Capio CFR A/S

Hans Bekkevolds Allé 2 B 2900 Hellerup

CVR no. 27 50 69 09

Annual report 2018

Approved at the Company's annual general meeting on March 19, 2019

Chairman:

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Thomas Kiær

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Capio CFR A/S for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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

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

Hellerup, March 19, 2019

Executive Board:

Thomas Kiær

Board of Directors:

Britta Wallgren Chairman	François Demesmay	Nils Henrik Wilhelm Brehmer
Emil Fannikke Kiær	Per Gullestrup	

Independent auditor's report

To the shareholders of Capio CFR A/S

Opinion

We have audited the financial statements of Capio CFR A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Non-compliance with anti-money laundering act

During the financial year, the company received cash payments in connection with the sale of operating services that exceed the limits of the Anti-Money Laundering Act, whereby the management may incur liability in this respect.

Copenhagen, March 19, 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised
Public Accountant
mne26736

Management's review

Financial highlights for the Company

The development in the Company during the last 5 years can be described as follows:

DKKm	2018	2017	2016	2015	2014
Key figures					
Gross margin	186,013	162,105	137,731	116,153	52,321
Ordinary operating profit	20,454	22,948	9,474	7,923	7,449
Net financials	75	601	375	96	335
Profit for the year	13,371	17,126	4,843	3,832	5,949
Total assets	128,033	126,514	98,602	111,195	111,081
Portion relating to investments in items of property, plant and equipment	2,277	5,209	8,409	14,278	633
Equity	65,330	51,959	31,717	34,302	32,623
Financial ratios					
Liquidity ratio	184,4	126,6	121,2	101,8	218,2
Equity ratio	51,0	41,1	32,2	30,8	29,4
Return on equity	31,0	48,4	14,7	11,4	19,7
Average number of full-time employees	238	199	177	159	68

Comparative figures 2014-16 have not been adjusted for mergers previous years between Capio CFR A/S and the following subsidiaries

- Viborg Privathospital
- GHP OPA A/S
- Smertecenter Skørping A/S
- Københavns Privathospital A/S
- Københavns Privathospital Facility ApS
- Københavns Privathospital Facility 2 ApS
- Center for Billeddiagnostik ApS
- Astra Billeddiagnostik A/S
- Privathospital Hunnerup ApS

as it has not been possible in practice to quantify the adjustments. Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

Capio CFR A/S has had a year with normal activity without any consolidation. The parent company Capio AB has been acquired by Ramsay General De Santé and Capio AB has been de-listed from the Nasdaq Stockholm in November 2018.

In 2018 the Company has further included the activity of the acquired facilities in Jylland with collaboration between the facilitiesfacilities. The activities have been fully incorporated in the Company activity with one administration and all agreements have been unified with customers and suppliers.

The Company has established new contracts with the Regions in 2018 and has continued existing agreements with other customers. The established geographic presence of the facilities in Denmark has been positive for the activity showing synergies for daily operations and optimal use of resources.

The year 2018 is the first year with full effect of the former acquisitions which means that direct comparison with former year's revenue should be interpreted with this in mind.

The profit/loss for the year in the departments

The Company runs 6 facilitiesfacilities in Denmark. Specialities and distribution hereof has been unchanged during the year except for movement of the urological division in Copenhagen to the Lyngby facility, and Plastic surgery to Hellerup. This reorganisation went uneventful and with no decrease in activity during the reorganisation. All facilities in the organisation showed a satisfying activity in the year as a whole but with some variation between the quarters where the last two quarters of the year showed the best activity – very much like former years. The facility in Aarhus Capio CFR Aarhus showed a steady recovery over the year with increasing activity in all specialities and has been reorganised becoming a stable part of the private sector of the city.

General business

As in former years there have been a continuous negotiation with insurance companies and Regions. No larger tenders with regions have been renegotiated in 2018 but the general duration of contract is between 2 and 5 years with new negotiations every year.

The company has in 2018 increased the connection to the parent company in Sweden with efforts to use general company principles around procurement and CSR. In 2018 the implementation of GDPR rules which was implemented as a part of the general Capio model.

The company has a continuous focus on quality of patient treatment. The quality organisation of the company has been evolved and includes members from all facilitiesfacilities. The quality work centres on establishing same procedures and guidelines for treatment in all facilitiesfacilities.

Financial review

The Company's income statement for the year ended 31 December 2018 showed a net profit of DKK 13,371 thousand, and at 31 December 2018, the balance sheet showed equity of DKK 65,330 thousand. Management considers the level of activity and the profit for the year as satisfactory and in line with expectations.

No unusual circumstances that have affected recognition and measurement.

Outlook

The Company ownership has changed to become a part of a global health care organisation. The goal for the group will be to expand the responsibility for European health care where large differences are seen between the countries. The Danish company will be ready to lift a larger part of responsibilities in the Danish health care system spreading out the effective way the organisation is a part of health care improvements in the different countries.

Management's review

Management commentary

The increase in the level of activity in 2018 lived up to the expectations of the mergers in 2017. A moderate organic growth will be expected in 2019. It is the politics of the parent company to invest substantially in equipment and technology to increase the quality of service and the company expects a substantial investment in technology to improve market shares and meet demands to the health care sector.

Events after balance sheet date

No events that could significantly affect the financial statements have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2018	2017
	Gross margin	186,013	162,105
3	Staff costs	-140,871	-114,889
4	Amortisation and depreciation of intangible assets and property, plant and equipment	-24,688	-24,268
	Operating profit	20,454	22,948
5	Financial income	2	25
6	Financial expenses	-77	-626
	Profit before tax	20,379	22,347
7	Tax for the year	-7,008	-5,221
	Profit for the year	13,371	17,126

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Non-current assets		
8	**Intangible assets**		
	Goodwill	12,603	31,240
		12,603	31,240
9	**Property, plant and equipment**		
	Leasehold improvements	1,704	3,487
	Fixtures and fittings, tools and equipment	6,060	8,053
		7,764	11,540
10	**Financial assets**		
	Other receivables	5,670	5,573
		5,670	5,573
	Total non-current assets	26,037	48,353
	Current assets		
	Receivables		
	Trade receivables	85,514	66,618
	Other receivables	30	1,456
11	Deferred tax assets	1,983	1,894
12	Prepayments	3,101	7,570
	Amounts owed by group entities	10,730	0
		101,358	77,538
	Cash	638	623
	Total current assets	101,996	78,161
	TOTAL ASSETS	128,033	126,514

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Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	1,053	1,053
	Retained earnings	64,277	50,906
	Dividend proposed for the year	0	0
	Total equity	65,330	51,959
	Long-term liabilities		
14	Other provisions	6,000	7,900
	Debt to credit intuitions	1,396	2,917
	Total long-term liabilities	7,396	10,817
	Short-term liabilities		
14	Other provisions	1,860	2,000
	Debt to credit institutions	1,530	1,670
	Trade payables	19,833	23,450
	Amounts owed to group entities	0	15,850
	Income taxes	5,696	741
	Other payables	26,388	20,027
	Total short-term liabilities	55,307	63,738
	TOTAL EQUITY AND LIABILITIES	128,033	126,514

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Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2018	1,053	50,906	0	51,959
18	Appropriation of profit	0	13,371	0	13,371
	Equity at 31 December 2018	1,053	64,277	0	65,330

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Cash flow statement

Note	DKK'000	2018	2017
	Profit/loss before net financials	20,454	22,948
	Amortisation/depreciation	24,688	24,268
	Other adjustments of non-cash operating items	0	0
	Cash generated from operations before changes in working capital	45,142	47,216
19	Changes in working capital	-38,972	-11,230
	Cash generated from operations	6,170	35,986
	Interest received	2	25
	Interest paid	-77	-626
	Income taxes paid	-2,142	-9,444
	Cash flows from operating activities	3,953	25,941
	Acquisition of intangible assets	0	0
	Acquisition of property, plant and equipment	-2,277	-22,250
	Disposal of property, plant and equipment	0	0
	Acquisition of other securities and investments	0	0
	Acquisition/sale of securities	0	0
	Cash flows from investing activities	-2,277	-22,250
	Repayment of non-current liabilities	0	0
	Proceeds from mortgage loans	0	0
	Repayment of debt to credit institutions	-1,661	-3,536
	Dividend distribution	0	0
	Cash flows from financing activities	-1,661	-3,536
	Net cash flows	15	155
	Cash and cash equivalents, beginning of year	623	468
	Cash and cash equivalents, year-end	638	623

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Capio CFR A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-size reporting class C entities.

The accounting policies are consistent with those of last year.

Business combinations

Acquired entities are recognised in the financial statements from the date of acquisition or formation.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition.

Restructuring costs, recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition, are included in the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring, determined by the acquiring entity, must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the year of acquisition.

Intra-group business combinations

The 'book value method' is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

Tax-fee legal mergers with subsidiaries acquired in the financial year are recognised at the beginning of the financial year although the acquisition actually took place at a later date. As such, the profit or loss for the twelve months period ended 31 December of acquired entities is recognised in the Company's financial statements. The difference between the opening balance sheet of the acquired entity at the beginning of the year and the acquisition balance sheet is recognised directly in equity.

For accounting purposes, legal mergers with subsidiaries, which are legally considered, completed at the first day of the financial year, regardless of whether the transaction will actually take place at a later date, are accounted for at the first day of the financial year.

Reporting currency

The financial statements have been presented in DKK.

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1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of surgeries is recognised in revenue when the surgery is completed.

Income from the sale of services is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time.

Revenue is measured at fair value of the agreed consideration less VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items revenue, cost of sales, other external expenses and other operating income and expenses have been aggregated into one item called "Gross margin".

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses comprise costs incurred in the year relating to the Company's main activity, including costs of distribution, sales, advertising, administration, facilities, bad debts, payments relating to operating leases, etc.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	4 years

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1 Accounting policies (continued)

The residual value of intangible assets is determined at the time of acquisition and is reassessed every year.

The basis of depreciation, which is calculated as cost less any residual value and is reduced by impairment losses, if any, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvements	10 years
Other fixtures and fittings, tools and equipment	3-5 years

The residual value of property, plant and equipment is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Staff costs

Staff costs comprise wages and salaries, incl. holiday pay and pensions, as well as other social security costs, etc., to the Company's employees.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual acquired business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is assessed as 4 years. The amortisation period is fixed on the basis of the expected repayment horizon.

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Notes

1 **Accounting policies (continued)**

Property, plant and equipment

Leasehold improvements and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under "Contractual obligations and contingencies, etc.".

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured by using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office facilities and other items where temporary differences, apart from business combinations, arise at the date of acquisition, without an affecting neither the profit/loss for the year nor for the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions are recognised when the Company has a present obligation (legal or a constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future and the effect of the time value of money is material, the obligation is measured at fair value.

Provisions relating to expected costs to mitigate risk associated with remedial action in respects of surgeries are measured at net realisable value and recognised based on past experience.

Provisions relating to earn-out arrangements are measured at net realisable value and recognised based on the expected outcome of the respective earn-out arrangements.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term to maturity of three months or less, which are subject to only minor risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Liquidity ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

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Notes

2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items, which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by several matters that in the opinion of the Board of Directors do not form part of the operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

DKK'000	2018	2017
Income		
Negative goodwill in connection with purchase of GHP-OPA A/S	0	3,678
Special items are recognised in the below financial statement items		
Other operating income	0	3,678
Net profit/loss from special items	0	3,678

3 Staff costs

	2018	2017
Wages and salaries	121,610	99,396
Pensions	15,697	13,189
Other social security costs	1,847	1,265
Other payroll-related expenses	1,717	1,039
	140,871	114,889
Average number of full-time employees	238	199

Staff costs include remuneration to the Executive Board (resigned director included), totalling DKK 4,587 thousand (2017: DKK 4,338 thousand), pensions, totalling DKK 0 thousand (2017: DKK 232 thousand), and directors' fees to the members of the Board of Directors, totalling DKK 0 thousand (2017: DKK 0 thousand).

4 Amortisation and depreciation of intangible assets and property, plant and equipment

DKK'000	2018	2017
Amortisation of intangible assets	18,637	18,884
Depreciation of property, plant and equipment	6,051	5,951
Write-down of earn-out	0	-567
	24,688	24,268

Financial statements 1 January – 31 December

Notes

		2018	2017
5	**Financial income**		
	Other interest income	0	25
	Exchange rate	2	0
		2	25
6	**Financial expenses**		
	Interest expenses, group entities	43	18
	Other financial expenses	34	608
		0	0
		77	626
7	**Tax for the year**		
	Current tax for the year	7,097	6,002
	Adjustment of the deferred tax charge for the year	-89	-781
	Prior-year adjustments	0	0
		7,008	5,221

8 **Intangible assets**

DKK'000	Goodwill
Cost at 1 January 2018	89,814
Additions	0
Disposals	0
Cost at 31 December 2018	89,814
Amortisation at 1 January 2018	58,574
Amortisation in the year	18,637
Amortisation at 31 December 2018	77,211
Carrying amount at 31 December 2018	12,603
Amortised over	4 years

Management has not identified any evidence of impairment relating to the carrying amount of goodwill.

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9 Property, plant and equipment

DKK'000	Leasehold improve-ments	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	47,015	79,271	126,286
Additions through mergers with subsidiaries	0	0	0
Additions	104	2,173	2,277
Cost at 31 December 2018	47,119	81,444	128,563
Depreciation and impairment losses at 1 January 2018	43,528	71,218	114,746
Depreciation	1,887	4,164	6,051
Depreciation and impairment losses at 31 December 2018	45,415	75,382	120,799
Carrying amount at 31 December 2018	1,704	6,,062	7,766
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	2,925	2,925
Depreciated over	10 years	3-5 years	

10 Financial assets

DKK'000	Lease deposits
Other receivables	
Cost at 1 January 2018	5,573
Additions	97
Carrying amount at 31 December 2018	5,670

DKK'000	2018	2017
11 Deferred tax assets		
Deferred tax assets at 1 January	1,894	1,113
Current year adjustment of deferred tax	89	781
Deferred tax regarding acquisitions	0	0
	1,983	1,894

Based on the budgets etc. until 2023, Management considers it likely that there will be future taxable income against which non-utilised tax deductions can be offset.

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DKK'000		2018	2017
12	**Prepayments**		
	Prepaid insurance premiums	1,772	2,231
	Other prepaid expenses	1.329	5,339
		3.101	7,570

13 Share capital

The share capital comprises 1,053 shares of DKK 1,000 nominal value each. All shares rank equally.

Analysis of changes in the share capital over the past five years:

DKK	2018	2017	2016	2015	2014
Balance at 1 January	1,053	1,053	1,092	978	978
Cash capital increase	0	0	0	114	0
Capital reduction to cover loss	0	0	39	0	0
Balance at 31 December	1,053	1,053	1,053	1,092	978

DKK'000		2018	2017
14	**Other provisions**		
	Other provisions at 1 January	9,900	23,142
	Used during the year	-1,900	-12,675
	Reversal	-140	-567
	Provision for the year	0	0
	Other provisions at 31 December	7,860	9,900

Other provisions are expected to mature within:

	2018	2017
< 1 year	1,860	2,000
1-5 years	2,000	3,900
> 5 years	4,000	4,000
Total	**7,860**	**9,900**

Other provisions comprise provisions relating to expected costs to mitigate risk associated with remedial action in respects of surgeries and earn-out provisions

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15 Contractual obligations and contingencies, etc.

Contingent liabilities

Capio CFR A/S is party to a few pending legal disputes. In Management's opinion, the outcome of these legal disputes will not affect the Company's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2018.

The Company is jointly taxed with other Danish entities in the Capio group and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2018 onwards as well as withholding taxes on interest, royalties and dividends.

Operating lease liabilities

Lease liabilities (operating leases), which fall due within 4 years, total DKK 18,406 thousand (2017: DKK 30,549 thousand).

16 Securities for loans

The Company has provided a payment guarantee of DKK 919 thousand to Nordea Properties.

17 Related parties

Parent companies that prepare the consolidated financial statements for the largest and the smallest group:

Ramsay, Generale De Sante, for Annual report – https://ramsaygds.fr

Capio AB, for Annual report – https://capio.se

Related party transactions

Capio CFR A/S' related parties comprise the following:

Parties exercising control

Capio Danmark Holding A/S, Søndre Strandvej 40, 1, 3000 Helsingør.
Capio Danmark Holding A/S holds the majority of the share capital in the entity.

Besides being a part of the Group Company's cash-pool, see note 6, the Company only has one transaction regarding scared services within IT of DKK 1 thousand.

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 3.

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DKK'000	2018	2017
18 Appropriation of profit		
Recommended appropriation of profit		
Dividend proposed for the year	0	0
Transferred to reserves under equity	13,371	17,126
	13,371	17,126
19 Changes in working capital		
Change in receivables	-25,739	-25,938
Change in prepayments and trade and other payables	-13,233	14,708
	-38,972	-11,230