIKSTAD CAMPUS

ILLUSTRATION: LINK ARKITEKTUR / GRIFF ARKITEKTUR

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK thousand, except earnings per share</i>	Note	2019	2018
Operating revenues	5, 6	4 068 683	3 908 638
Expenses for sub-contractors and disbursements		632 848	573 791
Net operating revenues		3 435 835	3 334 848
Employee benefit expenses	9, 12	2 654 431	2 539 494
Other operating expenses	8	482 271	646 221
Operating expenses excluding depreciation and amortisation		3 136 702	3 185 715
Operating profit before depreciation and amortisation (EBITDA)		299 133	149 133
Depreciation and amortisation	14, 15,18	192 804	50 130
Operating profit (EBIT)		106 329	99 003
Share of profit from associated companies and joint ventures	17	(169)	1 661
Financial income	10	3 954	7 718
Financial expenses	10	56 683	18 297
Net financial items		(52 729)	(10 579)
Profit before income taxes		53 431	90 085
Income tax expenses	11	18 320	26 528
Profit for the period		35 110	63 557
Attributable to:			
Owners of Multiconsult ASA		35 110	63 557
Earnings per share:			
Basic	24	1.30	2.36
Diluted	24	1.30	2.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	Note	2019	2018
Profit for the period		35 110	63 557
Other comprehensive income			
Remeasurement of defined benefit obligations	12	(1 884)	809
Income taxes	11	414	(178)
Total items that will not be reclassified subsequently to profit or loss		(1 470)	631
Currency translation differences		(2 450)	(2 462)
Total items that may be reclassified subsequently to profit or loss		(2 450)	(2 462)
Total other comprehensive income for the period		(3 920)	(1 831)
Total comprehensive income for the period		31 190	61 726
Attributable to:			
Owners of Multiconsult ASA		31 190	61 726

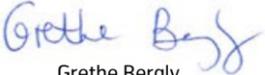
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

Amounts in NOK thousand	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Deferred tax assets	11	40 322	44 712
Intangible assets	14	24 919	28 228
Goodwill	14	447 554	449 049
Property, plant and equipment	15	112 494	102 491
Right-of-use assets	18	898 208	0
Total non-current non-financial assets		1 523 497	624 480
Investments in associated companies and joint ventures	17	12 509	12 489
Assets for reimbursement provisions	20	28 850	23 300
Other non-current financial assets and shares	3	4 587	7 352
Other non-current financial assets, restricted funds	16	13 198	18 832
Total non-current assets		1 582 643	686 453
Current assets			
Trade receivables	3, 6, 13	638 476	666 756
Work in progress	3, 6, 13	309 034	343 863
Other current receivables and prepaid expenses	3, 13	70 573	72 854
Total receivables and prepaid expenses	13	1 018 083	1 083 473
Cash and cash equivalents	16	73 558	120 040
Total current assets		1 091 642	1 203 513
TOTAL ASSETS		2 674 284	1 889 966

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

Amounts in NOK thousand	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITY			
Equity			
Share capital	22	13 485	13 486
Share premium		77 758	77 756
Total paid-in equity		91 241	91 242
Other reserves		(219 864)	(213 412)
Retained earnings		710 035	715 381
Total other equity		490 171	501 969
Total shareholders' equity		581 413	593 211
Non-current liabilities			
Pension obligations	12	6 542	6 500
Deferred tax	11	13 074	12 822
Provisions	20	36 000	42 350
Non-current interest-bearing liabilities	3	0	175 255
Non-current lease liabilities	18	789 618	0
Total non-current liabilities		845 234	236 927
Current liabilities			
Trade payables		160 663	236 492
Prepaid revenues	6	133 368	138 411
Current tax liabilities	11	17 979	32 340
Public duties payable		333 626	327 167
Current interest-bearing liabilities	3	178 400	23 162
Current lease liabilities	18	124 940	0
Other current liabilities	19	298 660	302 257
Total current liabilities		1 247 637	1 059 830
Total liabilities		2 092 871	1 296 756
TOTAL EQUITY AND LIABILITIES		2 674 284	1 889 966

The Board and CEO of Multiconsult ASA
Oslo, 1 April 2020

			
Bård Mikkelsen Chair of the board	Runar Tyssebotn Director	Kristine Landsnes Augustson Director	Hanne Rønneberg Director
			
Bo Rikard Appelgren Director	Simen Lieungh Director	Liv-Kristine Rud Director	Hilde Hammervold Director
			
Grethe Bergly CEO			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of Multiconsult ASA

Amounts in NOK thousand	Share capital	Treasury shares	Share premium	Total paid- in capital	Retained earnings	Employee share purchase programme	Remea- surement pensions	Currency translation differences	Total equity
31 December 2017	13 486	(0)	77 758	91 242	692 243	(11 865)	(202 342)	12 794	582 072
Dividend	0	0	0	0	(40 423)	0	0	0	(40 423)
Treasury shares	0	0	0	0	4	0	0	0	4
Employee share purchase programme	0	0	0	0	0	(10 168)	0	0	(10 168)
Comprehensive income	0	0	0	0	63 557	0	631	(2 462)	61 726
31 December 2018	13 486	(0)	77 758	91 242	715 381	(22 033)	(201 713)	10 332	593 211
Dividend	0	0	0	0	(40 456)	0	0	0	(40 456)
Treasury shares	0	(1)	0	(1)	0	0	0	0	(1)
Employee share purchase programme	0	0	0	0	0	(2 532)	0	0	(2 532)
Comprehensive income	0	0	0	0	35 110	0	(1 470)	(2 450)	31 190
31 December 2019	13 486	(1)	77 758	91 241	710 035	(24 565)	(203 183)	7 882	581 413

See note 9 for information about treasury shares and employee share purchase programme.

CONSOLIDATED STATEMENT OF CASH FLOWS

+ are cash increasing and - are cash reducing effects
Amounts in NOK thousand

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes		53 431	90 085
Income taxes paid during the period		(27 952)	(24 773)
Interest lease liability ¹⁾	18	37 134	0
Interest expense interest-bearing liability		11 472	12 151
Depreciation and amortisation	14, 15	54 802	50 130
Depreciation right-of-use assets ¹⁾	18	138 003	0
Results from associated companies and joint ventures	17	169	(1 661)
Non-cash profit and loss items		860	993
Sub total operating activities		267 918	126 925
Changes in working capital		(19 671)	93 120
Net cash flows from operating activities		248 246	220 045
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net payments on acquisition and sale of property, plant and equipment and intangible assets	14, 15	(62 837)	(61 199)
Change in non-current financial assets, restricted funds	16	5 634	25 794
Net cash flows from investing activities		(57 203)	(35 405)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Instalments on interest-bearing liabilities	3	(16 473)	(90 360)
Paid interest on interest-bearing liability		(11 472)	(12 151)
Instalments on lease liabilities ¹⁾	18	(122 693)	0
Paid interest on lease liability ¹⁾	18	(37 134)	0
Dividends paid	24	(40 456)	(40 423)
Purchase treasury shares (employee share purchase and bonus programme)		(12 192)	(43 841)
Sale treasury shares (employee share purchase and bonus programme)		3 607	13 493
Net cash flows from financing activities		(236 813)	(173 278)
Foreign currency effects on cash and cash equivalents			
		(714)	(987)
Net change in cash and cash equivalents		(46 484)	10 375
Cash and cash equivalents at the beginning of the period ²⁾	16	120 040	109 665
Cash and cash equivalents at the end of the period²⁾	16	73 558	120 040

¹⁾ Net cash flow from financing activities and operating activities is affected by implementation of IFRS 16. 2018 is not restated. Lease payments were previously recognised as cash flow from operating activities.

²⁾ Cash and cash equivalents include restricted cash, see note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION AND BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Multiconsult ASA (the company) is a Norwegian Public limited liability company. The shares of the company were listed on Oslo Stock Exchange on 22 May 2015. The company's head office is located in Nedre Skøyen vei 2, 0276 Oslo.

The company and its subsidiaries (Multiconsult group/the group) are among the leading suppliers of consultancy and design services in Norway and the Nordic region. The group has some activity and subsidiaries outside the Nordic region, including subsidiaries Multiconsult Polska, Multiconsult UK and Multiconsult Asia. The principal

activities of the group are described in note 5 Segments. These consolidated financial statements were approved by the Board of Directors on 1 April 2020 for adoption by the Annual General Meeting on 22 April 2020.

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU.

NOTE 2 A SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared based on the historical cost basis, except for derivatives and pension assets that are measured at fair value, and pension liabilities that are measured at present value. The consolidated financial statements are presented in Norwegian kroner (NOK). Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding, amounts and percentages presented may not add up to the total.

Standards and interpretations and amendments implemented in 2019

IFRS 16 was implemented 1 January 2019, see further description below. A number of limited scope amendments and interpretations were also effective as from 1 January 2019 but had no material impact on the group. This include but is not limited to IFRIC Interpretation 23 Uncertainty over income tax treatment.

IFRS 16 Leases

IFRS 16 Leases is effective from 1 January 2019, replacing IAS 17 and IFRIC 4. The new standard requires lessees to recognise right-of-use assets and liabilities for all leases, with the exception of some leases with lease periods of less than one year or where the underlying assets are of low value. Depreciation, amortisation and impairment losses as well as interest expenses must be recognised in the statement of income. The accounting requirements for lessors are largely unchanged, however a sublease shall be classified as financing or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The group has implemented IFRS 16 on 1 January 2019 using the modified retrospective approach. The group has used the practical expedient to recognise the right-of-use asset at the same amount as the lease liability, and therefore the cumulative effect of adopting IFRS 16 had no effect on equity at 1 January 2019. Comparative

information has not been restated. The group applied the practical expedients to not recognise right-of-use assets and liabilities for leases with lease periods of one year or less and where the underlying assets are of low value. Low value has been defined on the basis that the underlying assets, when new, are individually of low value, i.e. office furniture, water dispensers, coffee machines, IT equipment for use by the individual employees, printers and copy machines etc. At transition, the group has used the practical expedients available not to recognise right-of-use assets and liabilities for leases with lease term that ends during 2019.

Multiconsult has two classes of assets that will be reported as right-of-use assets; buildings (primarily office premises) and cars. There are no difficult evaluations to determine if contracts contain leases. Only lease payments are included in the calculation of the lease liability. Several of the agreements for lease of office premises contain renewal options, and the group has made concrete evaluations of each contract to determine the lease term.

Lease liability opening balance
Amounts in NOK thousand

Operating lease commitments 31 December 2018 as disclosed in the 2018 financial statements	1 049 282
Discounted using the incremental borrowing rate at 1 January 2019 (4%)	897 874
Adjustment on estimated implementation effect 1 January 2019	(4 548)
Increase due to change in lease payments based index regulation 1 January 2019	29 582
Reduction due to recognition exemptions for short term leases	(16 226)
Increase due to extensions and terminations options	91 476
Lease liability recognised at 1 January 2019 previously operating leases	998 158
Finance lease liabilities recognised as at 31 December 2018	3 544
Lease liability recognised at 1 January 2019	1 001 702

Consolidation principles, investments accounted for in accordance with the equity method and working partnerships

The consolidated financial statements incorporate Multiconsult ASA and companies that Multiconsult ASA (directly or indirectly) control (the group). Control is achieved when the group is exposed or has rights to variable returns from its involvement with a company in which it has invested and has the ability to use its power to affect its returns from this company. All subsidiaries are 100 per cent owned and there are no non-controlling interests.

The consolidated financial statements have been prepared using uniform accounting policies. All material transactions and balances between group entities have been eliminated.

Shares in subsidiaries are eliminated in the consolidated financial statements in accordance with the acquisition method. This entails that the consideration, as well as the acquired entity's assets and liabilities (with some exceptions as determined by IFRS 3 Business Combinations), are measured at fair value on the date of acquisition, and any excess consideration is classified as goodwill. Historically, it has been considered that most of the consideration in excess of carrying amount of net assets relates to employees, and the excess is therefore recognised as goodwill. Acquisition-related costs are recognised in profit or loss as incurred. There were no business combinations in 2018 or 2019.

Investments in associated companies and joint ventures over which the group exercises significant influence or joint control, are accounted for using the equity method. Refer to note 17 for more information. The group enters into working partnerships in certain projects where parties collaborate to offer a joint deliverable. Each participant is responsible for and has rights to the fee from its part of the deliverables (agreements related to project collaboration). The individual parties utilise their resources through the use of employees and sub-contractors. Some of these arrangements are considered to be joint operations within the scope of IFRS 11, and for which the group recognises its share of income and expenses, and its own assets and liabilities. Certain arrangements are not jointly controlled. Such activities are re-

cognised on a line-by-line basis in accordance with the group's share, similar to joint operations. There are no significant differences in the group's accounting for activities in arrangements without limited liability, whether within the scope of IFRS 11 or not.

Foreign currencies

The financial statements of the individual companies in the group are measured in the currency which is predominantly used in the economic environment in which the company operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency and the presentation currency of the parent company.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Currency gains and losses arising on the payment of such transactions and on translation of monetary items in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in profit or loss as financial items.

For companies with a functional currency other than Norwegian kroner, income and expense items are translated based on the average exchange rates, and assets and liabilities are translated using the exchange rates prevailing at the end of the reporting period. Exchange differences are recognised in other comprehensive income.

Revenue

Revenue is generated by delivering consulting services. The group provides a range of services, including multidisciplinary consulting and design, project engineering and management, verification, inspection, supervision and architecture – both in Norway and abroad. See note 5 segments for a more detailed description of services offered within seven business areas. See also note 6 for revenue from contracts with customers and contract balances.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when a customer obtains control over a good or service, which could be at a point in

time or over time. The group's revenue is generated from rendering of services, which is recognised over time.

The group's rendering of services consists of agreements that are either time-based, time-based with a cap, or fixed price. The vast majority of contracts in terms of transaction price are time-based, i.e. the group earns revenue per hour worked. Contracts which are time-based with a cap, or fixed price, are minor compared to the total. Multiconsult has evaluated that for some of the services, for example construction management and co-ordination, the customer simultaneously receives and consumes the benefits provided by its performance as it performs, and therefore revenue is recognised over time.

Other services are to a large extent tailored to the customer and has no alternative use for Multiconsult. The majority of contracts has clauses that secures that Multiconsult has enforceable right to payment for performance completed to date if the customer should terminate a contract for other reasons than failure by Multiconsult to deliver under the contract. Consequently, Multiconsult has determined that the customer controls all the work in progress as the services are provided, and revenue is recognised over time. A few contracts may have deviating contract clauses, but these are immaterial in relation to the group's total revenues.

Progress in satisfaction of a performance obligation is normally estimated as hours incurred as a percentage of expected total hours and milestones in the project. It is continuously evaluated if hours incurred contribute to progress in the project and the total hours expected to be incurred to generate progress. As the main cost and efforts in the satisfaction of the performance obligations are hours incurred, for own employees and subcontractors, the group believes this method provides a faithful depiction of the transfer of the services. The total scope is evaluated on an on-going basis. Costs are recognised as incurred.

Under IFRS 15, revenue shall be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. There are often discussions with the customer in relation to the amount of hours that can be charged to the customer, consequently this is regarded as variable consideration. The company has established processes for ongoing evaluations and estimation of how much revenue can be recognized for each contract, primarily based on expected value, and at 31 December 2018 and 31 December 2019 it has not identified need for additional constraint of accumulated revenues.

When it is probable that a project will incur a loss (remaining total direct costs exceed remaining total revenue), the estimated loss is recognised immediately. Direct costs include predominantly costs for own personnel and sub-contractors. As the group has few projects with fixed price or with a cap, provision for onerous contracts are limited.

Invoices are issued according to contractual terms and are usually payable within 30 days. Invoiced amounts are presented as trade receivables. Un-invoiced amounts (contract assets) are presented as work in progress, and is related to work performed but not billed at the reporting date. Contract liabilities are presented as prepaid revenues. For each contract it is presented a net amount for work in

progress or prepaid revenues.

In working partnerships not organised as separate legal entities, and where the group is the project manager with no overall responsibility for the engagement, the group invoices the client and subsequently pays the fee to the other parties for the work performed by them. The group only recognises its own share of revenue and expenses in such arrangements (refer also to the description above).

Revenues are disaggregated on business areas and geography, see notes 5 and 6.

Interest and dividends received

Interest income that reflects the effective return on an asset is recognised as income over the period earned and classified as financial income in the statement of income. Dividends received on investments are recognised as income when the group's right to receive payment has been established. Dividends from investments that are recognised using the equity method are recognised as a reduction of the investment.

Classification of current and non-current items

An asset is classified as current when it is expected to be realised or sold, or to be used in the group's normal operating cycle or falls due or is expected to be realised within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group, are held for trading, are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Provisions for obligations and assets for reimbursement are classified as non-current. Derivatives are classified as current.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation. Cost of acquisition includes costs directly attributable to the acquisition of the fixed asset. Subsequent expenditure is added to the carrying value of the asset or is recognised separately when it is probable that future economic benefits related to the expenditure will flow to the group, and the cost can be measured reliably. The carrying amount related to replace parts is expensed. Other repair and maintenance costs are recognised in profit or loss in the period during which the cost is incurred. Property, plant and equipment are depreciated on a straight-line basis. The cost of acquisition of property, plant and equipment is depreciated to their expected residual value, which in general is estimated to be nil. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and changed if necessary. When the carrying amount of an item of property, plant and equipment is higher than its estimated recoverable amount (the higher of fair value less costs to sell and value in use), the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income. Gains and losses on disposal of property, plant and equipment are recognised in the income statement as the difference between the sales price and the carrying amount.

Intangible assets

Intangible assets consist mainly of standard software, licenses and a

ERP system. Intangible assets are recognised at cost of acquisition less amortization. Intangible assets are amortized on a straight-line basis to an estimated residual value of nil. When the carrying amount of an intangible asset is higher than its estimated recoverable amount, the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income.

Goodwill

Goodwill arising upon a business combination is not amortized. Goodwill does not generate cash flows that are independent of other assets or groups of assets, and is allocated to the cash-generating units that are expected to benefit from the synergies of the combination that gave rise to goodwill. Cash-generating units to which goodwill has been allocated are reviewed for impairment on an annual basis, or more frequently if there are indications of impairment. If the recoverable amount of the cash-generating unit is less than its carrying value, the impairment loss is allocated first to reduce the carrying value of goodwill and then to the other assets in the cash-generating unit pro rata based on the carrying amount of each asset in the unit. The carrying value of individual assets is not reduced below nil. An impairment loss recognised for goodwill is not reversed in subsequent periods if the recoverable amount of the cash-generating unit increases. Any impairment is recognised as part of impairment in the statement of income.

Cash-generating units

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. In order to identify whether cash inflows from an asset (or a group of assets) are independent of cash inflows from other assets (or groups of assets), management assesses various factors, including how operations are monitored, e.g. based on service- or product areas, businesses or geographical areas. Each CGU or group of CGUs to which goodwill has been allocated represent the lowest level in the entity where goodwill is monitored for internal management purposes. The group of CGUs are in all instances no larger than an operating segment as defined in IFRS 8 Operating Segments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual

cash flow characteristics. All financial assets are recognised initially at fair value, with addition of transaction costs for assets not at FVTPL.

The group's financial assets are primarily cash and cash equivalents, trade and other receivables and work in progress (contract assets). Based on the nature of these assets and how they are managed, the group has evaluated that these qualify for classification as measured at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial assets at fair value through profit or loss consist of derivatives when the fair value is positive.

Impairment of financial assets

The group recognises loss allowances at an amount equal to lifetime Expected Credit losses (ECL) on receivables and work in progress. ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

The group assesses at each reporting date whether financial asset carried at amortised cost are credit impaired. A financial asset is credit impaired if one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit impairment includes the following observable data: significant financial difficulty of the debtor, a breach of contract such as a default or being more than 60 days past due, the restructuring of a receivable by the group on terms that the group would not consider otherwise, or it is probable that the debtor will enter bankruptcy or other financial reorganisation, or the disappearance of an active market for a security because of financial difficulties. See note 3 for a description of recognition of ECLs.

Loss allowances are deducted from the gross carrying amount of the financial asset. The gross carrying amount of a financial asset is written off when the group has not reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Receivables are written off if the customer goes bankrupt, collection by a debt collector has been unsuccessful for a period and in other concrete cases. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities.

Financial liabilities

The group has financial liabilities measured at amortised cost and fair value through profit or loss. Financial liabilities at amortised cost comprise largely trade payable, other current liabilities and interest-bearing liabilities. These obligations are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost through using the effective interest method.

Financial liabilities at fair value through profit or loss consist of derivatives. The company uses, to a certain extent, foreign currency forward contracts and interest rate swaps in order to hedge future

cash flows. The company does not use hedge accounting. Derivatives are measured at fair value. Gains and losses arising as a result of changes in fair value are recognised in the statement of income as financial income and financial expenses. Derivatives are recognised on a gross basis as liabilities when the fair value is negative, as long as the group does not have a legal right to and intention of settling the contracts on a net basis.

Embedded derivatives

An embedded derivative shall not be separated from the host contract and recognised as a derivative if the economic characteristics and the economic risks of the embedded derivative are closely related to the economic characteristics and the economic risk of the host contract. The company has certain cross border sales contracts in a currency that is not the functional currency of either of the parties to the contract. The company has determined that the currency used in the relevant contracts is a currency frequently used in contracts related to acquisition or disposal of non-financial assets in the economic environment in which the transaction takes place, and has therefore not separated a currency derivative.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other cash equivalents with a maturity of less than three months at the date of acquisition.

Restricted cash

Restricted cash is cash with restrictions above 3 months. Restricted cash is classified as non-current when the restriction is more than 12 months, and is presented as non-current financial asset, restricted funds in the balance sheet.

Provision for obligations

Provisions for obligations such as restructuring, onerous contracts, project liabilities and legal claims are recognised when the group, as a result of a past event, has an existing legal or constructive obligation, it is probable that the group will be required to settle the obligation, and the amount can be measured reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. The estimate is made based on the actual circumstances related to each individual item.

Provision for project liabilities are measured at the expected cost to settle the obligation. A reimbursement asset is recognised if the company is covered for losses incurred through an insurance company and it is virtually certain that the company will receive compensation. A reimbursement asset reduce the net cost recognised in the statement of income.

Pensions

The group has primarily defined contribution pension plans.

For defined contributions plans, the group pays contributions to private, administered insurance plans for pensions on a statutory, contractual or voluntary basis. The group has no additional obligations after the contributions have been paid. Contributions to defined contribution plans are expensed as incurred. LINK arkitektur AB participate in a defined benefit multi-employer plan that is accounted for as a defined contribution plan. The company has no early retirement plans.

Remaining defined benefit pension plans are primarily an individual unfunded agreement in Multiconsult Norge AS and a funded plan in LINK arkitektur AS. Pension obligations for defined benefit plans are estimated on an annual basis by independent actuaries. See note 12.

Income tax

Assets and liabilities related to current tax payable are measured at the amount expected to be received from or paid to the taxation authorities. Deferred tax assets and liabilities are calculated based on the liability method, including all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements, including losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. For investments in subsidiaries, associated companies or joint ventures, deferred tax liabilities are not recognised for taxable temporary differences when the group is able to control the timing of reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Similarly, deferred tax assets are only recognised for such investments if it is probable that the temporary difference will reverse in the foreseeable future and that sufficient taxable income will be available to allow the asset to be recovered.

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be utilized. Tax rates that are enacted or substantially enacted at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are recognised net when there is a legal right to offset payable tax assets and liabilities, and the group is able to and intends to settle payable income tax net.

The group considers expenses as tax deductible and income as not taxable based on interpretation of applicable legislation and regulations and when it is considered probable that the treatment will be accepted by the taxation authorities. The group provides for uncertain and contested tax positions based on the expected payment.

The income tax expense for a period consists of income tax payable and deferred tax. Income tax is recognised in profit or loss, except for when it relates to items that are recognised in equity, either directly or through other comprehensive income.

Statement of cash flows

The statement of cash flows has been prepared in accordance with the indirect method. Interest received and paid, and dividends received are reported as part of operating activities. Dividends paid are presented as part of financing activities.

Lease agreements

The group adopted IFRS 16 Leases as of 1 January 2019, see above for further information. Prior to implementation of IFRS 16 lease agreements were classified as finance leases when the terms of the lease transferred substantially all risks and rewards of ownership to the lessee. Other lease arrangements were classified as operating leases. The group had identified only insignificant amounts of finance leases. Lease payments under operating leases were recognised on a straight-line basis in profit or loss over the relevant lease term.

The group as lessee

Multiconsult has two classes of assets that have been reported as

right-of-use assets: buildings (primarily office premises) and cars.

Recognition exemptions

The group applies the practical expedients to not recognise right-of-use assets and liabilities for leases with lease periods of one year or less and where the underlying assets are of low value. Low value has been defined on the basis that the underlying assets, when new, are individually of low value, i.e. office furniture, water dispensers, coffee machines, IT equipment for use by the individual employees, printers and copy machines etc. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Identifying a lease

The group assesses whether a contract is or contains a lease, at inception of the contract. For the group there are no difficult evaluations to determine if contracts contain leases. Only lease payments are included in the calculation of the lease liability. Several of the agreements for lease of office premises contain renewal options, and the group makes concrete evaluations of each contract to determine the lease term.

Recognition and measurement of right-of-use assets and lease liabilities

The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, with the exemptions as mentioned above. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using an incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Currently the group have no leases that contains variable lease payments.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Several of the groups lease contracts for office premises are subject to an annual indexation regulation, a few of the contracts are subject to a quarterly index regulation. The most common index regulation is based on country specific CPI.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Lease term

The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The group has several contracts containing options for extension of various length.

If the lease period is medium long, the group has evaluated that it is reasonably certain that the group will exercise an option to extend/not exercise the option to terminate the contract. Medium long term is regarded to be 4-5 years. This is relevant when there are no other facts and evaluations suggesting the opposite, for example if it is uncertainty if we will continue business in the relevant area. For longer terms, 5-8 years, we evaluate if there are obvious economic incentives to renew or other statements that indicates renewal. If there are no such, we normally are not able to conclude that it reasonable certain that we will renew/extend. For longer periods, above 8 years, we will normally not be able to conclude that we are reasonable certain to extend.

For some contracts there is a long non-cancellable period for the main contract, and a renewal option for a smaller contract (e.g. parking), and in absence of other information the group expect that the options will be utilised up to the same lease term as the main contract.

Interest rate

Upon initial measurement of the lease liability, the lease payments are discounted using the interest rate implicit in the lease. For many of the lease contracts entered into by the group, this rate cannot be readily determined, and the group's incremental borrowing rate is used.

The group has created a model for the incremental borrowing rate. The model includes the Risk Free Rate and a country risk for the country where the contract originates. Further, the model considers a Government bond for 0-3 years, 3-5 years and 5-10 years, where the duration reflect the contract terms. Lending cost and financial spread is also included in the model. The model is tailored to the asset classes, which for the group is property and cars. The calculation of the incremental borrowing rate is updated annually.

Impairment

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The group as lessor

The group has not entered into any lease agreements as a lessor.

Dividends

Dividends to the company's shareholders are classified as a liability when the dividends proposed have been approved by the Annual General Meeting.

Employee share purchase Programme

Multiconsult ASA has a share purchase programme for employees of the group. Through the share purchase programme, the company offers employees of the group shares in Multiconsult ASA with a discount of 20 per cent. Shares purchased by the employees through the programme are subject to a two-year lock-in period. Based on independent party calculations according to an option-pricing model ("Black Scholes"), a part of the discount is recognised as employee benefit expense in the statement of income and a part directly to equity. The main part of the discount can be related to reduction in value due to the lock-in period and a loss on an equity transaction. See more details in note 9.

Standards and interpretation not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these new and amended standards and interpretations, if applicable, when they become adopted by EU.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The standard is effective for reporting periods beginning on or after 1 January 2021. This standard is not applicable to the group.

Other

A number of limited scope amendments and interpretations have been issued. These amendments and interpretations have been assessed to have no material impact on the group.

NOTE 2 B SIGNIFICANT JUDGEMENTS IN THE APPLICATION OF GROUP ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires that management makes assessments, estimates and assumptions that impact reported amounts for revenues, expenses, assets and liabilities and presentation of contingent liabilities at the end of the reporting period.

Judgements that management have made as part of the application of the entity's accounting policies and that have the most significant impact on the amounts recognised in the financial statements are as follows:

Business combinations

The group assess on a continuous basis opportunities for strategic acquisitions of businesses within the consultant and advisory market. Historically, it has been considered that most of the consideration in excess of carrying amount of net assets relates to workforce, and the excess is therefore recognised as goodwill. There were no business combinations in 2018 or 2019. Goodwill is not amortised and is tested for impairment on an annual basis, whilst intangible assets will normally be amortised, allocating the cost of acquisition to profit or loss on a systematic basis.

Development costs

The group carries out a range of research and development activities and projects, none of which are individually significant. Refer to note 7 for more information. Some expenses incurred in the development phase of an intangible asset shall be recognised in the balance sheet if specific criteria in IAS 38 have been satisfied. Costs that do not satisfy these criteria are recognised as expenses in the statement of income as incurred and may not be recognised in the balance sheet at a later date. For a consultant and advisory company, it is challenging to make an assessment as to whether development of a service delivery process or service would satisfy the criteria for recognition in the balance sheet. Consequently, there may be development costs that are not recognised as an asset because the company has not demonstrated that the criteria are satisfied at relevant points in time. Historically, the company has expensed all costs as incurred, with the exception of certain software developed for own use.

Sources of **estimation uncertainty** with a significant risk of a material adjustment to the carrying amount in the following period:

Revenue

The majority of the projects are charged on hourly basis. In principle, all worked hours shall be paid according to the agreed rate in the contract. Revenue is recognised when the services are rendered. The company makes continuous assessment of the probability that hours worked will be paid and makes adjustments to recognised revenues as appropriate. The main uncertainty relating to the assessment of contract revenue is associated with work efficiency, change orders, claims, damages and incentives. Even though the company has considerable experience in project management and measurement, there is an inherent risk associated with all these estimates.

Provisions

The group performs a large number of projects which vary in size. When performing a project, defects or damage that arise as a consequence of the deliverable may be discovered and result in a claim against the company. There may be potential defects or damages that have not been reported as a claim to the group, and that the group therefore is not aware of. Furthermore, the time horizon from reporting a case until final settlement may be several years. The size of the settlements may vary considerably. The company performs a thorough review of each claim. Project responsibility cases will give rise to both recognised provisions for liabilities and contingent liabilities that are not recognised as the company has assessed that it is not probable (under 50 per cent probability) that the company will be required to pay compensation. The company has insurance coverage for project responsibilities. The company makes period reviews together with the insurance company. Expected reimbursement from the insurance company related to recognised provisions is recognised if it is virtually certain that the company will receive compensation.

The actual outcomes may differ materially from the estimates used. Refer to note 20 Provisions, disputes and contingent liabilities.

Impairment

Cash-generating units are reviewed for impairment when indicators exist and on an annual basis when it includes goodwill. The estimated recoverable amounts are affected by assumptions in connection with the estimation of future cash flows, as well as the discount rate for the estimation of the present value of the cash flows. Refer to note 14 Intangible assets and goodwill for further discussion.

Income tax and indirect tax

The company conducts activities both within and outside Norway. There is a risk that the tax authorities may make assessments that differ from the group with regard to the amount of income tax and indirect tax payable. The group provides for income tax and indirect taxes based on the best estimate of the amounts payable for obligations that are probable, assuming that the group and the tax authorities have access to the same information. The group is not familiar with any significant disagreements upon issue of these consolidated financial statements.

The group has recognised net deferred tax assets in Norway, United Kingdom and in Poland. Part of the deferred tax asset in Norway will be utilised by taxable group contributions in the 2019 tax reporting. Realisation of the remaining deferred tax asset requires future profit.

NOTE 3 FINANCIAL RISK MANAGEMENT

The group's exposure to financial risk is primarily related to credit risk, liquidity risk, currency risk and interest risk. The group's pension assets are also exposed to market risk and the present value of gross pension liabilities is affected by the discount rate.

Risk management in the group aims to support value creation in the group and to secure a continuing solid financial platform through visibility and strategic management of both financial and operational risk factors. Operational risk relates mainly to larger projects, which is continuously reviewed by the group management.

a) Credit risk

Credit risk is the risk that customers are not able to settle their payment obligations. Credit risk is considered to be a part of business risk and is reviewed as part of ongoing operations. A large part of the group's activities are within the subsidiary Multiconsult Norge AS (75 per cent of revenues in 2019), with the sub-group LINK arkitektur as the second largest (16 per cent of revenues in 2019). The companies in the group have established procedures for credit assessment of customers as well as suppliers. The risk that customers do not have the financial ability to settle their obligations is considered to be low. Historically, only minor credit losses on receivables have been realised. The group's clients are to a large extent public sector or well-established companies.

The largest proportion of the group's customers are Norwegian, thus creating a geographical concentration of risk. Of the group's revenues in 2018 and 2019, approximately half relates to public sector customers and approximately 80 per cent relates to customers in Norway. Multiconsult Norge AS has some large contracts that, to a certain extent, lead to a concentration of risk within a small number of large customers. The group's five and ten largest indi-

vidual customers comprised approximately 18 per cent and 25 per cent, respectively, of the group's revenues in 2018 and 2019. The group's five and ten largest individual customers in relation to trade receivables and work in progress at 31 December 2019 (not all the same customers as for revenues in 2019) comprised approximately 19 per cent and 26 per cent, respectively, of the group's total trade receivables and work in progress at 31 December 2019.

The group's maximum credit exposure comprises the carrying amount of receivables, work in progress, and cash and cash equivalents and restricted cash. Normal payment terms in Norway are 30 days after invoicing. Non-current receivables comprise limited amounts and have no fixed maturity date. Multiconsult Norge AS assesses that the risk for trade receivable and work in progress not being realised primarily relates to disputes regarding consideration. Multiconsult Norge AS has estimated revenue to be realised and constrained revenue recognition if relevant so that it is highly probable that a significant reversal of revenue per contract will not occur, but the nature of estimates means that changes can occur in either a positive or a negative direction. Multiconsult Norge AS makes individual assessments of trade receivable over a certain size, with a particular focus on those which are more than 60 days overdue. Generally, Multiconsult Norge AS invoices customers continuously for hours worked on the assignments. The assessment of whether revenue has been earned is, in some cases, also performed after the hours have been invoiced, with a reduction of revenues and work in progress or recognition of prepaid revenues (contract liability). To the degree that reduction to revenues have been realised in the form of a credit note, revenues have been reduced, instead of recognizing the adjustment as a realised loss. Realised losses in the table below are therefore related to bankruptcies etc. at customers and represents actual credit losses.

MATURITIES OF TRADE RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2019

Amounts in NOK thousand	Carrying amount	Maturities of receivables that have not been impaired				
		Not due	0-30 days	30-60 days	60-90 days	>90 days
Trade receivables	653 652	456 762	101 485	23 693	18 790	52 922
Work in progress	309 034	309 034	0	0	0	0
Other current receivables ¹⁾	32 031	32 031	0	0	0	0
Other non-current receivables ²⁾	3 985	3 985	0	0	0	0
Allowance for losses on receivables	(15 176)	0	0	0	(1 466)	(13 710)
Total trade and other receivables	983 526	801 813	101 485	23 693	17 324	39 212

¹⁾ Other current receivables do not include prepayments, which are not considered financial assets.

²⁾ Other non-current receivables do not include net pension assets and reimbursement assets.

MATURITIES OF TRADE RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2018

Amounts in NOK thousand	Carrying amount	Maturities of receivables that have not been impaired				
		Not due	0-30 days	30-60 days	60-90 days	>90 days
Trade receivables	676 059	483 452	122 666	9 215	1 389	59 337
Work in progress	343 863	343 863	0	0	0	0
Other current receivables ¹⁾	36 014	36 014	0	0	0	0
Other non-current receivables ²⁾	5 860	5 860	0	0	0	0
Allowance for losses on receivables	(9 303)	0	0	0	(37)	(9 265)
Total trade and other receivables	1 052 494	869 189	122 666	9 215	1 352	50 072

¹⁾ Other current receivables do not include prepayments, which are not considered financial assets.

²⁾ Other non-current receivables do not include net pension and reimbursement assets.

CHANGES IN ALLOWANCES FOR LOSSES ON RECEIVABLES DURING THE YEAR ETC

Amounts in NOK thousand	2019	2018
Opening balance allowance for losses on receivables	9 303	12 498
Change in allowances for losses on trade receivable during the year ¹⁾	5 874	(3 196)
Closing balance allowance for losses on receivables	15 176	9 303
Realised losses in the event of bankruptcy etc.	2 211	3 378
Loss on receivables in the statement of income¹⁾	8 281	183

¹⁾ MNOK 6.0 is recognised in the statement of income as write-down of work in progress and has reduced operating revenues accordingly.

b) Liquidity risk

Liquidity risk is the risk of being unable to settle financial obligations at maturity. Liquidity risk arises if there is no correspondence between the cash flows from the business and the financial obligations. Managing liquidity risk is performed through development of liquidity management strategies, which are operationalised through liquidity budgets and are continuously reviewed. The group's liquidity risk exposure is limited, but with significant short-term variation. The highest level of net working capital is during the third quarter. Liquidity is managed closely through budgets and regular short- and long-term forecasting. Historically, the group has had suffi-

ent liquidity and has continuously paid dividends to the owners. The group's cash flows from operating activities in 2019 and 2018 were positive. The operations in Multiconsult are exposed to normal fluctuations that affect the cash flows during the year. The majority of payments relate to employees and sub-contractors.

Change in interest-bearing liabilities in the balance sheet from 2018 to 2019 corresponds to the instalments reported in the statement of cash flow, excluding finance lease in 2018, which is presented as instalments in lease liabilities.

Amounts in NOK thousand	31.12.2019	31.12.2018
Multiconsult ASA	178 400	193 500
Finance lease	N/A	3 544
Other	0	1 373
Total interest-bearing liabilities	178 400	198 417

At 31 December 2019, Multiconsult ASA has a term loan of remaining NOK 172 million, with final repayment in October 2020. Multiconsult ASA has an overdraft facility of NOK 320 million with Nordea Bank which is part of a cash pool for certain companies in the group. Multiconsult ASA is the owner of the cash pool's top account and the debtor of the facility. The overdraft facility is renewed annually and currently with a term until 26 June 2020. At 31 December 2019 and 2018, no amount was drawn under the overdraft facility.

The existing loan agreement, overdraft facility and guarantee agreement contain negative pledge in relation to new loan agreements and cross default clauses, and limitations in entering into new loan agreements without the consent of Nordea Bank. The loan agreements include a covenant requiring that net interest-bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times

last twelve months EBITDA (the gearing ratio), and a covenants requiring an equity ratio of at least 25 per cent, reported quarterly. The definition of the EBITDA under the loan agreements was amended after 30 September 2019 with effect from 30 August 2019. IFRS 16 effects are excluded from the covenant calculations. See section "capital management" below. At 31 December 2019 and 2018, the group was in full compliance with all covenant requirements.

On 4 December 2019 Multiconsult ASA entered into a share loan agreement with its largest shareholder Stiftelsen Multiconsult in connection with the execution of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement. Remaining loan at 31 December 2019 is NOK 6.4 million.

MATURITY INTEREST-BEARING LIABILITIES 31 DECEMBER 2019

Amounts in NOK thousand	Carrying amount	Maturity			Total payments
		1 year	2 years	> 2 years	
Interest-bearing liabilities	178 400	178 400	0	0	178 400
Interest on interest-bearing liabilities ¹⁾	0	5 625	0	0	5 625
Total interest-bearing liabilities incl. interest	178 400	184 025	0	0	184 025

¹⁾ Calculated using the interest rate as of 1 January 2020.

For information on maturities of lease liabilities 31 December 2019, please see note 18 Leases.

MATURITY INTEREST-BEARING LIABILITIES 31 DECEMBER 2018

Amounts in NOK thousand	Carrying amount	Maturity			Total payments
		1 year	2 years	> 2 years	
Interest-bearing liabilities	198 417	22 998	172 733	2 686	198 417
Interest on interest-bearing liabilities ¹⁾	0	6 654	5 078	109	11 842
Total interest-bearing liabilities incl. interest	198 417	29 652	177 811	2 795	210 259

¹⁾ Calculated using the interest rate as of 1 January 2019.

c) Currency risk

Multiconsult Norge AS is to a certain extent influenced operationally by currency fluctuations, mainly relating to revenues from assignments abroad. The risk relates to the delivery of engineering services from Norway to other countries. Several ongoing foreign assignments have agreed rates in currencies other than NOK, mainly EUR and USD. When a significant currency risk arises, the risk is assessed separately, but so far the risks have only been mitigated to a certain degree through the use of forward contracts. The group had no forward currency contracts as of 31 December 2019. The group has, to a limited degree, bank accounts, trade receivables and trade payables in foreign currency. When entering into contracts in foreign currency the company evaluates currency risks and the need to secure these risks. The subsidiaries holds monetary items primarily in their functional currency. Changes in currency rates between NOK and foreign currencies may influence the company's statement of income and equity.

The group's operations are primarily run in and from Norway. For accounting purposes, the group is exposed to currency translation risk related to foreign subsidiaries and associated companies, primarily PLN, DKK, SEK and GBP. Currency risk arising from equity in foreign entities is not hedged, and currency changes affect the group's equity through other comprehensive income. The various companies within the group also conduct services abroad, which give rise to currency risk in the separate engagements.

The effect on monetary items from a reasonably possible change in currency rates compared to the separate group entities' functional currency would be insignificant as of 31 December 2019 and 2018.

d) Interest rate risk

The group's operating revenues and cash flows from operating activities are to a limited degree directly affected by interest rate changes. The group's interest risk is related to variable interest on bank accounts and on liabilities. Due to the limited amount of net interest-bearing liabilities at 31 December 2019 and 2018, a change in interest rates of half a percentage point would result in insignificant change in annual net interest expense (excluding effect on fair value of interest rate swaps).

Multiconsult ASA has an interest rate swap that exposes it to fair value interest rate risk. At 31 December 2019, NOK 86 million (NOK 96.75 million at 31 December 2018) is swapped from variable 3 month NIBOR to fixed interest of 1.565 per cent p.a. for three years. The amount of the agreement is reduced by NOK 10.75 million per year, next time in October 2020. At 31 December 2019 the fair value was an asset of NOK 618 thousand (liability of NOK 86 thousand per 31 December 2018). An increase/decrease in 3 month NIBOR of half a percentage point would result in a gain of NOK 1.5 million/loss of NOK 0.3 million at 31 December 2019 (31 December 2018: a gain of NOK 1.2 million/loss of NOK 1.4 million).

Establishment of the interest rate swap was due to requirements from Nordea Bank in connection with establishment of term loan in 2017.

e) Categories of financial instruments

The group has the following categories of financial instruments:

AS OF 31 DECEMBER 2019

Amounts in NOK thousand	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Derivatives	618	0	618	618	2
Shares and equity interests	70	0	70	70	3
Other non-current receivables	0	3 985	3 985	3 985	N/A
Non-current financial assets, restricted funds	0	13 198	13 198	13 198	N/A
Trade receivables and other current receivables ¹⁾	0	979 531	979 531	979 531	N/A
Cash and cash equivalents	0	73 558	73 558	73 558	N/A
Total assets	688	1 070 272	1 070 959	1 070 959	
Estimated fair value	688	1 070 272	1 070 959	1 070 959	

AS OF 31 DECEMBER 2019

<i>Amounts in NOK thousand</i>	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Derivatives	0	0	0	0	2
Interest-bearing liabilities (excluding lease liabilities)	0	178 400	178 400	178 400	N/A
Trade payables and other current liabilities ²⁾	0	792 957	792 957	792 957	N/A
Total liabilities	0	971 357	971 357	971 357	
Estimated fair value	0	971 357	971 357	971 357	

¹⁾ Prepayments are excluded since this analysis is only required for financial instruments. It also excludes net pension assets and reimbursement assets.

²⁾ Prepaid revenues and income taxes payables are excluded from trade payables and other liabilities, since this analysis is only required for financial instruments. It also excludes provisions, net pension liabilities and lease liabilities.

AS OF 31 DECEMBER 2018

<i>Amounts in NOK thousand</i>	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	533	0	533	533	3
Other non-current receivables	0	5 860	5 860	5 860	N/A
Non-current financial assets, restricted funds	0	18 832	18 832	18 832	N/A
Trade receivables and other current receivables ¹⁾	0	1 046 634	1 046 634	1 046 634	N/A
Cash and cash equivalents	0	120 040	120 040	120 040	N/A
Total assets	533	1 191 366	1 191 899	1 191 899	
Estimated fair value	533	1 191 366	1 191 899	1 191 899	

AS OF 31 DECEMBER 2018

<i>Amounts in NOK thousand</i>	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Derivatives	165	0	165	165	2
Interest-bearing liabilities	0	198 417	198 417	198 417	N/A
Trade payables and other current liabilities ²⁾	0	865 917	865 917	865 917	N/A
Total liabilities	165	1 064 334	1 064 498	1 064 498	
Estimated fair value	165	1 064 334	1 064 498	1 064 498	

¹⁾ Prepayments are excluded since this analysis is only required for financial instruments. It also excludes net pension assets and reimbursement assets.

²⁾ Prepaid revenues and income taxes payables are excluded from trade payables and other liabilities, since this analysis is only required for financial instruments. It also excludes provisions and net pension liabilities.

Fair value estimates and the fair value hierarchy

The group measures fair value based on the following hierarchy that reflects the input used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable marked data (unobservable inputs).

The net carrying amounts of trade receivables, other receivables, cash and cash equivalents, interest-bearing liabilities and trade payable are deemed to approximate fair value. Shares and equity interests that are not listed, have a low value and it is assumed that the carrying amounts approximate fair value. Fair value of derivatives are calculated based on the present value of future cash flows, calculated using interest rate curves, currency exchange rates and currency spreads as of the reporting date.

f) Capital management

The group has followed up its capital structure by securing adequate free liquidity in the form of cash, bank placements and bank overdraft, to be able to continuously service its obligations without significant loan financing, have adequate equity and to have available liquidity. At the end of 2017 the company established a term loan as additional financing.

At 31 December 2019, Multiconsult ASA has a term loan of remaining NOK 172 million, with final repayment in October 2020. Multiconsult ASA has an overdraft facility of NOK 320 million with Nordea Bank which is part of a cash pool for certain companies in the group. Multiconsult ASA is the owner of the cash pool's top account and the debtor of the facility. The loan agreements include a covenant requ-

iring that net interest-bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times last twelve months EBITDA (the gearing ratio), and a covenants requiring an equity ratio of at least 25 per cent, reported quarterly. The definition of the EBITDA under the loan agreements was amended in the fourth quarter of 2019; when calculating EBITDA, Extraordinary Costs above EBITDA up to 20 per cent of 12 months rolling EBITDA shall be deducted. IFRS 16 effects are excluded from the covenant calculations.

In the fourth quarter of 2019, Multiconsult introduced new financial targets:

- Gearing: Multiconsult shall maintain a solid balance sheet to support its daily operations and growth targets, but also withstand periods of weaker markets.
- The maximum gearing (NIBD/EBITDA) shall be 2.5x. The company shall aim to have a gearing of 1.0x - 2.0x in normal circumstances. In special circumstances (such as acquisitions) gearing may go up to 3.0x for a period not exceeding 18 months. Gearing is measured excluding IFRS 16 effects.
- Equity ratio: Equity ratio above 25 per cent. Equity ratio shall be measured excluding IFRS 16 effects.
- Dividend: The Company's ambition is to distribute at least 50 per cent of its net profit. When deciding the annual dividend level the Board of Directors will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

The Board of Directors will suggest that the 2020 Annual General Meeting declare a dividend of NOK 0.0 per share. The Board has taken this decision based on an overall assessment of the current situation and increased uncertainty caused by the COVID-19 pandemic in our society. The same figures for the preceding year were a dividend of NOK 1.5 per share based on the 2018 financial results, which approximates 64 per cent of the 2018 annual result.

The amounts for calculation of the covenant requirements in the loan agreements is presented in the table below:

NET INTEREST BEARING LIABILITIES AND EQUITY AS OF 31 DECEMBER AND EBITDA FOR THE YEAR

Amounts in NOK thousand (except percentages)	2019	2018
Cash and cash equivalents, excluding restricted cash	69 769	120 040
Cash and cash equivalents, restricted cash	3 829	0
Non-current financial assets, restricted funds	13 198	18 832
Interest-bearing liabilities	(1 092 958)	(198 417)
Net interest-bearing liabilities including IFRS 16 lease liabilities	(1 006 203)	(59 545)
Less non-current and current IFRS 16 lease liabilities	(914 558)	0
Net interest-bearing liabilities excluding IFRS 16 lease liabilities	(91 645)	(59 545)
Net interest-bearing liabilities excluding IFRS 16 lease liabilities, restricted cash and restricted funds	(108 671)	(78 377)
EBITDA (excluding IFRS 16 effects)	140 595	149 133
NIBD (excl. restricted cash)/EBITDA	0.77	0.53
Equity (excluding IFRS 16 effects)	597 850	593 211
Total assets (excluding IFRS 16 effects)	1 779 774	1 889 966
Equity ratio group (excluding IFRS 16 effects)	34%	31%

See note 18 Leases for IFRS 16 effects.

NOTE 4 BUSINESS COMBINATIONS

There has been no business combinations in 2019 or 2018.

NOTE 5 SEGMENTS

The group's business is divided into four reporting segments, three geographical segments and one segment for LINK arkitektur.

1. Greater Oslo Area is represented by the office in Oslo, the regions Østfold (Fredrikstad and Moss) and Buskerud/Vestfold/Telemark (Drammen, Skien and Tønsberg).
2. Regions Norway comprises the regions South (Kristiansand and Grimstad), South West (Stavanger and Egersund), West (Bergen), Middle (Trondheim and Steinkjer) and North (Tromsø, Finnmark and Svalbard).
3. International comprises the companies Multiconsult Polska (Poland), Multiconsult UK (England), Multiconsult Asia (Singapore), Multiconsult Russia and Iterio AB.
4. LINK arkitektur comprises the companies LINK arkitektur AS, LINK arkitektur AB, LINK arkitektur aps and LINK arkitektur A/S.

Segment Greater Oslo Area, Regions Norway and International are organised into geographical divisions and correspond with the internal reporting to the group's chief operating decision maker, the CEO. Assignments are staffed across segments. Revenues and expenses are reported in a segment based on where the employee is based.

The group also reports revenues divided by seven business areas:

1. Buildings & Properties
2. Industry
3. Oil & Gas
4. Renewable energy
5. Transportation
6. Water & Environment
7. City & Society

Buildings & Properties include advisory and engineering at all stages of a construction project for all types of buildings. The business area provides services such as demand- and feasibility studies, sketch pre-project, detailed design and follow-up during the construction period, and real estate consultancy. The focus is on sustainable and long-term solutions. LINK arkitektur is included.

Industry offers complete, interdisciplinary advisory and engineering services in all project phases. Services include investigations, project development, project management, design and procurement, construction with all technical systems, construction management and follow-up, and commissioning.

Oil & Gas provides services throughout the whole value chain, from early phase studies through FEED (Front End Engineering Design) to detailed engineering and delivery for both onshore and offshore projects. Services provided onshore are within terminal and production facilities, facilities and constructions, harbour and marine constructions, underground warehouses, land-based pipelines and landfills, and electrical substations. Services provided offshore are within oil and gas rigs and platforms, concrete marine constructions, modules and structures for rigs and platforms, seabed installations, arctic climate technology for floating and subsea constructions, and noise and vibration measurement amongst others.

Renewable Energy covers the entire project life cycle in hydropower, transmission and distribution, land-based wind power and solar energy. Services provided are from start-up and preliminary studies to detailed design and construction management, commissioning and operational shutdown.

Transportation largely comprises advisory services for planning safe and forward-looking transport systems. The business area covers road, rail, airport, harbour and channel transport systems.

Water & Environment includes services in all phases of the lifetime of a project including inspections, engineering, operation and maintenance, and remediation and demolition. Focus is placed on sustainable development of the environment through advisory services related to Greenhouse gas emissions, flood and mud slide protection, water and drains, blue-green structures and issues related to pollution of air, water and soil.

City & Society includes complex early-stage planning in urban areas. The focus is on creating innovative solutions and contribute to building attractive cities of the future. Mobility, infrastructure, area solutions and real estate development are core markets.

The segments *Greater Oslo Area* and *Regions Norway* offer services within the whole service spectrum without architecture.

For the segment *International*, Multiconsult UK primarily offers services within Renewable Energy, whilst the company in Poland primarily offers services within the market areas Transportation, Oil & Gas and Water & Environment. Multiconsult Asia and Multiconsult Russia primarily offers services within Oil & Gas.

Not allocated in 2019 consists of administrative staff and shared services, of which the majority is allocated to the business segments. Remaining unallocated costs are considered as shareholder costs. In addition some of the administrative staff participate in external projects which generated some external revenue and project costs.

Expenses for administrative services, rent, depreciation etc. are allocated to the segments. The allocation of expenses is not reported as intercompany revenue and expenses. Assets are not reported internally divided by segments. The information is the same as group management uses to allocate resources and evaluate performance. The accounting policies for the segments are the same as the policies for the group.

Amounts in NOK thousand

YEAR 2019	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues	1 873 193	1 226 012	323 863	651 187	(5 572)	0	4 068 683
Internal revenues	7 805	236	20 770	12 042	26 633	(67 486)	0
Total operating revenues	1 880 998	1 226 248	344 634	663 229	21 061	(67 486)	4 068 683
Net operating revenues	1 572 343	1 129 463	228 417	535 798	(25 135)	(5 051)	3 435 835
Operating expenses	1 471 622	1 002 636	200 320	490 414	(23 795)	(4 495)	3 136 702
EBITDA	100 721	126 827	28 097	45 384	(1 340)	(556)	299 133
Depreciation and amortisation	29 169	73 717	13 389	25 267	51 797	(535)	192 804
EBIT	71 552	53 110	14 708	20 117	(53 136)	(21)	106 329
Associates and joint ventures	(169)	0	0	0	0	0	(169)
Receivables ¹⁾	414 021	261 399	146 086	218 145	0	(76 965)	962 687
# employees	1 180	875	326	489	124		2 994

¹⁾ Receivables includes accounts receivables (before provision for loss) and accrued revenues.

Amounts in NOK thousand

YEAR 2018	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues	1 849 609	1 165 255	259 763	632 094	1 917	0	3 908 638
Internal revenues	27 374	0	30 809	33 470	4 482	(96 135)	0
Total operating revenues	1 876 983	1 165 255	290 572	665 564	6 399	(96 135)	3 908 638
Net operating revenues	1 542 766	1 077 567	198 942	513 111	2 462	0	3 334 848
Operating expenses	1 469 492	1 004 890	188 906	492 660	29 766	0	3 185 715
EBITDA	73 273	72 677	10 036	20 450	(27 304)	0	149 133
Depreciation and amortisation	15 781	22 545	1 980	7 368	2 456	0	50 130
EBIT	57 492	50 133	8 056	13 082	(29 760)	0	99 003
Associates and joint ventures	1 271	0	0	390	0	0	1 661
Receivables ¹⁾	479 965	281 598	108 511	194 325	0	(44 477)	1 019 922
# employees	1 176	854	284	489	131		2 934

¹⁾ Receivables includes accounts receivables (before provision for loss) and accrued revenues.

Amounts in NOK thousand

	2019	2018
REVENUES PER BUSINESS AREA		
Buildings & Properties	1 599 329	1 729 935
Industry	230 921	218 849
Oil & Gas	112 117	99 551
Renewable Energy	384 251	439 874
Transportation	1 175 849	977 215
Water & Environment	392 953	301 737
City & Society	173 263	141 475
Total	4 068 683	3 908 638

Amounts in NOK thousand

	2019	2018
REVENUES PER GEOGRAPHY		
The table below shows revenues distributed by geography, based on the customer's location:		
Norway	3 277 094	3 122 703
Abroad	791 589	785 935
Total	4 068 683	3 908 638

Customer location is based on the invoice address. No customer contributed 10 per cent or more of revenues in 2019 or 2018.

NOTE 6 REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

All revenues for the group in 2019 is from contracts with customers. Revenue is generated by delivering consulting services. The group provides a range of services, including multidisciplinary consulting and design, project engineering and management, verification, inspection, supervision and architecture – both in Norway and abroad.

DISAGGREGATION FOR REVENUES FROM CONTRACTS WITH CUSTOMERS

Amounts in NOK thousand

	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Total
YEAR 2019						
External revenues	1 873 193	1 226 012	323 864	651 187	(5 572)	4 068 683
Revenues per business area						
Buildings & Properties	615 692	406 709	0	579 387	(2 460)	1 599 329
Industry	74 733	142 237	0	14 273	(322)	230 921
Oil & Gas	72 061	33 849	6 345	0	(138)	112 117
Renewable Energy	232 098	120 408	32 218	0	(473)	384 251
Transportation	563 246	358 602	255 460	0	(1 460)	1 175 849
Water & Environment	251 014	112 594	29 841	0	(496)	392 953
Cities & Society	64 349	51 611	0	57 527	(224)	173 263
Total	1 873 193	1 226 012	323 864	651 187	(5 572)	4 068 683
Revenues per geography¹⁾						
Norway	1 715 689	1 226 012	4 118	336 847	(5 572)	3 277 094
Sweden	31 231	0	133 846	178 072	0	343 149
Denmark	499	0	0	135 172	0	135 670
Poland	70	0	156 747	0	0	156 817
All other countries	125 704	0	29 152	1 096	0	155 952
Total	1 873 193	1 226 012	323 864	651 187	(5 572)	4 068 683

¹⁾ Revenues distributed by geography is based on the customer's location.

Amounts in NOK thousand

	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Total
YEAR 2018						
External revenues	1 849 609	1 165 255	259 763	632 094	1 917	3 908 638
Revenues per business area						
Buildings & Properties	715 945	424 449	0	586 335	3 206	1 729 935
Industry	71 006	138 550	0	9 293	0	218 849
Oil & Gas	62 828	30 131	6 854	0	(261)	99 551
Renewable Energy	292 407	103 958	43 508	0	0	439 874
Transportation	483 948	308 234	185 034	0	0	977 215
Water & Environment	167 826	109 545	24 367	0	0	301 737
Cities & Society	55 649	50 388	0	36 466	(1 027)	141 475
Total	1 849 609	1 165 255	259 763	632 094	1 917	3 908 638
Revenues per geography¹⁾						
Norway	1 642 927	1 165 255	0	312 604	1 917	3 122 703
Sweden	13 408	0	121 685	179 004	0	314 097
Denmark	3 589	0	0	140 486	0	144 075
Poland	0	0	112 685	0	0	112 685
All other countries	189 685	0	25 393	0	0	215 078
Total	1 849 609	1 165 255	259 763	632 094	1 917	3 908 638

¹⁾ Revenues distributed by geography is based on the customer's location.

CONTRACT BALANCES

Amounts in NOK thousand

	Note	2019	2018
Trade receivables	3, 13	638 476	666 756
Work in progress (contract assets)		309 034	343 863
Prepaid revenues (contract liabilities)		133 368	138 411

Work in progress relate to the group's right to consideration for work completed but not billed at the reporting date. Work in progress are transferred to receivables when the group issues an invoice.

The group has used the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if the group expects, at contract inception, that the period between transfer of the service and when the customer pays for that service will be one year or less. Approximately 60 per cent of the prepaid revenues relates to contracts in Multiconsult Polska. Multiconsult Polska has been able to negotiate some long term contracts with prepayments. Multiconsult believes the reason for the prepayments is not providing of finance to Multiconsult, and has consequently not recognised interest expense and offsetting increase in revenues.

Multiconsult estimates that prepaid revenues of NOK 66,674 thousand at 31 December 2018 has been recognised as revenue during 2019.

Order backlog (unaudited)

Order Backlog is revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2019. Options and call-offs on frame agreements are not included in the order backlog before signed and thereby committed. Contracts for an agreed service delivery may include an agreed scope, with fixed price per hour but where the number of hours are not fixed. Multiconsult regards this as variable consideration, and has included the expected number of hours in the order backlog.

The order backlog at 31 December 2019 is estimated to NOK 2,968 million. The timing of the recognition of revenue is uncertain, as it depends on the actual progress in many different project which involves a number of parties. The group has estimated that it may recognise approximately 52 per cent of the order backlog as revenue during 2020, 30 per cent in 2021 and the remaining 18 per cent in the subsequent years.

No consideration from contracts with customers is excluded from the amounts presented in the table above.

NOTE 7 RESEARCH AND DEVELOPMENT

Multiconsult Norge AS performs a number of research and development activities. Based on the definition in IFRS, the company has divided the activities into the following categories:

1. Projects with external funding.
2. Projects with collaborating partners (i.e. SINTEF), Skattefunn, PhD arrangements.
3. Activities related to methodology development, process etc. that the company uses to deliver to customers (product and process development), including these activities in group networks.

Total expenditures for these activities were NOK 11.5 million in 2019 (NOK 7.6 million in 2018), of which NOK 0.9 million was invoiced to customers in 2019 (NOK 0.6 million in 2018). In the income statement, these expenditures have been reduced by government grants (Skattefunn) of NOK 0.8 million in 2019 (NOK 0.7 million in 2018). None of these expenditures have been capitalised.

NOTE 8 OTHER OPERATING EXPENSES

<i>Amounts in NOK thousand</i>	2019	2018 ²⁾
Office expenses ¹⁾	100 656	247 029
Consultants	54 686	51 514
Technical equipment ¹⁾	26 547	34 334
IT and communication	126 004	112 340
Travel and meeting	42 024	41 442
Sales and marketing	16 116	18 344
Losses on receivables	2 281	183
Gain on sale of fixed assets	(360)	(1 926)
Other	114 317	142 962
Total other operating expenses	482 271	646 221
IFRS 16 effect ¹⁾	158 538	0
Total other operating expenses adjusted for IFRS 16	640 809	646 221

¹⁾ Implementation of IFRS 16 has led to a reclassification of leasing expenses previously reported as operating expenses to financial leasing presented as depreciation and financial expense. Numbers for 2018 is not restated. Total effect on other operating expenses in 2019 is a decrease of NOK 158.5 million, of which NOK 156.1 million is a decrease in rental expenses, and NOK 2.4 million is a decrease in technical equipment.

²⁾ Numbers for 2018 are reclassified to be comparable to 2019.

AUDITOR

Fees paid to Deloitte AS and affiliated companies, as well as other auditors in subsidiaries:

<i>Amounts in NOK thousand</i>	2019		2018	
	Deloitte	Other	Deloitte	Other
Statutory audit services	3 709	338	3 236	542
Tax advisory services	276	0	385	0
Other assurance services	24	0	53	0
Other non-audit services	48	799	56	0
Total	4 058	1 137	3 729	542

The amounts above are excluding VAT.

NOTE 9 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES ETC.

Amounts in NOK thousand	2019	2018
EMPLOYEE BENEFIT EXPENSES		
Salaries, vacation pay, bonus etc.	2 122 980	2 024 411
Social security tax	309 926	293 864
Pension expenses (see note 12)	174 937	170 411
Other employee benefit expenses	46 588	50 807
Total employee benefit expenses	2 654 431	2 539 494
Number of full time employees during the year ¹⁾	2 907	2 773
Number of employees as of 31 December	2 994	2 934

¹⁾ Number of full-time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.

SHARE PURCHASE PROGRAMME AND LOANS TO EMPLOYEES

Multiconsult ASA has a share purchase program (SPP) available to all group employees. The SPP offers employees to buy shares in Multiconsult ASA at a discount of 20 per cent. Shares purchased by the employees through the program are subject to a two-year lock-in period.

The 2019 program took place in November. In total Multiconsult sold 286,443 shares to its employees, which it purchased in the market. The sale was based on a price of NOK 49.91 per share, which is a 20 per cent discount of the volume-weighted average share price of NOK 62.39 per share traded on Oslo Børs in the period 29 November to 4 December 2019. The total sales price reduced with the discount was NOK 14,296,370, of which NOK 3,579,070 was paid in cash and the remaining NOK 10,717,300 as loans granted to the employees, maximum 3/5 G (NOK 59,914 per employee). The outstanding balance of loans per 31 December 2019 was NOK 10,717,300 including loans to the executive management related to their variable performance based bonus scheme. Repayment of loans takes place over 12 months through deduction in salary.

In the 2018 program the employees were allocated 630,689 shares. The total sales price was NOK 29,774,828, of which NOK 13,001,103 was paid in cash and the remaining NOK 16,773,725 as loans granted to the employees. The outstanding balance of loans per 31 December 2018 was NOK 15,816,879, including loans to the executive

management related to their variable performance based bonus scheme.

The discount is partially recognised as an expense and partially recognised directly in equity. See accounting policies for further description.

DISCOUNT, EMPLOYEE SHARE PURCHASE PROGRAM

Amounts in NOK thousand	2019	2018
Employee benefit expenses	867	2 036
Recognised directly to equity (before tax) ¹⁾	3 169	5 407
Total discount	4 036	7 442

¹⁾ The discount (before tax) recognised directly to equity may deviate from the total amount (before tax) recognised in the statement of equity if the payments to acquire own shares deviates from the market price for the shares used as basis for calculation of the discount.

There are no unamortised employee benefit expense related to the shares sold.

REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Section 1 describes the guidelines for remuneration in 2020, to be approved by the General Meeting in 2020.

1.1. General guidelines

Remuneration to the group management shall reflect the responsibilities of the CEO and other members of the group management in Multiconsult, considering the complexity of the company, growth and sustainability. The company's remuneration strategy is to offer competitive remuneration, but not to be in the forefront.

Total remuneration to the executive management team is a combination of fixed elements and variable performance based bonus. Fixed remuneration consists of base salary, fringe benefits, pension and insurance.

The payout potential in the bonus program is up to a maximum of six months base salary for the CEO and four months for other members of the executive management team. Financial targets, agreed action plans, and relevant KPIs are approved and evaluated by the board. Payout of bonus earned is partly in cash and partly in shares at a 30 per cent discount and a 3-year lock-in period. Furthermore, the executive management team can also take part in the share purchase program for all employees.

No options have been issued to employees or elected officers of the group.

1.2. Pension and insurance arrangements

The group management team is included in the pension and insurance program as other employees in Multiconsult ASA, which is similar to the pension and insurance program in Multiconsult Norge AS. For Kirsten Anker Sørensen, EVP Architecture and CEO LINK arkitektur, terms from employer LINK arkitektur A/S apply.

The members of the group management, who until 2017 were members of the defined benefit plan, are in the same way as other affected employees, partly compensated for entering into the defined contribution plan.

1.3 Guidelines for share based remuneration

The board of directors implemented a variable performance based bonus scheme for the group management effective from 2016. Out of the earned bonus, 75 per cent of the bonus is paid in cash and 25 per cent by shares at a 30 per cent discount and a three-year lock-in period. If a member of the management team leaves the company during the lock-in period, the member has to repay the discount pro rata according to accrued and remaining lock-in period. The group management also has an option to buy additional shares at a 30 per cent discount for the amount equal to 25 per cent of the bonus attained. Funding of the shares is by cash or by loan from Multiconsult ASA. If the member of the group management leaves the company, repayment of the loan takes place at the last date of employment. Members of the group management participate in the company's general share purchase program for employees, in which they are offered to purchase shares at a discount of 20 per cent with a two-year lock-in period.

2. Remuneration policy during the accounting year

With the exceptions mentioned below, the principles described in section 1 above serves as basis for the remuneration policy during 2019. The bonus program for 2019 had a pay-out potential equal to six months base salary to the CEO and four months for other members of the group management based on targets for financial targets and relevant KPIs.

3. Remuneration to the group management

The tables below show the total remuneration to the group management earned in 2019 and 2018. The CEO has an agreement, which, in the event that she has to resign, gives her the right (unless she has shown gross negligence of her duties according to laws), to receive salary for 12 months in addition to salary in the 6 month notice period. Kirsten Anker Sørensen has an agreement, in the event that she has to resign, gives her the right (unless she has shown gross negligence of her duties according to laws), to receive salary for 9 months in addition to salary in the 3 months' notice period.

There are no other agreements for special compensation in the event of resignation, termination or change in the employment or position for other members of group management or board members.

REMUNERATION TO THE GROUP MANAGEMENT 2019

The table below displays the total remuneration to the group management earned in 2019 for the period the persons served as member of the group management. Presented below is a similar table for year 2018.

At 31 December 2019

Amounts in NOK	Base salary ¹⁾	Salary paid ²⁾	Other benefits ²⁾	Bonus earned ³⁾	Pension	Shares ⁴⁾	Loans ⁵⁾
CEO							
Grethe Bergly ^{6) 7)}	3 280 000	3 208 606	11 805	0	135 763	28 751	43 006
Other members of the group management							
Hans-Jørgen Wibstad ⁸⁾	2 050 000	1 269 551	12 546	0	87 232	5 183	43 006
Kari Nicolaisen ⁹⁾	1 720 000	1 402 500	7 686	0	102 194	940	43 006
Johan Arntzen ¹⁰⁾	1 650 000	1 580 106	19 468	0	130 010	6 145	0
Lars Opsahl ^{11) 7)}	1 800 000	2 327 004	99 353	0	134 048	65 654	43 006
Kristin Olsson Augestad ¹²⁾	1 700 000	1 730 301	10 935	0	136 670	6 733	43 006
Leif-Olav Bogen ¹³⁾	1 700 000	1 700 696	13 384	0	131 253	4 508	43 006
Hilde Gillebo ¹⁴⁾	1 700 000	141 667	4 162	0	11 118	0	0
Geir Juterud ¹⁵⁾	1 700 000	1 582 367	78 200	0	129 050	4 271	35 274
Kirsten Anker Sørensen ¹⁶⁾	1 750 000	1 504 563	46 533	0	303 709	0	0
Øyvind Holtedahl ¹⁷⁾	N/A	1 910 383	41 141	0	133 360	N/A	N/A
Ola Dalen ^{18) 7)}	N/A	1 847 361	30 551	0	129 290	N/A	N/A
Jörgen Hasselström ¹⁹⁾	N/A	1 214 771	199 609	0	85 793	N/A	N/A
Leif Øie ²⁰⁾	N/A	1 653 659	32 977	0	87 867	N/A	N/A
Anne Harris ²¹⁾	N/A	1 067 735	4 420	0	48 369	N/A	N/A
Rune Hardersen ²²⁾	N/A	2 931 669	1 952	0	50 179	N/A	N/A
Christian Nørgaard Madsen ²³⁾	N/A	3 759 694	0	0	79 741	N/A	N/A
Total	19 050 000	30 832 633	614 722	0	1 915 646	122 185	293 310

¹⁾ Annual base salary per 31 December 2019.

²⁾ Salary is amount paid during the year presented, including holiday pay, car allowance and compensation for entering into new pension plan. Other benefit include all other cash and non-cash benefit received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; housing allowance; per diem allowance; and telecommunication. Salary paid for previous positions within Multiconsult is included where relevant.

³⁾ Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year. Relevant bonus as part of group management.

⁴⁾ Shares owned by the members of the group management as of 31 December 2019, with related parties.

⁵⁾ Short term loans for purchase of shares through the share purchase program for all employees and incentive program for group management.

⁶⁾ Grethe Bergly was appointed CEO as of March.

⁷⁾ Grethe Bergly, Lars Opsahl and Ola Dalen receive compensation for transition from defined benefit pension plan.

⁸⁾ Hans-Jørgen Wibstad was appointed CFO as of May.

⁹⁾ Kari Nicolaisen was appointed CHRO as of April.

¹⁰⁾ Johan Arntzen was appointed acting EVP Greater Oslo Area in September.

¹¹⁾ Lars Opsahl was appointed EVP Sales in October.

¹²⁾ Kristin Olsson Augestad was appointed EVP Region Oslo in October.

¹³⁾ Leif-Olav Bogen was appointed EVP Regions Norway in October.

¹⁴⁾ Hilde Gillebo was appointed EVP Energy as of December.

¹⁵⁾ Geir Juterud was appointed EVP Projects in October.

¹⁶⁾ Kirsten Anker Sørensen was appointed EVP Architecture and CEO LINK Arkitektur as of November.

¹⁷⁾ Øyvind Holtedahl left the position as EVP Marketing, Strategy & Innovation end of December. Termination agreement negotiated as notice period plus six months.

¹⁸⁾ Ola Dalen left the position as EVP Corporate Projects end of September.

¹⁹⁾ Jörgen Hasselström left the position as EVP Energy end of August.

²⁰⁾ Leif Øie left the position as CEO LINK Arkitektur and EVP Architecture end of August.

²¹⁾ Anne Harris left the position as CFO end of April.

²²⁾ Rune Hardersen left Multiconsult group management in April.

²³⁾ Christian Nørgaard Madsen left the position as CEO in January.

REMUNERATION TO THE GROUP MANAGEMENT 2018

At 31 December 2018

Amounts in NOK	Base salary ¹⁾	Salary paid ²⁾	Other benefits ²⁾	Bonus earned ³⁾	Pension	Shares ⁴⁾	Loans ⁵⁾
CEO							
Christian Nørgaard Madsen	3 400 000	3 502 896	174 834	265 625	116 928	59 128	66 275
Other members of the group management							
Grethe Bergly ⁶⁾	1 860 000	1 504 913	21 036	0	87 696	N/A	N/A
Johan Arntzen ⁷⁾	1 475 000	491 667	5 282	19 206	39 031	6 039	0
Lars Opsahl	1 700 000	1 921 406	41 367	66 406	116 928	62 978	64 547
Jörgen Hasselstrøm ⁸⁾	1 490 000	1 475 175	131 511	48 503	116 598	5 000	53 285
Leif Øie	1 860 000	1 852 553	30 044	72 656	116 928	9 157	22 361
Ola Dalen	1 490 000	1 679 804	28 431	43 652	116 928	52 406	10 271
Øyvind Holtedahl	1 655 000	1 768 803	76 353	48 486	116 928	26 315	66 198
Anne Harris ⁹⁾	1 800 000	1 937 650	93 361	70 313	116 928	15 156	67 091
Elisabeth M. Stene ¹⁰⁾	1 570 000	1 343 978	11 600	0	97 220	N/A	N/A
Ingela Moene ¹¹⁾	1 104 000	335 984	2 280	0	33 208	N/A	N/A
Total	19 404 000	17 814 828	616 099	634 847	1 075 321	236 179	363 746

¹⁾ Annual base salary per 31 December 2018.

²⁾ Salary is amount paid during the year presented, including holiday pay, car allowance and compensation for entering into new pension plan. Other benefits include all other cash and non-cash benefits received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; housing allowance; per diem allowance; and telecommunication.

³⁾ Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year.

⁴⁾ Shares owned by the members of the group management as of 31 December 2018, with related parties.

⁵⁾ Short term loans for purchase of shares through the share purchase program for all employees and incentive program for group management.

⁶⁾ Grethe Bergly resigned from Multiconsult group management 30 September 2018. In accordance with the severance pay agreement between Bergly and Multiconsult, Bergly was entitled to retain base salary until 31 March 2019.

⁷⁾ Johan Arntzen was appointed acting EVP Greater Oslo Area in September.

⁸⁾ Jörgen Hasselstrøm was appointed acting EVP Energy in January before being appointed EVP Energy in June. The earned bonus is equivalent to ten months service.

⁹⁾ Anne Harris receives compensation for additional line responsibility for International activity.

¹⁰⁾ Elisabeth M. Stene left the position as EVP HR & Organisational Development end of September 2018.

¹¹⁾ Ingela Moene was appointed acting EVP HR & Organisational Development in September and was in the position until 31 December 2018.

4. Remuneration to the board of directors

The board fee is determined by the members' positions. The annual general meeting in 2019 resolved the remuneration for the board members for the period between the annual general meeting in 2019 and the annual general meeting in 2020.

All shareholder elected board members shall acquire shares in Multiconsult ASA corresponding to 20 per cent of the gross board remuneration. The duty is in effect every year a board member is re-elected, until the market value of the shares equals the board remuneration one year. The board members shall maintain such share ownership for the duration of the board period. The duties following this resolution expires following withdrawal by a board member. Only employee board members have loans from the company, and are a part of the company's share purchase program for employees.

Total board fees and remuneration paid for the separate board members are shown in the tables below.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2019

Amounts in NOK	Function	Payment ¹⁾	Loans ²⁾	Shares ³⁾
Bård Mikkelsen	Chair, elected by shareholders	604 000	N/A	7 433
Hanne Rønneberg	Elected by shareholders	261 000	N/A	1 720
Rikard Appelgren	Elected by shareholders	298 667	N/A	20 000
Simen Lieungh	Elected by shareholders	301 333	N/A	0
Hilde Hammervold ⁴⁾	Elected by shareholders	196 000	N/A	1 657
Kjetil M Ebbesberg ⁵⁾	Elected by shareholders	99 000	N/A	N/A
Vibeke Strømme ⁵⁾	Elected by shareholders	89 000	N/A	N/A
Liv-Kristine Rud	Elected by employees	156 667	0	750
Runar Tyssebotn	Elected by employees	152 667	43 005	29 815
Kristine Landsnes Augustson ⁶⁾	Elected by employees	82 000	9 150	1 200
Elisabeth Lokshall ⁵⁾	Elected by employees	40 000	0	N/A
Total		2 280 333	52 155	62 575

¹⁾ Total board fees paid in 2019 was NOK 2,280,333, including fees to board members that retired from the board in 2019.

²⁾ Short term loans for purchase of shares through to the company's share purchase program, on the same terms as other employees of the company.

³⁾ Shares owned by the members of the board at 31 December 2019, including shares owned by the related parties.

⁴⁾ Elected as member of the board at General meeting 25 April 2019.

⁵⁾ Resigned as member of the board at General meeting 25 April 2019.

⁶⁾ Elected by employees 13 April 2019.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2018

Amounts in NOK	Function	Payment ¹⁾	Loans ²⁾	Shares ³⁾
Bård Mikkelsen ⁴⁾	Chair, elected by shareholders	42 000	0	5 000
Nigel Wilson ⁵⁾	Chair, elected by shareholders	518 333	N/A	N/A
Kjetil M. Ebbesberg	Elected by shareholders	270 000	0	1 000
Vibeke Strømme	Elected by shareholders	262 000	0	4 264
Hanne Rønneberg ⁶⁾	Elected by shareholders	157 000	0	720
Rikard Appelgren ⁶⁾	Elected by shareholders	157 000	0	15 000
Line Haugen ⁷⁾	Elected by shareholders	91 667	N/A	N/A
Arne Fosen ⁷⁾	Elected by shareholders	75 000	N/A	N/A
Elisabeth W. Lokshall	Elected by employees	120 000	0	100
Liv-Kristine Rud	Elected by employees	120 000	21 638	500
Runar Tyssebotn	Elected by employees	120 000	53 285	28 875
Simen Lieungh ⁸⁾	Deputy member, elected by shareholders	0	0	0
Total		1 933 000	74 923	55 459

¹⁾ Total board fees paid in 2018 was NOK 1,933,000 , including fees to board members that retired from the board in 2018.

²⁾ Short term loans for purchase of shares through to the company's share purchase program, on the same terms as other employees of the company.

³⁾ Shares owned by the members of the board at 31.12.2018, including shares owned by the related parties.

⁴⁾ Elected as chair at Extraordinary General meeting 26 November 2018.

⁵⁾ Resigned as chair at Extraordinary General meeting 26 November 2018.

⁶⁾ Elected as member of the board at General meeting 3 May 2018.

⁷⁾ Resigned as member of the board at General meeting 3 May 2018.

⁸⁾ Elected as deputy member of the board at extraordinary General meeting 26 November 2018.

NOTE 10 FINANCIAL ITEMS

Amounts in NOK thousand	2019	2018
Other interest income	865	647
Other financial income	3 089	7 071
Financial income	3 954	7 718
Other interest expenses	11 471	12 151
Other financial expenses	8 078	6 146
Financial expenses IFRS 16	37 135	0
Financial expenses	56 683	18 297
Net financial items	(52 729)	(10 579)

Other financial income in 2019 includes NOK 782 thousand gain on changes in fair value of derivatives (gain of NOK 1,298 thousand included in other financial income in 2018). Currency gains and currency losses are included in other financial income and other financial expenses.

NOTE 11 TAXES

INCOME TAXES

The income tax expense for the year was as follows:

Amounts in NOK thousand	2019	2018
Income taxes payable	29 201	42 870
Net withholding tax after tax credit	3 261	1 045
Regulation of previous years' taxes	1 897	1 984
Change in deferred taxes	(16 038)	(19 945)
Effect of change in tax rate	0	573
Income tax expenses	18 320	26 528

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE

<i>Amounts in NOK thousand (except percentages)</i>	2019	2018
Profit before income taxes	53 431	90 085
Expected income tax based on nominal tax rate in Norway (22%/23%)	11 755	20 720
Tax effect of the following items:		
Non-deductible expenses	1 081	833
Non-taxable income	(242)	(281)
Share of profit from associated companies	37	(209)
Not recognised/reversal of previously not recognised deferred tax assets	640	(1 717)
Effect of change in tax rate	0	573
Regulation of previous years' taxes	1 897	1 984
Net withholding tax after tax credit	3 261	1 045
Other items (including currency and effect of deviation foreign vs. Norwegian tax rate)	(108)	147
Income tax expenses	18 320	26 528
Effective tax rate	34.3%	29.5%

DEFERRED TAX IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Deferred tax asset	40 322	44 712
Deferred tax	13 074	12 822
Net deferred tax asset in the balance sheet	27 248	31 890

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Non-current assets	(191 149)	2 591
Current assets	(36 195)	(28 079)
Liabilities and provisions	217 780	21 554
Taxable losses carried forward ¹⁾	39 577	39 644
Deferred tax assets not recognised in the balance sheet	(2 765)	(3 821)
Net deferred tax asset in the balance sheet	27 248	31 890

¹⁾ Group companies have recognised deferred tax assets related to tax losses that are expected to be utilised by receiving taxable group contributions from other group companies. The amount as of 31 December 2019 is estimated to NOK 14,944 thousand (NOK 21,232 at 31 December 2018). This will be done in the tax declarations for 2019 (2018), but is subject to the regulation for dividend and is consequently not recognised in the IFRS financial statements for 2019 (2018). This also has an opposite effect on tax payable, and it is expected that the same amounts as deferred tax assets will not be payable after taxable group contribution has been determined by the general meetings in 2020 (2019).

Temporary differences related to IFRS 16 lease liabilities and right-of-use assets are presented as liabilities and provisions and non-current assets accordingly, in the table above.

Other deferred tax assets are recognised primarily in Link arkitektur A/S (Denmark) due to offsetting taxable temporary differences.

The large changes in deferred tax assets and deferred tax liabilities for Non-current assets and Liabilities and provisions is due to implementation of IFRS 16 as of 1 January 2019.

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

<i>Amount in NOK thousand</i>	2019	2018
Deferred tax assets 1 January	31 890	11 775
Deferred tax assets 1 January reduced due to group contributions ¹⁾	(21 232)	0
Changes in deferred taxes recognised in the statement of income	16 038	19 972
Effects of changes in tax rate in the statement of income	0	(579)
Deferred taxes included in other comprehensive income (related to pensions)	414	(178)
Deferred taxes included in equity ²⁾	0	1 244
Currency and regulation of previous years taxes	139	(344)
Deferred tax assets in the balance sheet (net) as of 31 December	27 248	31 890

¹⁾ The group recognised tax payable related to the profit of Multiconsult Norge AS for 2018. NOK 21,232 thousand was not payable after taxable group contribution to Multiconsult ASA had been determined by the general meeting in 2019.

²⁾ Change in deferred taxes recognised in equity in 2018 is tax on the loss on the share purchase programme recognised to equity. It is recognised in Multiconsult ASA, and has affected deferred tax assets because Multiconsult ASA had a tax loss in 2018 before group contribution, see footnote 1) to the table above.

Due to losses and/or the exemption method, there are no significant temporary differences resulting in deferred taxes on retained earnings in subsidiaries, associated companies or joint ventures.

The tax rate in Norway changed from 23 per cent to 22 per cent with effect from 1 January 2019. The tax rate in Sweden for 2019 has been reduced from 22 per cent to 21.4 per cent.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2019	2018
Expensed income taxes payable ¹⁾	(29 201)	(42 870)
Prepaid taxes	7 651	9 874
Tax payable/receivable from previous year	2 172	0
Income tax on employee share programme recognised in equity	558	0 ²⁾
Skattefunn (government R&D tax incentive scheme in Norway) ¹⁾	840	656
Income tax payable recognised in the balance sheet	(17 979)	(32 340)

¹⁾ The group has recognised tax payable related to the profits in subsidiaries for 2019, of which it is expected that NOK 14,944 thousand (NOK 21,232 in 2018), will not be payable after taxable group contribution to other group companies have been determined by the general meetings in 2020 (2019).

²⁾ In 2018, income tax on the employee share purchase programme recognised to equity is included in the change in deferred tax assets.

REMEASUREMENT OF PENSIONS (DEFINED BENEFIT OBLIGATION) AND RELATED TAX EFFECT

<i>Amounts in NOK thousand</i>	Gross	Taxes	Net
31 December 2017	(269 762)	67 421	(202 342)
Change 2018	809	(178)	631
31 December 2018	(268 953)	67 243	(201 711)
Change 2019	(1 884)	414	(1 470)
31 December 2019	(270 837)	67 657	(203 181)

Income tax benefits on the employee share purchase programme has been recognised in equity with NOK 1,244 thousand in 2018 and NOK 558 thousand in 2019, in total NOK 5,983 thousand.

NOTE 12 PENSIONS

The group's Norwegian companies have established pension plans that comply with the requirements in the Act on Mandatory Company Pensions. The group's subsidiaries both in Norway and abroad have defined contribution plans, except for a defined benefit plan in LINK arkitektur AS and Multiconsult Norge AS, and a multiemployer plan in LINK arkitektur AB.

Multiconsult ASA's defined benefit plan was terminated at the end of 2016. All the employees of the parent company and Multiconsult Norge AS are included in the defined contribution plan after the termination. The member of the previous defined benefit plan are partly compensated for entering into the defined contribution plan with an addition to annual salaries.

There were 2,203 active members in the Multiconsult ASA and Multiconsult Norge AS defined contribution plan at the end of 2019 (2018: 2,124). Starting from 1 January 2017, annual contributions to this plan are 5.55 per cent for contribution basis between 1G and 7.1G, and 18 per cent of the contribution basis between 7.1G and 12G. G is a base amount annually approved by the Norwegian parliament and was NOK 99,858 per 31 December 2019.

In addition, Multiconsult Norge AS has individual defined benefit plans that are unfunded, with recognised liabilities of NOK 6,542 thousand at the end of 2019 (2018: NOK 6,500 thousand).

LINK arkitektur AS has a defined benefit plan that is closed, and includes 1 active member and 8 retirees as of 31 December 2019. Other plans in LINK arkitektur group are plans accounted for as contribution plans, with 398 active members at 31.12.2019 (2018: 494).

PENSION EXPENSES

<i>Amounts in NOK thousand</i>	2019	2018
Pension expenses retirement defined benefit plan	310	499
Recognised as financial expenses	158	(131)
Pension expenses defined contribution plan	174 469	170 043
Pension expenses in employee benefit expenses (note 9)	174 937	170 411
Effect of remeasurement of net defined benefit obligations	1 884	(809)

This includes a multiemployer plan in LINK arkitektur AB (ITP 2 plan) which is a defined benefit plan.

For 83 employees (2018: 80) in LINK arkitektur AB the defined benefit pension commitments for retirement and family pensions are secured in the ITP 2 plan through insurance with Alecta. The group has not access to information in order to report its proportional share of the plan's obligations, plan assets and costs, and it is therefore reported as a defined contribution plan. The expected contribution to the plan (premium) in 2020 is NOK 7,731 thousand. The premium paid and expensed in 2019 was NOK 7,081 thousand (2018: NOK 7,142 thousand). The premium is calculated individually and is dependent on factors including salary, previously earned pension and expected remaining service period. The group's share of the total contributions to the plan amounted to 0.038 per cent in 2018 (2018: 0.043 per cent). The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 per cent. If Alecta's collective funding ratio is below 125 per cent or exceeds 155 per cent, action should be taken for consolidation level returning to the normal range. At low funding ratio, measures can be to raise the agreed price for new and existing contracts. At high funding ratio a measure may be to reduce premiums. At the end of 2019, the collective funding ratio was 142 per cent (2018: 142 per cent).

Social security tax is calculated based on the pension plan's net financing and included in the gross pension obligations. Pension expenses include related social security tax.

FINANCIAL STATUS DEFINED BENEFIT PLANS

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Calculated pension obligations (incl. social security tax)	(22 993)	(21 747)
Pension assets (at market value)	16 451	16 207
Pension obligations in the financial statements	(6 542)	(5 540)
Of which included in Other non-current financial assets and shares	0	960
Of which pension obligations	(6 542)	(6 500)

Due to the immaterial amounts, no further disclosure is provided for the net defined benefit obligations.

NOTE 13 RECEIVABLES, WORK IN PROGRESS AND PREPAID EXPENSES

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Trade receivables	653 652	676 059
Allowance for credit losses on receivables (see note 3)	(15 176)	(9 303)
Total trade receivables	638 476	666 756
Work in progress	309 034	343 863
Prepaid expenses	38 102	36 841
Other	32 471	36 014
Total other current receivables and prepaid expenses	70 573	72 854
Total receivables and prepaid expenses	1 018 083	1 083 473

NOTE 14 INTANGIBLE ASSETS AND GOODWILL

<i>Amounts in NOK thousand</i>	Software	Goodwill
Acquisition cost 1 January 2018	74 819	530 393
Additions	18 052	0
Currency translation differences	(178)	(853)
Disposals	476	0
Acquisition cost 31 December 2018	92 427	529 540
Additions	8 973	0
Currency translation differences	47	(1 551)
Disposal	6 981	0
Reclassification 31 December 2019	1 521	2 280
Acquisition cost 31 December 2019	95 987	530 269
Accumulated amortisation 1 January 2018	55 115	80 491
Amortisation for the year	9 560	0
Currency translation differences	0	39
Disposals	476	0
Accumulated amortisation 31 December 2019	64 199	80 491
Amortisation for the year	7 625	0
Currency translation differences	55	(58)
Disposals	2 332	0
Reclassification 31 December 2019	1 521	2 280
Accumulated amortisation 31 December 2019	71 069	82 715
Carrying amount 1 January 2018	19 704	449 942
Additions	18 052	0
Amortisation for the year	9 560	0
Currency translation differences	(178)	(892)
Disposals	0	0
Carrying amount 31 December 2018	28 228	449 049
Additions	8 973	0
Amortisation for the year	7 625	0
Currency translation differences	(8)	(1 493)
Disposals	4 649	0
Reclassification 31 December 2019	0	0
Carrying amount 31 December 2019	24 919	447 554

Software includes standard software and licenses that are amortised on a straight-line basis over three years. In 2017 a new ERP system has been capitalised, which is amortised straight-line over its estimated useful life of ten years.

Impairment tests

The group performs an assessment for impairment of goodwill at year end, or more often if there are indicators of impairment. The impairment test is based on identified cash generating units (CGUs) in the group. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are changed if businesses are integrated or there are other organizational changes. Hjeltnes group (acquired in 2017) is

not a separate CGU, but is included in the CGUs Greater Oslo Area and Transportation. CGUs are normally on a lower level than the segment classification and follows regions or separate companies, given that separate financial information is available. However, the largest parts of goodwill are allocated to the segments LINK arkitektur and Greater Oslo Area, as shown in the table below. CGUs identified to assess the value of the group's goodwill in 2019 and 2018 are disclosed in the table below. The carrying amounts of these cash generating units include property, plant and equipment, intangible assets and allocated goodwill. Working capital cannot be split or reasonably allocated to the CGUs, and is not included. Total net working capital was positive at year-end 2019, and with the headroom for each CGU it would not change any conclusions if working capital could be allocated.

GOODWILL SPECIFIED PER CASH GENERATING UNIT:

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018	Belongs to segment
LINK arkitektur	148 669	149 078	LINK arkitektur
Greater Oslo Area	131 894	131 894	Greater Oslo Area
Transportation	27 600	27 600	Greater Oslo Area
North	40 817	40 817	Regions Norway
West	39 381	39 381	Regions Norway
Middle	9 166	9 166	Regions Norway
Fredrikstad	9 098	9 098	Greater Oslo Area
Iterio	39 943	41 038	International
MC Polska	978	978	International
Total	447 554	449 049	

The recoverable amount is estimated value in use, based on discounted future cash flows. Future cash flows included in the impairment tests at the end of 2019 are based on Board approved budget for 2020 and the company's strategy plan for the subsequent four years. IFRS 16 is not included in either DCF model or in WACC. The growth in the forecast period of 2021 – 2024 is divided into an estimated growth in revenues, assumed to be in line with expected market outlook. The ambitions are profitability above peer-group average and strengthened operations and value creation, the assumed growth in cash flow and profitability is reflected in the budget and strategy plan period. After the forecast period a terminal value has been calculated, using a moderate growth in cash flow of 1.0 per cent, unchanged from the assumption used in the previous year impairment test.

Reinvestments in property, plant and equipment have been set below depreciation for the first five years and equal to depreciation in the terminal year for the purposes of the analysis. The business is not investment heavy, and the basis for maintaining the capacity for future cash flows is mainly investment in employees, which is reflected in the annual forecasted cash flows from operations. Therefore, EBIT is used as an estimate of cash flows in the terminal period. A calculated income tax has been included to be consistent with use of a post-tax discount rate.

The key assumptions are determined to be the units' ability to deliver as expected in ongoing contracts, win new contracts and/or obtain extensions of existing contracts, and to obtain the assumed billing ratios. Furthermore, that the prices achieved in the contracts at least compensate for increased costs, especially employee

expenses, thereby achieving an expected EBIT margin. The budget assumes a higher EBIT margin than realised in 2019, due to the profitability improvement programme nextLEVEL. The strategy plan is to return to an EBIT margin above peer-group average.

The discount rate in the analysis is set to 7.6 per cent (2018: 9.1 per cent) after tax based on a calculation of the weighted average cost of capital (WACC). The same discount rate has been used for all cash generating units since the asset beta has been deemed the same in all CGUs and segments that the group operates. The main reason for the decrease in WACC is a slightly decrease in cost of equity and also a decrease in cost of debt mainly due to a decrease in credit risk rate.

The impairment tests have not resulted in any impairment for goodwill, property, plant and equipment or intangible assets related to any of the cash generating units. Management has evaluated that a reasonably possible change in key assumptions would not give rise to impairment at 31 December 2019.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK thousand</i>	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improvements	Total property, plant and equipment
Acquisition cost 1 January 2018	7 650	299 978	58 589	366 217
Additions	785	40 128	3 955	44 869
Currency translation differences	(37)	(955)	5	(988)
Disposals	2	8 747	7	8 756
Acquisition cost 31 December 2018	8 396	330 403	62 542	401 341
Additions	240	62 008	5 409	67 657
Currency translation differences	(106)	(1 058)	(85)	(1 250)
Disposals	0	13 467	431	13 897
Reclassification 31 December 2019	(109)	27 569	2 655	30 115
Acquisition cost 31 December 2019	8 420	405 456	70 089	483 966
Acc. depreciation 1 January 2018	1 468	217 687	47 115	266 269
Depreciation for the year	169	35 942	4 458	40 569
Currency translation differences	(5)	(342)	3	(344)
Disposals	0	7 641	3	7 644
Acc. depreciation 31 December 2018	1 632	245 646	51 573	298 850
Depreciation for the year	842	40 211	6 121	47 175
Currency translation differences	(40)	(279)	(9)	(328)
Disposals	0	4 090	251	4 341
Reclassification 31 December 2019	2 931	25 540	1 643	30 115
Acc. depreciation 31 December 2019	5 366	307 028	59 077	371 472
Carrying amount 1 January 2018	6 183	82 290	11 474	99 946
Additions	785	40 128	3 955	44 869
Depreciation for the year	169	35 941	4 458	40 569
Currency translation differences	(33)	(613)	2	(644)
Disposals	1	1 107	4	1 112
Carrying amount 31 December 2018	6 764	84 757	10 969	102 490
Additions	240	62 008	5 409	67 657
Depreciation for the year	842	40 211	6 121	47 175
Currency translation differences	(66)	(780)	(76)	(922)
Disposals	0	9 377	180	9 557
Reclassification 31 December 2019	(3 040)	2 029	1 011	0
Carrying amount 31 December 2019	3 055	98 428	11 012	112 494
Useful life	10 - 50 years	3 - 8 years	Same as equivalent assets, max leasing period	
Depreciation plan	Straight-line	Straight-line		

NOTE 16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED FUNDS

Cash and cash equivalents consist primarily of bank deposits.

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Cash and bank deposits, excluding restricted cash	69 729	120 040
Restricted cash	3 829	0
Non-current financial assets, restricted funds	13 198	18 832
Total cash and cash equivalents and restricted cash	86 756	138 872

Restricted funds at 31 December 2019 relates mainly to Multiconsult Polska and LINK arkitektur A/S. Restricted funds in Multiconsult Polska are bank balances of NOK 13.5 million at 31 December 2019 (NOK 15.4 million at 31 December 2018) as security for parts of the bank guarantees issued to customers, see note 21. These bank guarantees have terms from 2020 to 2027.

NOTE 17 ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

<i>Amounts in NOK thousand</i>	FPS	Concorcio SAM SpA	Norplan Tanzania	JV Indigo	Total
Opening balance 1 January 2018	1 553	251	6 416	2 588	10 809
Share of profit for the year	90	(2)	1 176	398	1 661
Disposals	0	0	0	20	20
Closing balance 31 December 2018	1 643	249	7 592	3 006	12 489
Share of profit for the year	65	131	(365)	0	(169)
Currency effect	0	0	6	181	187
Closing balance 31 December 2019	1 708	380	7 233	3 187	12 509

None of the joint ventures and associated companies are deemed significant for the group, whether separately or combined. Consequently, no further details are provided.

Project partnership – joint operations

The group has for some projects entered into partnership agreements. Some of these have been assessed as joint operations. Participants work together to deliver a project in cooperation through a common project group. There are no assets in these project groups. Each participant is responsible for delivering the services that it has agreed to deliver, as well as being responsible for its own expenses and having a right to agreed revenues from the services the participant performs. Each participant uses its own assets, and obligations

in the operation are limited to parts of the fee that may be held back to cover common costs (for example insurance premiums and travel expenses). One of the parties is typically appointed project manager with specific responsibilities in the project group. The participants have when it is relevant agreed that they are jointly and separately liable for the project deliverables. The main projects that are organised in this manner that are considered joint operations are Campus Ås, Kampflybasen, Tønsberg hospital, Fornebubanen and E39 Stord-Os Bjørnafjorden, all in Norway. The group is the project manager, and there is no fixed participating share in these operations. In 2019 these projects contributed revenues of NOK 317 million (NOK 311 million in 2018).

NOTE 18 LEASES

Multiconsult has two classes of assets that has been reported as right-of-use assets; buildings (primarily office premises) and cars.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

<i>Amounts in NOK thousand</i>	Previously operating lease		Previously finance lease		Total	
	Asset	Liabilities	Asset	Liabilities	Asset	Liabilities
Balance 1 January 2019	998 158	998 158	4 103	3 544	1 002 261	1 001 702
Additions	39 963	39 963	1 168	1 450	41 131	41 413
Depreciation	(138 004)	N/A	(1 565)	N/A	(139 569)	N/A
Interest expense	N/A	37 134	0	0	N/A	37 134
Lease payments (interest and instalments)	N/A	(158 458)	0	(1 369)	N/A	(159 827)
Terminations	(4 251)	(4 332)	0	0	(4 251)	(4 332)
Currency	(1 356)	(1 520)	(7)	(14)	(1 363)	(1 534)
Balance 31 December 2019	894 510	910 947	3 699	3 612	898 208	914 558

Depreciation charge for right-of-use assets (previously operating lease), is split by class of underlying asset as follows (amounts in NOK thousand):

Property	135 733
Cars	2 271
Total	138 004

EFFECT OF IFRS 16 ON PROFIT AND LOSS

<i>Amounts in NOK thousand</i>	2019
Increase in EBITDA (lease payments in 2019, excluding those relating to previously reported finance leases)	158 538
Increase depreciation	(138 004)
Effect EBIT	20 535
Interest expense	(37 135)
Profit before tax	(16 600)

SHORT TERM LEASES AND LOW-VALUE ASSET LEASE EXPENSE

The expenses related to short-term leases (less than 12 months) and low-value assets are summarised in the table below. For these leases the practical expedients in IFRS 16 has been applied, and the lease payments associated with those leases are recognised as an expense and classified as other operating expenses.

<i>Amounts in NOK thousand</i>	2019
Short term leases	35 882
Low value asset	3 257
Total	39 139

UNDISCOUNTED LEASE LIABILITIES AND MATURITY OF CASH OUTFLOWS

As of 31 December 2019

<i>Amounts in NOK thousand</i>	Office premises	Property, plant and equipment	Total
Due within 1 year	156 589	2 306	158 895
Due more than 1 year, but within 5 years	534 531	2 483	537 014
Due more than 5 years	357 985	0	357 985
Total	1 049 105	4 789	1 053 894

COMPARABLE AMOUNTS FOR 2018, BEFORE IMPLEMENTATION OF IFRS 16

Liabilities for operating leases of assets were not recognised in the balance sheet as at 31 December 2018. The table below shows future minimum payments under non-cancellable operating lease agreements, excluding costs for services are shown in the tables below. Lease contracts for low value assets are not included in the table for 2018.

As of 31 December 2018

<i>Amounts in NOK thousand</i>	Office premises	Property, plant and equipment	Total
Due within 1 year	161 588	3 087	165 230
Due more than 1 year, but within 5 years	467 473	5 781	473 578
Due more than 5 years	411 354	0	411 354
Total	1 040 414	8 868	1 049 282

NOTE 19 OTHER CURRENT LIABILITIES

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Salaries payable, holiday pay, bonus etc.	275 088	264 077
Other accrued expenses	9 977	6 046
Other	13 595	32 134
Total other current liabilities	298 660	302 257

NOTE 20 PROVISIONS, DISPUTES AND CONTINGENT LIABILITIES

The group completes a significant number of assignments during a year. Normally, the group enters into agreements with the customers limiting its responsibilities. During the execution of an assignment, defects or damages as a result of the deliveries may be identified that could lead to claims being made towards the group. When it is probable (over 50 per cent) that a claim will result in outflow of

economic resources from the group, a provision for the estimated liability is recognised.

The provisions are presented as liabilities in the balance sheet, while the expected reimbursements from the insurance company related to recognised provisions are presented as a separate asset.

PROJECT RESPONSIBILITY

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Gross provisions	36 000	42 350
Assets for reimbursement of provisions	28 850	23 300
Net provisions	7 150	19 050

The reimbursement from the insurance company is directly linked to the cases and the actual additions, settlements and reversals are estimated and incurred simultaneously. Consequently, the table below present changes in the provisions net of the assets for reimbursement.

<i>Amounts in NOK thousand</i>	Project responsibility
Net provisions 1 January 2018	7 937
Additions	14 150
Reversals	(900)
Utilised	(2 137)
Net provisions 31 December 2018	19 050
Additions	3 850
Reversals	(700)
Utilised	(15 050)
Net provisions 31 December 2019	7 150

The date for settlement of project responsibility cases is often outside the group's control and it is not possible to make a reliable estimate of settlement dates. The processes are extensive with negotiations with many parties and often results in long legal processes. The time-period from reporting a case to final settlement can take several years. The size of the settlement can vary considerably. The provision related to a claim is calculated on the basis of the expected compensation, own risk deductibles and the claimed amount. As a consequence of the inherent uncertainty in both amount and timing of the settlement, the provision is not discounted.

The company's insurance coverage for project responsibilities is primarily based on a collective agreement for engineering consultants. The insurance coverage is standard for such agreements, with an own risk deductible of NOK 300 thousand per case and normally a maximum coverage of up to 150 G (approximately NOK 15.0 million at 31 December 2019), except where it is determined gross negligence.

The company performs a thorough review of each claim. Project responsibility cases therefore lead to both recognised provisions and contingent liabilities where no provision has been recognised because the group has assessed the probability of an outflow of economic resources from the group to be below 50 per cent.

The provisions at 31 December 2018 included the claim related to rehabilitation of Prinsens gate 26, The Norwegian Parliament building. The legal dispute with Stortinget was settled in Q2 2019. This was reported as net write-down and impacted net operating revenues with NOK 20.2 million in Q2 2019. The settlement is reflected in the decrease in provision at 31 December 2019. The provision at 31 December 2019 is related to several projects, but there is no significant provision related to any single project.

NOTE 21 GUARANTEES, PLEDGES AND SECURITIES PROVIDED

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Bank guarantee – guarantees towards customers	68 238	55 993
Bank guarantee – guarantees for other obligations	38 050	40 545
Guarantee – employee tax deductions	134 600	134 600
Parent company guarantees – for associates and joint ventures	3 600	3 600
Parent company guarantees – for subsidiaries	14 768	6 567
Total guarantees	259 256	241 305

Bank guarantees towards customers are related to assignments where the customer demands security for contract responsibilities. Other bank guarantees are primarily guarantees for rent of premises.

At the end of 2019, Johs Holt AS, LINK arkitektur AS, Multiconsult Norge AS and Multiconsult ASA holds guarantees for employee tax deductions for a total of NOK 134.6 million.

Parent company guarantees at 31 December 2019 relates to rent of premises of NOK 14.8 million towards subsidiaries and a parent company guarantee of NOK 3.6 million to a joint venture for development of Follobanen.

The parent company's bank facility agreements with Nordea bank includes a negative pledge clause in relation to new borrowings of the group. Multiconsult ASA has provided a surety in the amount of NOK 600 million towards Nordea Bank, and Multiconsult Norge has pledged trade receivables, inventory and property, plant and equip-

ment, with carrying amounts of NOK 530.4 million, NOK 0 and NOK 92.4 million, respectively at 31 December 2019.

As of 31 December 2019, Multiconsult Norge AS had a guarantee facility of NOK 120 million, of which NOK 46.1 million was drawn (2018: NOK 44.6 million). Multiconsult ASA or any fully owned subsidiary (under surety from Multiconsult ASA) may draw under the guarantee facility. The guarantee facility is renewed annually, but guarantees included in the limit may have a term of up to five years.

Multiconsult Polska holds a bank guarantee facility of PLN 35 million (NOK 81.1 million), under which PLN 24.5 million (NOK 56.8 million) was drawn at 31 December 2019. A cash deposit is required for employee tax deductions, VAT account and issued guarantees in Poland, and these deposits is held on bank accounts in the name of Multiconsult Polska. This is restricted cash and amounted to a total of PLN 5.8 million (NOK 13.5 million) at 31 December 2019, included in cash and cash equivalents in the balance sheet (see note 16).

NOTE 22 SHAREHOLDER INFORMATION

The following table shows shareholders owning 1 per cent or more of Multiconsult ASA shares as of 31 December 2019:

	Number of shares	Ownership share
Stiftelsen Multiconsult	5 755 439	21.3%
Protector Forsikring ASA	4 043 344	15.0%
Odin Norge	2 186 578	8.1%
Stenshagen Invest AS	1 130 519	4.2%
OBOS BBL	858 129	3.2%
Verdipapirfondet Pareto Invest	776 223	2.9%
VJ Invest AS	546 270	2.0%
Verdipapirfondet Holberg Norge	500 000	1.9%
Varner Equities	293 337	1.1%
Bkraft Holding AS	274 000	1.0%
Brekke	273 786	1.0%
Other	10 332 769	38.3%
Total number of shares	26 970 394	100%

Total number of shares are 26,970,394 with par value per share of NOK 0.50. All shares that are part of the parent company's share capital belong to the same share class with the same rights. The company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting.

The number of treasury shares (own shares) at the end of 2019 was 16 (2018: 0 shares). During 2019 and 2018, the company purchased own shares that were sold in the employee share purchase programme, see note 9.

The Annual General Meeting held on 25 April 2019 authorised the Board of Directors pursuant to §10-14 (1) of the Public Limited Liability Companies Act to increase the company's share capital by up to NOK 1,348,520 in one or more share issues. The authority may only be used to issue shares as consideration in connection with acquisitions, to finance acquisitions or to issue shares in connection with incentive schemes for the employees of the Multiconsult group. The shareholders' pre-emptive rights under §10-4 of the Public Limited Liability Companies Act may be set aside. The authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the Company, ref. §10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with §13-5 of the Public Limited Liability Companies Act.

The authority may also be used in take-over situations, ref. §6-17 (2) of the Securities Trading Act.

The Annual General Meeting held on 25 April 2019 authorised the Board of Directors pursuant to §9-4 of the Public Limited Liability Companies Act to acquire shares in the company ("own shares") on behalf of the company with an aggregate nominal value of up to 1,348,520. If the company disposes of own shares, this amount shall be increased by an amount equal to the nominal value of the shares disposed of. When acquiring own shares the consideration per share may not be less than NOK 5 and not exceed NOK 250. The Board of Directors determines the methods by which own shares can be acquired or disposed of.

Both authorities described above shall remain in force until the Annual General Meeting in 2020, but in no event later than 30 June 2020.

NOTE 23 RELATED PARTIES

The group's related parties are:

Key management personnel, close members of the family of a person and entities that are controlled or jointly controlled by any of these. Key management personnel are defined as the Board of Directors and the group management. See note 9 Employee benefit expenses for information on remuneration for key management personnel and information on share ownership. There were no other transactions with key management personnel in 2019 and 2018.

Stiftelsen Multiconsult had an ownership share of 21.3 per cent at 31 December 2019 (20.0 per cent at 31 December 2018). The company's assessment is that Stiftelsen Multiconsult has significant influence. Multiconsult has recognised revenues from sales to Stiftelsen Multiconsult of NOK 4,965 thousand in 2019 (NOK 3,132 thousand in 2018), and had receivables of NOK 659 thousand as of 31 December 2019 (NOK 343 thousand as of 31 December 2018). As part of completing the 2019 share buyback programme Multiconsult ASA entered into a share loan agreement with its largest shareholder Stif-

telsen Multiconsult. The deal was entered into on 4 December 2019 for a loan of 100 000 Multiconsult shares in connection with the implementation of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement. In consideration for the share loan, Multiconsult shall pay to Stiftelsen Multiconsult an amount corresponding to 2 per cent p.a. based on 100 000 shares at a value of NOK 64 per share. The loan of NOK 6 400 thousand is presented as current interest-bearing liability in the balance sheet statement.

The company and its subsidiaries are also considered related parties. Transactions and balances are eliminated in the consolidated financial statements and are not disclosed in this note for the group. Refer also to note 17 for the parent company.

The group's joint ventures and associated companies. Refer to note 17 Associated companies and joint arrangements for more information on these related parties.

TRANSACTIONS AND BALANCES WITH JOINT VENTURES AND ASSOCIATED COMPANIES

Amounts in NOK thousand	2019	2018
Revenues	31 103	41 413
Expenses	6 460	2 083
Receivables	3 224	7 935
Liabilities	9	152
Guarantees provided	3 600	3 600

NOTE 24 EARNINGS PER SHARE AND DIVIDENDS

In 2019 and 2018, there were no potential dilutive effects on earnings that are attributable to owners of Multiconsult ASA or on the number of shares. Basic and diluted earnings per share are therefore the same.

	2019	2018
Profit after tax attributable to owners of Multiconsult ASA (NOK thousand)	35 110	63 557
Weighted average number of shares (excl. treasury shares)	26 957 519	26 970 289
Earnings per share	1.30	2.36
DIVIDENDS		
Dividends paid to owners of Multiconsult ASA (NOK thousand)	40 456	40 423
Dividends paid per share	1.50	1.50
Dividends proposed after 31 December 2019 (NOK thousand) ¹⁾	0	
Dividends proposed after 31 December 2019 (per share) ¹⁾	0	

¹⁾ Dividends to be adopted by the Annual General Meeting 22 April 2020.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2019 and up to the date these consolidated financial statements have been approved for issue Multiconsult ASA has renegotiated terms of its loan facilities with Nordea. The overdraft facility of NOK 320 million was renewed for one year and Multiconsult has entered into a new 3-year revolving credit facility of NOK 200 million, replacing an existing NOK 172 million term loan. The terms of the loan facilities have been improved including lower margin and improved covenants, including an increase in the max gearing ratio from 2.0 to 3.0, and an equity ratio of at least 25 per cent, reported quarterly.

On March 11, 2020, the global outbreak of coronavirus Covid-19 was declared a global pandemic by the World Health Organization (WHO). On March 12, 2020, the Norwegian government announced the closure of all schools and universities in the country, as well as bars, restaurants and businesses involving personal care. All employees of other businesses or public sector institutions were advised to work from home and to maintain social distancing from others. Equal actions have been made by governments in other countries where Multiconsult operate. Multiconsult follows the instructions from the authorities on measures to limit infection.

The Covid-19 pandemic and the actions taken by governments will severely affect the economy of the countries in which Multiconsult operate. It is expected that the demand for services provided by the group will be affected. The group has infrastructure enabling employees to work effectively from home offices. However, depending on the development of the pandemic, the extent to which

we are able to deliver services could also be affected. Multiconsult management monitors the situation closely, to meet the challenges arising and to minimise the effects.

Multiconsult is taking steps to secure the company operationally, strategically and financially. On 25 March the company announced temporary lay-offs of approximately 35 of its employees in Norway, mostly related to staff positions. It is expected that the number of temporary lay-offs will increase. On the background of the ongoing COVID-19 pandemic, the Board of Directors of Multiconsult ASA announced on 25 March to cancel its proposed dividend of NOK 1.00 per share.

The full extent, consequences and duration of the Covid-19 pandemic and the impact on Multiconsult's operations cannot be predicted at the time of publication of the group consolidated financial statements.

The outcome and consequences of the COVID-19 situation is at this time not possible to predict. However, the COVID-19 situation may, in adverse circumstances, have a material adverse effect both on the operational situation and the financial robustness of the group and may lead to e.g. breach of financial covenants and/or a requirement for the group to find new and/or additional sources of funding.

No other events than described above have been identified that require disclosure.

PROJECT: **STORHEIA WIND PARK, TRØNDELAG**
 PHOTO: **KENNET MÆHLUMSVEN**



ANNUAL ACCOUNTS HOLDING COMPANY

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STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Note	2019	2018
Operating revenues	4	55 545	56 937
Expenses for sub-contractors and disbursements		3 929	9 105
Net operating revenues		51 616	47 832
Employee benefit expenses	5	57 868	46 046
Other operating expenses	6	44 143	29 116
Operating expenses excluding depreciation and amortisation		102 011	75 162
Operating profit before depreciation and amortisation (EBITDA)		(50 395)	(27 330)
Depreciation and amortisation	10,11	3 713	2 661
Operating profit (EBIT)		(54 108)	(29 991)
Financial income	7	9 143	3 715
Group contribution	7	61 458	150 000
Financial expenses	7	10 748	9 055
Net financial items		59 853	144 660
Profit before income taxes		5 745	114 669
Income tax expenses	8	13 479	13 183
Profit (loss) and comprehensive income for the year		(7 734)	101 486
Allocation of the profit (loss) for the year			
Transferred to (from) other equity		(7 734)	61 030
Dividend		0	40 456
Total allocated		(7 734)	101 486

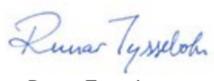
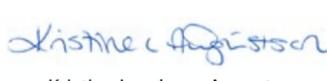
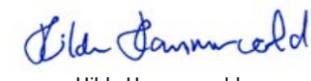
STATEMENT OF FINANCIAL POSITION MULTICONSULT ASA – ASSETS

<i>Amounts in NOK thousand</i>	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	10	21 125	22 419
Property, plant and equipment	11	454	672
Total non-current non-financial assets		21 578	23 091
Investments in subsidiaries	13	733 141	733 141
Investments in associates and joint ventures	13	2 082	2 082
Other non-current financial assets	16	19 236	59 048
Total non-current financial assets		754 459	794 271
Total non-current assets		776 037	817 363
Current assets			
Trade receivables	9	18 779	9 380
Work in progress	9	158	52
Other current receivables	9	97 823	2 777
Total receivables		116 760	12 209
Cash and cash equivalents	12	57 885	2 213
Total current assets		174 645	14 422
TOTAL ASSETS		950 682	831 785

STATEMENT OF FINANCIAL POSITION MULTICONSULT ASA – EQUITY AND LIABILITIES

Amounts in NOK thousand	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Total paid-in equity		91 243	91 244
Other equity		397 557	405 840
Total equity		488 800	497 084
Non-current liabilities			
Deferred tax	8	257	45
Non-current interest-bearing liabilities	3	0	172 000
Other non-current liabilities	17	41 000	0
Total non-current liabilities		41 257	172 045
Current liabilities			
Trade payables		44 213	12 314
Current tax liabilities	8	0	0
Public duties payable		2 557	9 680
Dividends payable		0	40 456
Current interest-bearing liabilities	3	178 400	21 500
Other current liabilities	15	195 454	78 706
Total current liabilities		420 625	162 656
Total liabilities		461 882	334 701
TOTAL EQUITY AND LIABILITIES		950 682	831 785

The Board and CEO of Multiconsult ASA
Oslo, 1 April 2020

			
Bård Mikkelsen Chair of the board	Runar Tyssebotn Director	Kristine Landsnes Augustson Director	Hanne Rønneberg Director
			
Bo Rikard Appelgren Director	Simen Lieungh Director	Liv-Kristine Rud Director	Hilde Hammervold Director
			
Grethe Bergly CEO			

STATEMENT OF CASH FLOWS MULTICONSULT ASA

Amount in NOK thousand + are cash increasing and - are cash reducing effects	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income taxes		5 745	114 669
Income taxes paid during the period		(13 251)	(942)
Depreciation and amortisation	10,11	3 713	2 661
Employee share purchase programme - non-cash profit and loss item		28	(5 222)
Changes in trade receivables and other receivables		(25 806)	28 382
Changes in trade payables		31 899	(491)
Group contribution		(61 458)	(150 000)
Changes in current liabilities and other adjustments		110 347	74 762
Net cash flows from operating activities		51 218	63 819
CASH FLOWS FROM INVESTING ACTIVITIES			
Net payments on acquisition and sale of property, plant and equipment and intangible assets	10,11	(2 210)	(12 724)
Change in loans to subsidiaries and associates		39 812	44 923
Net cash flows from investing activities		37 602	32 199
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase treasury shares		(12 192)	(43 104)
Sale treasury shares		0	258
Dividends paid		(40 456)	(40 423)
Proceeds and payments from borrowings		19 500	(21 500)
Net cash flow from financing activities		(33 148)	(104 769)
Net change in cash and cash equivalents		55 672	(8 752)
Cash and cash equivalents at 1 January	12	2 213	10 965
Cash and cash equivalents at 31 December	12	57 885	2 213

STATEMENT OF CHANGES IN EQUITY MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Share capital	Treasury shares	Share premium	Total paid-in equity	Retained earnings	Remeasurement pensions	Total equity
31 December 2017	13 485	0	77 759	91 244	545 494	(201 985)	434 753
Tax on demerger of Multiconsult Norge AS ¹⁾	0	0	0	0	11 468	0	11 468
Treasury shares	0	0	0	0	4	0	4
Employee share purchase programme (net of tax)	0	0	0	0	(10 172)	0	(10 172)
Dividend declared	0	0	0	0	(40 456)	0	(40 456)
Total comprehensive income for the period	0	0	0	0	101 486	0	101 486
31 December 2018	13 485	0	77 759	91 244	607 824	(201 985)	497 084
Treasury shares	0	(1)	0	(1)	0	0	(1)
Employee share purchase programme (net of tax)	0	0	0	0	(548)	0	(548)
Dividend declared	0	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	0	(7 734)	0	(7 734)
31 December 2019	13 485	(1)	77 759	91 243	599 542	(201 985)	488 800

See note 9 to the consolidated financial statements for information about treasury shares and employee share purchase programme.

¹⁾ Multiconsult Norge AS was demerged from Multiconsult ASA as of 1 January 2017. In this transaction a receivable on Multiconsult Norge AS was established, of which a part was converted to equity in Multiconsult Norge AS at 1 January 2017. The remaining receivable was settled in 2018. It was a deferred tax asset related to the receivable which was not recognised at 31 December 2017. This tax effect has been recognised as an increase in deferred tax assets and corresponding increase in equity at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS MULTICONSULT ASA

NOTE 1 GENERAL INFORMATION

The company is the parent in the Multiconsult ASA group. With effect from 1 January 2017, the company demerged its operating activities to Multiconsult Norge AS. Subsequent to the demerger, the company is a holding company and contains parts of the group management and corporate functions. After the demerger, revenues primarily comprise sales of group services to Multiconsult subsidiaries, primarily on a cost-plus basis.

These financial statements were approved by the Board of Directors on 1 April 2020 for adoption by the Annual General Meeting on 22 April 2020.

NOTE 2 BASIS FOR PREPARATION

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU. The company prepares the company financial statements in accordance with the Norwegian Accounting Act and regulation for simplified application of International Financial Reporting Standards (simplified IFRS).

The company's financial statements have been prepared on a historical cost basis, except for derivatives that are measured at fair value. The financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the company. Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding differences, amounts and percentages may not add up to the total.

Principles for recognition and measurement are in accordance with IFRS and the policies are applied as described in the consolidated financial statements, except as specified in the regulation for simplified IFRS. Furthermore, mergers of subsidiaries are based on the carrying values of the group, and the difference between the carrying value of shares before the merger and the net assets related to the merged subsidiary is recognised in equity. This is because this is a common control transaction. Demergers are based on the carrying values of the company. Comparative figures are not restated. Disclosure requirements are in accordance with the requirements in the Norwegian Accounting Act with additions as specified in the regulation for simplified IFRS. Presentation of the primary financial statements is similar to the group. Options in the regulation for simplified IFRS that have not been applied are not relevant to the company. The option in the regulation for simplified IFRS which the company has utilised in recognition and measurement and which differ from the consolidated financial statements are:

Dividends and group contribution

Dividends and group contributions are recognised in accordance with the Accounting Act, which entails that dividends and group contributions are recognised in the reporting period to which they relate.

Investment in subsidiaries, associated companies and joint ventures

Investment in subsidiaries, associated companies and joint ventures are recognised using the cost method. In accordance with the cost method, the investment is recognised at historical cost less any impairment. Dividends and group contributions are recognised as financial income. Group contributions to subsidiaries are recognised as part of cost of investment.

Standards effective from 1 January 2019

IFRS 16 *Leases* was implemented as of 1 January 2019. The company is charged by Multiconsult Norge AS for use of premises, but there is no explicit agreement related to lease, and the company evaluates that it has no fixed lease payment obligations. Consequently, the company did not have any significant effect of IFRS 16 implementation.

Standards not yet effective

IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The standard is effective for reporting periods beginning on or after 1 January 2021. This standard is not applicable to Multiconsult ASA. A number of limited scope amendments and interpretations have been issued. These amendments and interpretations have been assessed to have no material impact on the group.

NOTE 3 FINANCIAL RISK MANAGEMENT

Credit risk is primarily related to loans and receivables to subsidiaries and bank deposits. The carrying amount of the company's financial instruments is a reasonable approximation to fair value. The company's credit risk is considered limited. Operational currency risk is limited, but the company has some direct and indirect investments in shares in foreign subsidiaries and associates, for which the fair value will be currency exposed. Change in fair value of these shares is not recognised in the financial statements, unless the shares become impaired. Liquidity risk is primarily related to a bank loan and payables to subsidiaries and dividends. Interest rate risk is primarily related to the bank loan, bank deposits and interest rate swaps. The company mainly holds receivables and financial liabilities measured at amortised cost. The company also holds interest rate derivatives that are financial liabilities at fair value through profit or loss. The derivatives are disclosed in note 3 to the consolidated financial statements.

As of 31 December 2019, the company had a term loan from Nordea Bank of NOK 172.0 million, as described in note 3 to the consolidated financial statements, down from NOK 193.5 million at 31 December 2018. The company has a guarantee for employees' tax deductions amounting to NOK 10.0 million (NOK 10.0 million at 31 December

2018). The company has issued sureties (financial guarantees) of in total NOK 600 million at 31 December 2019 and 2018 for Multiconsult Norge AS's liabilities to Nordea Bank, sureties of NOK 5 million at 31 December 2019 for Link arkitektur AS's liabilities to Nordea Bank, and a guarantee of NOK 3.6 million for a joint venture company of the group. See note 12 for further specification of guarantees.

As part of completing the 2019 share buyback programme Multiconsult ASA entered into a share loan agreement with its largest shareholder Stiftelsen Multiconsult. The deal was entered into on 4 December 2019 for a loan of 100 000 Multiconsult shares in connection with the implementation of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement. In consideration for the share loan, Multiconsult shall pay to Stiftelsen Multiconsult an amount corresponding to 2% p.a. based on 100 000 shares at a value of NOK 64 per share. The loan of NOK 6 400 thousand is presented as current interest bearing liability in the balance sheet statement.

See the note 3 to the consolidated financial statements for additional information on financial risks.

NOTE 4 OPERATING REVENUES FOR THE PARENT COMPANY

<i>Amounts in NOK thousand</i>	2019	2018
GEOGRAPHICAL PER CUSTOMER LOCATION		
Norway	53 486	53 628
Outside Norway	2 059	3 309
Total operating revenues	55 545	56 937

Revenues comprise primarily sales of group services to Multiconsult subsidiaries on a cost-plus basis.

NOTE 5 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES, PENSIONS ETC.

EMPLOYEE BENEFIT EXPENSES

<i>Amounts in NOK thousand</i>	2019	2018
Salaries, vacation pay, bonus etc.	46 290	37 940
Social security tax	7 306	5 914
Pension expenses	2 954	3 121
Other employee benefit expenses	1 407	4 343
Reduction to employee benefit expenses related to share purchase programme ²⁾	(89)	(5 273)
Total employee benefit expenses	57 868	46 046
Number of full time employees during the year ¹⁾	24	24
Number of employees as of 31 December	25	26

¹⁾ Number of full time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.

²⁾ See employee share purchase programmes below.

Refer to note 9 in the consolidated financial statements for information on remuneration and share ownership related to group management and the Board of Directors, and the share purchase programme.

Multiconsult ASA has established pension plans that comply with the requirements in the Act on Mandatory company pensions. At end of 2019, there was 26 active employees in the contribution plan (26 at the end of 2018). Annual contributions to the plan are 5.55% for contribution basis between 1G and 7.1G, and 18% of the contribution basis between 7.1G and 12G. G is a base amount annually approved by the Norwegian parliament, and was NOK 99 858 per 31 December 2019.

EMPLOYEE SHARE PURCHASE PROGRAMME

In 2019, employees of the company were allocated 9 361 shares in the 2019 employee share purchase programme (15 722 shares in 2018). In addition, key management personnel signed up for 2 262 shares (11 430 shares in 2018) in the variable performance based bonus scheme. See note 9 to the consolidated financial statements for further information about the bonus scheme for key management personnel.

The discount is partially recognised as an expense and partially recognised to equity. See accounting policies for the group for further description.

<i>Amounts in NOK thousand</i>	2019	2018
Employee benefit expenses	28	51
Recognised directly to equity (before tax)	89	134
Total discount employees of Multiconsult ASA	117	186

In 2018, the subsidiaries recognised the total discount as part of their employee expenses, and Multiconsult ASA recognised the part of the discount that for the group shall be recognised directly to equity, with an offsetting effect as a reduction to employee expenses. In 2019 the discount was distributed to the subsidiaries pro rata.

<i>Amounts in NOK thousand</i>	2019	2018
Reduction to employee benefit expenses	(89)	(5 273)
Recognised directly to equity (before tax) ¹⁾	89	5 273

¹⁾ The amount recognised directly to equity as a discount may deviate from the amount recognised in the statement of equity before tax, if the payments to acquire own shares deviates from the market price for the shares used as basis for calculating the discount.

Employees have been granted loans (maximum 3/5 G, NOK 59 thousand per employee) for the remaining payment for the shares, with outstanding balance at 31 December 2019 of NOK 435 thousand (NOK 538 thousand at 31 December 2018).

NOTE 6 OTHER OPERATING EXPENSES

<i>Amounts in NOK thousand</i>	2019	2018
Rental and other expenses for premises	349	287
Consultants	20 900	13 947
Technical equipment	38	45
Office expenses, IT	8 317	9 524
Travel and per diem allowance	1 157	899
Marketing	1 506	2 222
Losses on receivables	0	0
Gain on sale of fixed assets	(315)	(655)
Other	12 190	2 846
Total operating expenses	44 143	29 116

The numbers for 2018 are reclassified within total operating expenses to be comparable to 2019 numbers.

AUDITOR

Compensation to Deloitte AS

<i>Amounts in NOK thousand</i>	2019	2018
Statutory audit services	1 211	1 036
Tax advisory services	67	150
Other assurance services	45	24
Other non-audit services	0	0
Total	1 323	1 211

The amounts above are excluding VAT.

NOTE 7 FINANCIAL ITEMS

<i>Amounts in NOK thousand</i>	2019	2018
Interest income from group companies	3 082	2 059
Other interest income	485	303
Other financial income	94	55
Gains on derivatives	782	1 298
Dividends	4 700	0
Financial income	9 143	3 715
Group contribution from subsidiaries¹⁾	61 458	150 000
Interest expense to group companies	276	0
Other interest expenses	8 854	7 767
Other financial expenses	1 618	1 288
Financial expenses	10 748	9 055
Net financial items	59 853	144 660

¹⁾ Multiconsult ASA received group contribution of NOK 39 750 thousand from Multiconsult Norge AS and NOK 21 707 thousand from LINK arkitektur AS in 2019.

NOTE 8 INCOME TAXES

THE INCOME TAX EXPENSES IN THE STATEMENT OF INCOME FOR THE YEAR ARE AS FOLLOWS:

<i>Amounts in NOK thousand</i>	2019	2018
Income taxes payable	19	0
Net withholding tax after tax credit	0	89
Regulation of previous years' income taxes	13 247	(19)
Changes in deferred taxes	212	13 116
Effects from changes in tax rate	0	(2)
Income tax expenses	13 479	13 183

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE:

<i>Amounts in NOK thousand</i>	2019	2018
Profit before income taxes	5 745	114 669
Expected income tax expenses based on nominal tax rate in Norway (22%/23%)	1 264	26 374
Tax effect of the following items:		
Non-deductible expenses	1	10
Dividend	(1 034)	0
Non-taxable part of group contribution	0	(13 268)
Effect of change in tax rate	0	(2)
Regulation of previous years' income taxes	13 247	(19)
Net withholding tax after tax credit	0	89
Income tax expenses	13 479	13 183
Effective tax rate	234,6 %	11,5 %

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES:

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Non-current assets	(134)	(139)
Current assets	(136)	0
Liabilities and provisions	13	93
Deferred tax assets/(liabilities) in the balance sheet	(257)	(45)

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET:

<i>Amounts in NOK thousand</i>	2019	2018
Deferred tax assets 1 January	(45)	356
Effect of demerger ¹⁾	0	11 468
Change in deferred taxes recognised in the income statement	(212)	(13 116)
Effect of changes in tax rate	0	2
Change in deferred taxes recognised to equity ²⁾	0	1 244
Deferred tax assets in the balance sheet (net) as of 31 December	(257)	(45)

¹⁾ Multiconsult Norge AS was demerged from Multiconsult ASA as of 1 January 2017. In this transaction, a receivable on Multiconsult Norge AS was established, of which a part was converted to equity in Multiconsult Norge AS at 1 January 2017. The remaining receivable was settled in 2018. It was a deferred tax asset related to the receivable which was not recognised at 31 December 2017. This tax effect has been recognised as an increase in deferred tax assets and corresponding increase in equity at 1 January 2018.

²⁾ Related to the employee share purchase programme.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET:

<i>Amounts in NOK thousand</i>	2019	2018
Expensed income taxes payable	19	0
Prepaid taxes	0	0
Income tax on employee share purchase programme recognised in equity	(19)	0
Income taxes payable in the balance sheet	0	0

NOTE 9 RECEIVABLES AND PREPAID EXPENSES

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Trade receivables	18 779	9 380
Allowance for losses	0	0
Total trade receivable	18 779	9 380
Work in progress	158	52
Prepaid expenses	3 994	2 232
Other	661	545
Derivatives	618	0
Other current receivables Group Companies	31 094	0
Group contribution	61 458	0
Other current receivables	97 823	2 777

NOTE 10 INTANGIBLE ASSETS

<i>Amounts in NOK thousand</i>	Software
Acquisition cost 1 January 2018	11 211
Additions	13 790
Acquisition cost 31 December 2018	25 001
Disposal	0
Additions	2 210
Acquisition cost 31 December 2019	27 211
Accumulated amortisation 1 January 2018	374
Disposal	0
Amortisation for the year	2 208
Accumulated amortisation and impairment 31 December 2018	2 582
Disposal	0
Amortisation for the year	3 505
Accumulated amortisation and impairment 31 December 2019	6 087
Carrying amount 1 January 2018	10 837
Additions	13 790
Disposal	0
Amortisation for the year	2 208
Carrying amount 31 December 2018	22 419
Additions	2 210
Disposal	0
Amortisation and impairment for the year	3 505
Carrying amount 31 December 2019	21 125

Carrying amount of software at 31 December 2019 is primarily related to the ERP system and consolidation system that is amortised straight line over 3 - 10 years.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK thousand</i>	Total property, plant and equipment
Acquisition cost 1 January 2018	3 746
Additions	(229)
Disposal	1 558
Acquisition cost 31 December 2018	1 959
Additions	0
Disposal	625
Acquisition cost 31 December 2019	1 334
Acc. depreciation and impairment 1 January 2018	2 210
Depreciation for the year	453
Disposal	1 376
Acc. depreciation and impairment 31 December 2018	1 287
Depreciation for the year	209
Disposal	615
Acc. depreciation and impairment 31 December 2019	881
Carrying amount 1 January 2018	1 536
Additions	(229)
Depreciation for the year	453
Disposal	182
Carrying amount 31 December 2018	672
Additions	0
Depreciation for the year	209
Disposal	10
Carrying amount 31 December 2019	454

Estimated useful life is 3 -8 years.

NOTE 12 CASH AND CASH EQUIVALENTS AND GUARANTEES

Amounts in NOK thousand

	31.12.2019	31.12.2018
Total cash and cash equivalents	57 885	2 213

Total cash and cash equivalents comprises Multiconsult group's net deposit in the group cash pool. When subsidiaries in the group draw on/ deposit in the group cash pool, this is presented as a receivable/liability in Multiconsult ASA's balance sheet. At 31 December 2019 subsidiaries had a deposit in the group cash pool of NOK 150,8 million, and a draw of NOK 19,0 million.

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

Amounts in NOK thousand

	31.12.2019	31.12.2018
Bank guarantee - guarantees towards customers	722	2 149
Bank guarantee - guarantees for other obligations	20 439	26 241
Guarantee - employees tax deductions	10 000	10 000
Parent company guarantees - for associated and joint ventures	3 600	3 600
Parent company guarantees - for subsidiaries	18 816	6 567
Total guarantees	53 577	48 557

In addition to the amounts in the table, the company has issued sureties (financial guarantees) of total NOK 600 million for Multiconsult Norge AS's liabilities to Nordea Bank and sureties of total NOK 5 million for LINK arkitektur AS's liabilities to Nordea Bank.

NOTE 13 SUBSIDIARIES, ASSOCIATED COMPANIES, JOINT VENTURES

SUBSIDIARIES

Amounts in NOK thousand (except percentages)	Acquisition date	Business office	At 31 December 2019 and 2018		Carrying amount 31 December	
			Voting share	Owner-ship share	2019	2018
Multiconsult Norge AS	2017	Oslo, Norway	100 %	100 %	467 035	467 035
Iterio AB	2017	Stockholm, Sweden	100 %	100 %	52 606	52 606
Johs Holt AS	2017	Oslo, Norway	100 %	100 %	32 200	32 200
LINK arkitektur AS	2015	Oslo, Norway	100 %	100 %	147 645	147 645
Multiconsult UK Ltd	2012	London, UK	100 %	100 %	3 937	3 937
Multiconsult Asia Ote. Ltd	2013	Singapore	100 %	100 %	933	933
Multiconsult Polska Z.O.O.	2014	Warsaw, Poland	100 %	100 %	28 641	28 641
LLC Multiconsult Rus	2009	Russia	100 %	100 %	145	145
Total subsidiaries					733 141	733 141

SUBSIDIARIES OWNED BY SUBSIDIARIES ¹⁾

LINK arkitektur AB	2008	Stockholm, Sweden	100 %	100 %
LINK arkitektur Aps	2013	Copenhagen, Denmark	100 %	100 %
LINK arkitektur A/S	2016	Aarhus, Denmark	100 %	100 %

¹⁾ Subsidiaries of LINK arkitektur AS

There are no significant restrictions on the company's ability to gain access to or use the group's assets and settle the group's obligations, see however note 16 to the group financial statements regarding restricted cash.

ASSOCIATED COMPANIES AND JOINT VENTURES

Amounts in NOK thousand (except percentages)	Acquisition date	Business office	At 31 December 2019 and 2018		Carrying amount 31 December	
			Voting share	Owner-ship share	2019	2018
Norplan Tanzania Ltd	2013	Tanzania	49,0 %	49,0 %	2 050	2 050
Consortio SAM SpA	2014	Chile	27,5 %	27,5 %	32	32
Total associated companies and joint ventures					2 082	2 082

NOTE 14 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. At 31 December 2019 and 2018, Multiconsult ASA is not party to any lease agreements. The company is charged by Multiconsult Norge AS for use of premises, but there is no explicit agreement related to lease, and the company evaluates that it has no fixed lease or other significant payment obligations.

NOTE 15 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	31.12.2019	31.12.2018
Salaries payable, vacation pay, bonus etc.	4 353	4 325
Derivatives	0	165
Other accrued expenses	7 303	3 324
Current liabilities group companies	183 797	70 890
Total other current liabilities	195 454	78 706

NOTE 16 NON-CURRENT FINANCIAL ASSETS

Amounts in NOK thousand	31.12.2019	31.12.2018
Loans to subsidiaries	16 550	55 265
Other non-current receivables	2 686	3 783
Total other non-current financial assets	19 236	59 048

NOTE 17 RELATED PARTIES

The Company's related parties are the same as mentioned in note 23 to the consolidated financial statements, in addition to the company's subsidiaries. Refer to note 9 to the consolidated financial statements for information on transactions with and remuneration to key management personnel.

TRANSACTIONS AND BALANCES WITH SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Amounts in NOK thousand	Receivables		Liabilities		Purchases		Sales		Guarantees	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Subsidiaries	127 813	64 629	267 575	76 347	15 656	11	55 039	55 368	18 816	6 567
Joint ventures and associated companies	2 686	6 315	0	152	0	2 044	0	9 268	3 600	3 600

At 31 December 2019 NOK 19.0 million of receivables and NOK 150.8 million of liabilities to subsidiaries is related to the subsidiaries deposit and draw on the group cash pool. At 31 December 2019 NOK 41.0 million of liabilities to subsidiaries is a non-current liability.

In addition to the amounts in the table above, Multiconsult ASA received dividends of NOK 4 700 thousand from Multiconsult Polska in 2019, and had a net interest income from subsidiaries of NOK 2 806 thousand. Interest income from joint ventures and associated companies was NOK 294 thousand in 2019.

As part of completing the 2019 share buyback programme Multiconsult ASA entered into a share loan agreement with its largest shareholder Stiftelsen Multiconsult. The deal was entered into on 4 December 2019 for a loan of 100 000 Multiconsult shares in connection with the implementation of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement. In consideration for the share loan, Multiconsult shall pay to Stiftelsen Multiconsult an amount corresponding to 2% p.a. based on 100 000 shares at a value of NOK 64 per share. The loan of NOK 6 400 thousand is presented as current interest-bearing liability in the balance sheet statement.

NOTE 18 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2019 and up to the date these financial statements have been approved for issue, the company has renegotiated terms of its loan facilities with Nordea. For details see note 25 in the consolidated financial statements.

On March 11, 2020, the global outbreak of coronavirus Covid-19 was declared a global pandemic by the World Health Organization (WHO).

The outcome and consequences of the COVID-19 situation is at this time not possible to predict. However, the COVID-19 situation may, in adverse circumstances, have a material adverse effect both on the operational situation and the financial robustness of the group and may lead to e.g. breach of financial covenants and/or a requirement for the group to find new and/or additional sources of funding.

On the background of the ongoing COVID-19 pandemic, the Board of Directors of Multiconsult ASA announced on 25 March to cancel its proposed dividend of NOK 1.00 per share. See note 25 in the consolidated financial statements for effects of the pandemic on the group.

No other events than described above have been identified that require disclosure.

DECLARATION IN ACCORDANCE WITH § 5-5 OF THE SECURITIES TRADING ACT

We confirm that the financial statements for 2019 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the group as a whole. The Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the group as a whole, together with a description of the principal risks and uncertainties that they face.

The Board and CEO of Multiconsult ASA
Oslo, 1 April 2020



Bård Mikkelsen
Chair of the board



Runar Tyssebotn
Director



Kristine Landsnes Augustson
Director



Hanne Rønneberg
Director



Bo Rikard Appelgren
Director



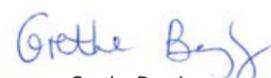
Simen Lieungh
Director



Liv-Kristine Rud
Director



Hilde Hammervold
Director



Grethe Bergly
CEO



PROJECT: NEW DEICHMAN LIBRARY, OSLO
PHOTO: KARINA RØNNING

AUDITORS' REPORT



Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Multiconsult ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multiconsult ASA, which comprise:

- The financial statements of the parent company Multiconsult ASA (the Company), which comprise the statement of financial position as at 31 December 2019, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Multiconsult ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report -
Multiconsult ASA

Timing and accuracy of contract revenue recognition	
Key audit matter	How the matter was addressed in the audit
<p>For further information and a description of estimates and judgments related to the recognition of project revenues, refer to note 2 B in the Group financial statements.</p> <p>IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. If it is probable that a project will incur a loss, the estimated loss is recognised immediately. The contracts may span over a number of reporting periods. The amount and timing of revenue to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as:</p> <ul style="list-style-type: none"> • changes to the original contract terms, • cost overruns, or • scope changes. <p>Given the degree of subjectivity involved in determining costs to complete, there are risks for errors in the calculation of revenue and misstatements in the allocation of revenue between reporting periods.</p>	<p>We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls.</p> <p>We assessed the design and implementation of the internal controls Multiconsult has established related to the timing of revenue recognition.</p> <p>We selected a sample of projects, for which:</p> <ul style="list-style-type: none"> • we met with project controllers to analyse the projects in detail, • we challenged the key estimates used in the long-term contract accounting calculations, such as costs to complete, key project risks and adherence to billing schedules, • we obtained supporting information and tested the data included in the calculations and assumptions for costs to complete, • we tested that estimated losses are properly accounted for, • we tested by sampling that timesheets are properly submitted and accounted for, • we tested that no material revenue adjustments were recognized in January 2020.
Carrying value of goodwill	
Key audit matter	How the matter was addressed in the audit
<p>For further information and a description of estimates and judgments involved related to assessments of the carrying value of goodwill, refer to note 2 B and note 14 in the Group financial statements.</p> <p>The carrying value of goodwill amounted to NOK 447.5 million at 31 December 2019 in the group financial statements.</p> <p>According to IFRS as adopted by the EU, the goodwill is required to be tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of the goodwill is dependent on assumptions about forecast of future cash flows, specifically forecast revenue, operating margin and long-term growth rates along with discount rates.</p> <p>These assumptions are of particular importance due to the level of uncertainties and judgements involved. The outcome of impairment assessments could vary significantly if different assumptions were applied.</p>	<p>We assessed the design and implementation of the controls Multiconsult has established related to assessment of the recoverability of goodwill.</p> <p>We assessed and challenged the reasonableness of management's judgements, in particular:</p> <ul style="list-style-type: none"> • the cash flow forecast; • the long term growth rate; • and the discount rate used <p>by reference to past performance, externally derived data, forecast for economic factors, and current order book.</p> <p>We evaluated the assumptions and methodologies used, and tested the mathematical integrity of the models.</p>

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Independent Auditor's Report -
Multiconsult ASA

Provisions for contract claims	
Key audit matter	How the matter was addressed in the audit
<p>For further information and a description of estimates and judgments involved in provisions for contract claims and related insurance recoverability and recognition of provisions, refer to note 2 B and note 20 in the Group financial statements.</p> <p>Multiconsult performs a thorough review of each claim. This review includes significant judgments related to;</p> <ul style="list-style-type: none"> whether the contract claim is valid and is probable to result in a cash outflow, best estimate for future cash outflow, and whether a claim is covered by Multiconsult's insurance, either fully or partly. <p>As only claims that are probable to come to a cash outflow are provided for according to IFRS as adopted by the EU and as only virtually certain insurance recoverability are recognized, management's judgements related to determination of likelihood and cash flow estimates can have a significant impact on the financial statements.</p>	<p>We assessed the design and implementation of key controls in Multiconsult's process for assessment of provisioning for contract claims and related insurance recoverability.</p> <p>We held a meeting with management where all open claims and related best estimates as of year-end were discussed, and we obtained:</p> <ul style="list-style-type: none"> management's schedule for contract claims, which includes the claims assessment and the assessment of insurance recoverability, and tested its completeness by comparing it to correspondence with the Group's legal advisors, management's explanations for significant movements in the period, which we compared to related assessments from insurers, legal advisors and other relevant sources, if available.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

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Multiconsult ASA

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 1 April 2020
Deloitte AS

Reidar Ludvigsen

Reidar Ludvigsen
State Authorised Public Accountant (Norway)



MANAGEMENT



GRETHE BERGLY
CHIEF EXECUTIVE OFFICER



HANS-JØRGEN WIBSTAD
CHIEF FINANCIAL OFFICER



JOHAN ARNTZEN
CHIEF OPERATING OFFICER



LARS OPSAHL
EVP
SALES



KARI NICOLAISEN
EVP
HR AND COMMUNICATIONS



GEIR JUTERUD
EVP
PROJECTS



LEIF OLAV BOGEN
EVP
REGIONS NORWAY



KRISTIN OLSSON AUGESTAD
EVP
REGION OSLO



KIRSTEN ANKER SØRENSEN
EVP
ARCHITECTURE



HILDE GILLEBO
EVP
ENERGY

BOARD



BÅRD MIKKELSEN
CHAIR OF THE BOARD



RUNAR TYSSEBOTN
DIRECTOR



HILDE HAMMERVOLD
DIRECTOR



KRISTINE LANDSNES AUGUSTSON
DIRECTOR



HANNE RØNNEBERG
DIRECTOR



BO RIKARD APPELGREN
DIRECTOR

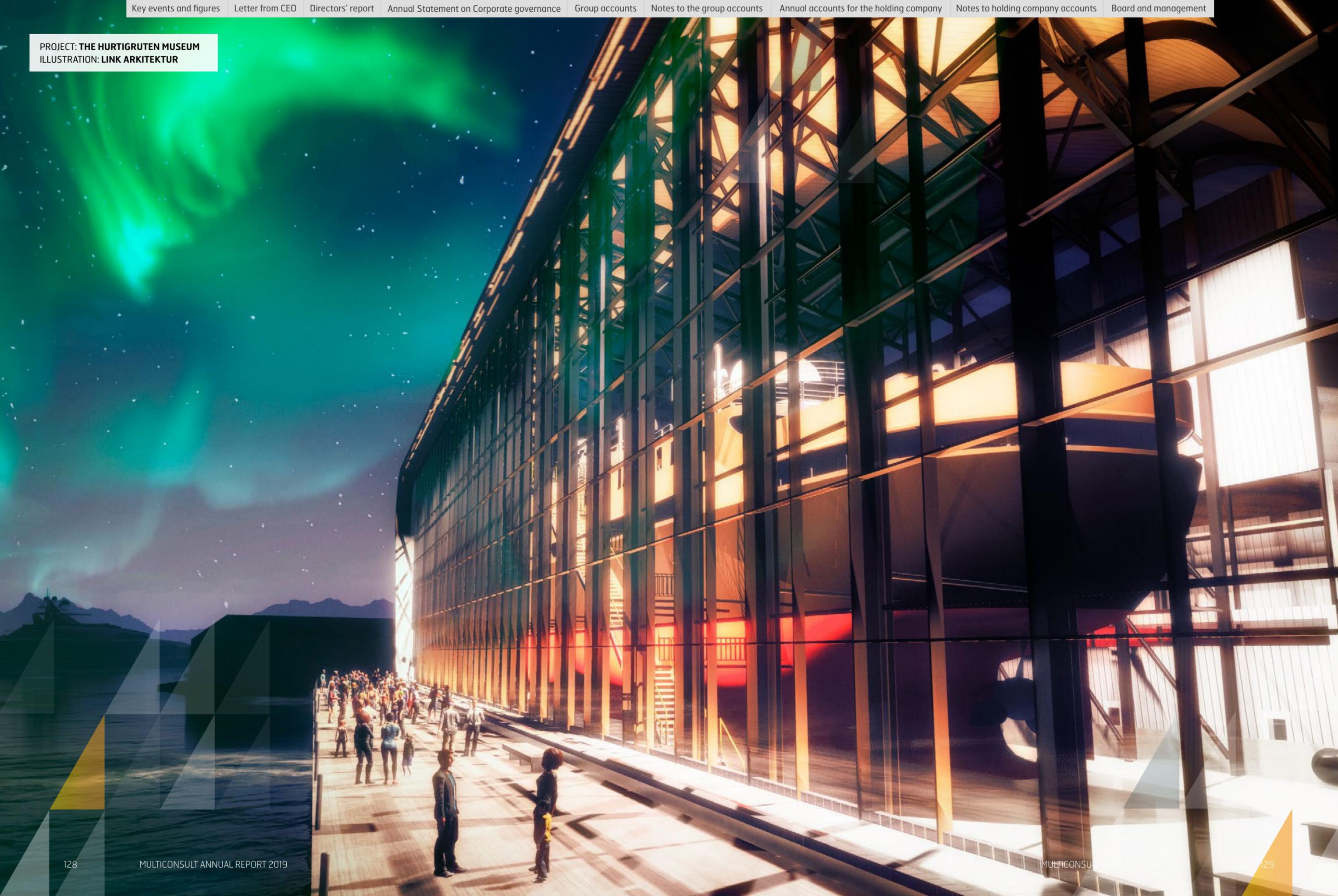


LIV-KRISTINE RUD
DIRECTOR

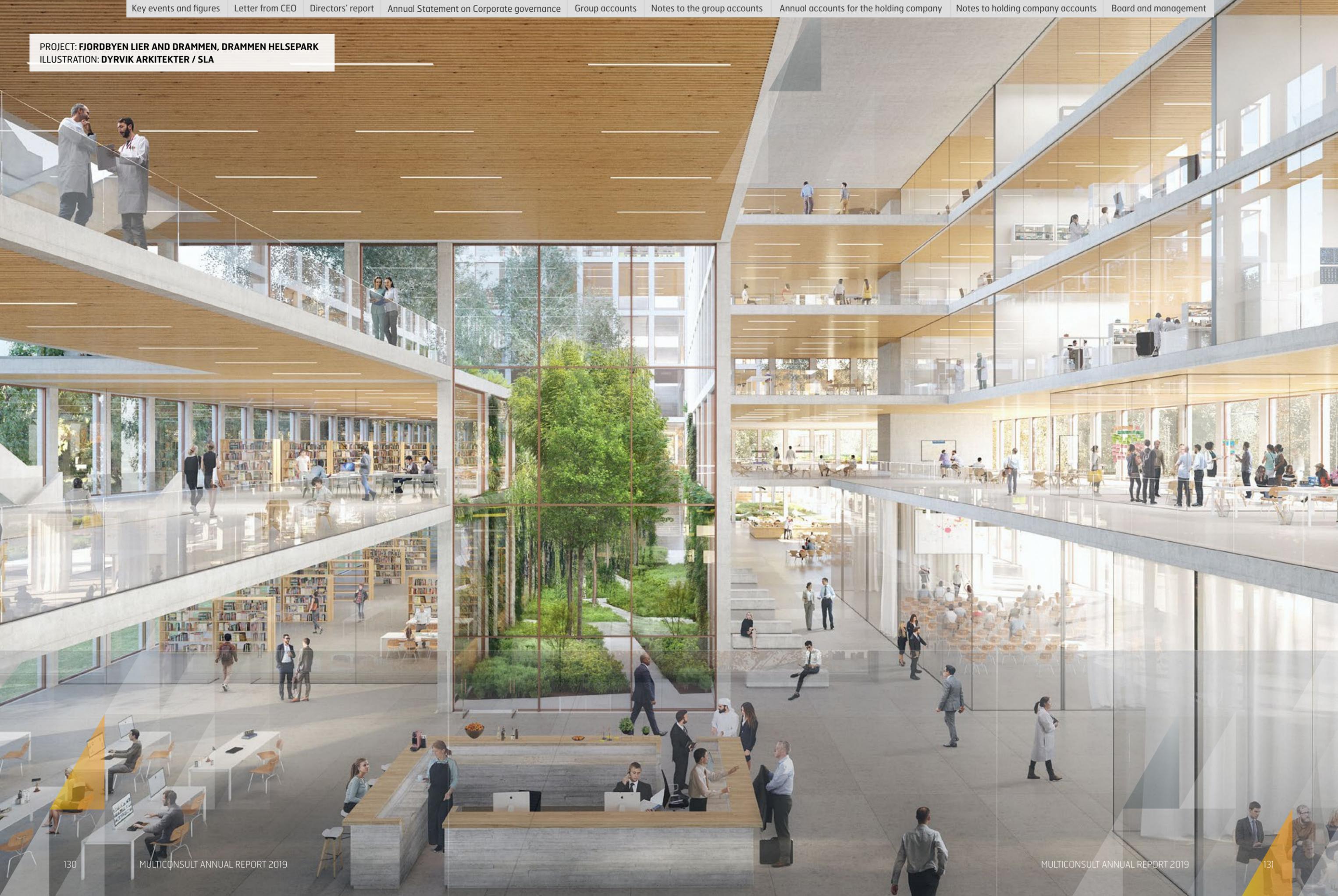


SIMEN LIEUNGH
DIRECTOR

PROJECT: THE HURTIGRUTEN MUSEUM
ILLUSTRATION: LINK ARKITEKTUR

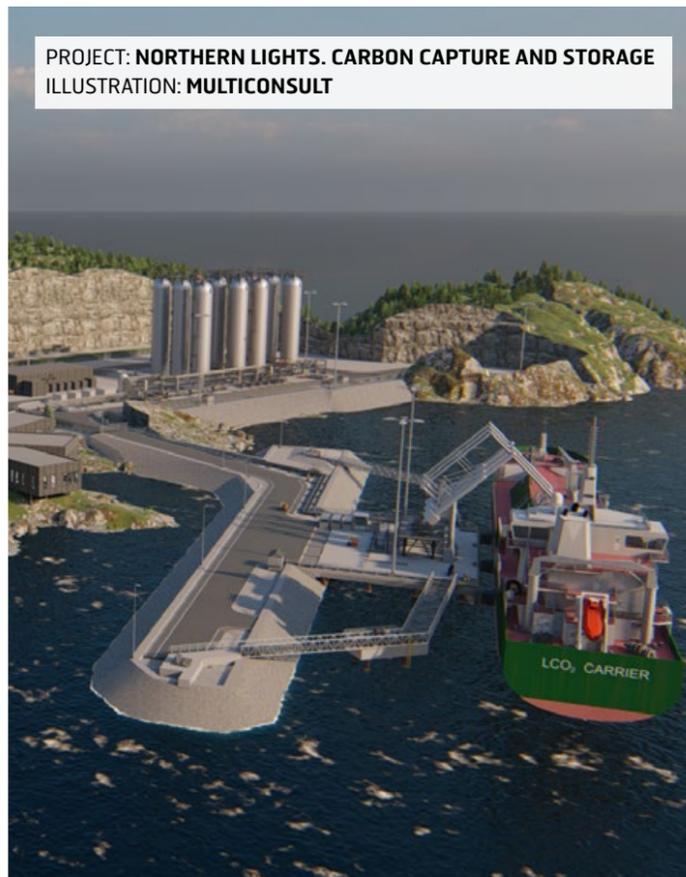
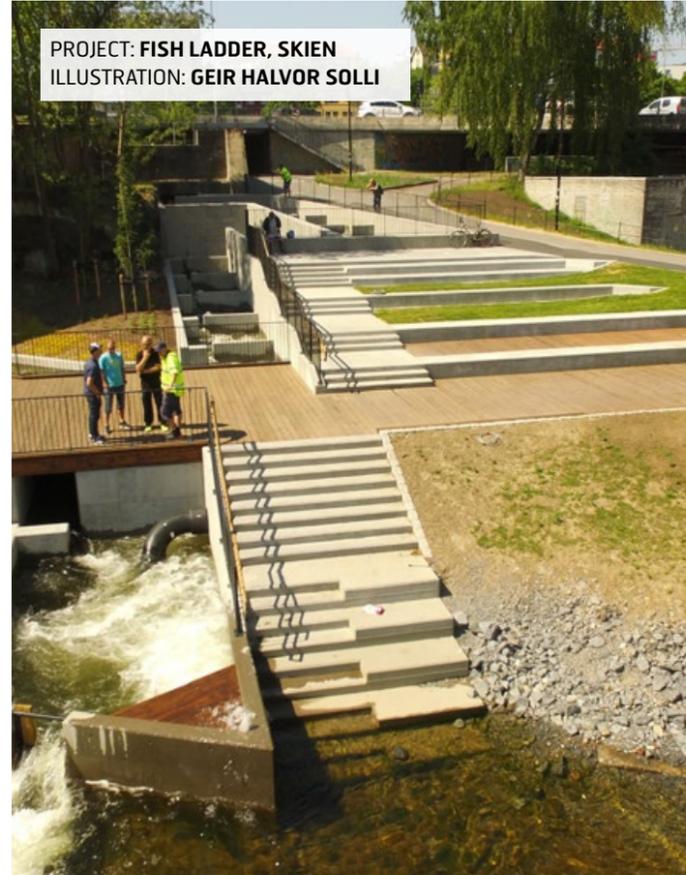


PROJECT: FJORDBYEN LIER AND DRAMMEN, DRAMMEN HELSEPARK
ILLUSTRATION: DYRVIK ARKITEKTER / SLA



PROJECT: TRONDEHIM SPEKTRUM
ILLUSTRATION: LINK ARKITEKTUR/BRICK







Design: www.dhvas

Project front cover: Construction City, Oslo Illustration: LINK arkitektur

Multiconsult

Nedre Skøyen vei 2, 0276 Oslo
P O Box 265 Skøyen, 0213 Oslo
Telephone 21 58 50 00

multiconsult@multiconsult.no
www.multiconsultgroup.com
Org no 910 253 158