Capio A/S

Hans Bekkevolds Allé 2 B, 2900 Hellerup

CVR no. 27 50 69 09

Annual report 2022

(Period 1 July – 30 June 2022)

Approved at the Company's annual general meeting on December 29, 2022

Chairman:

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Christian Høngaard

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 A/S for the financial year 1 July 2021 – 30 June 2022.

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 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 – 30 June 2022.

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, December 29, 2022

Executive Board:

Christian Bech Høngaard

Board of Directors:

Bo Marcus Nord Chairman	Nils Henrik Wilhelm Brehmer	Karl Johan Cagmo

Independent auditor's report

To the shareholders of Capio A/S

Opinion

We have audited the financial statements of Capio A/S for the financial year 1 July – 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity 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 30 June 2022 and of the results of the Company's operations for the financial year 1 July – 30 June 2022 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' International 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 requirements and the IESBA Code.

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.

Copenhagen, December 29, 2022
EY
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:

DKK'000	2021/22	2020/21	2020 (6 month)	2019	2018
Key figures					
Revenue	456,422	423,259	158,954	371,278	372,643
Ordinary operating profit	15,917	-2,158	-18,438	-9,009	20,454
Net financials	-2.695	-241	-84	-33	75
Profit for the year	10,307	-1,878	-14,393	-7,615	13,371
Total assets	303,918	134,742	147,700	141,962	126,847
Portion relating to investments in items of property, plant, and equipment	44,813	27,563	8,596	0	2,277
Equity	51,751	41,444	43,322	57,715	65,330
Financial ratios					
Liquidity ratio	79,2	123,6	150,2	169,0	186,3
Equity ratio	17,0	30,8	29,3	40,6	51,5
Return on equity	22,1	-4,4	-28,5	-12,4	22,8
Average number of full-time employees	302	281	243	252	238

For terms and definitions, please see accounting policies.

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

The Company changed the financial year from 01.01 – 31.12 to 01.07 - 30.06. First financial year after the change is the period 01.01.20 – 30.06.20.

Management's review

Management commentary

The company's main activities

The company has as in prior year's operated as Privat Hospital, providing patient consultations, picture diagnostics, surgery, and physiotherapy in 6 locations across Denmark.

Patients are a mix of insurance customers, public health authority referrals and private customers.

Financial Review

Profit for the year of MDKK 10,3 is an improvement of MDKK 12,1 compared to FY20/21 losses of MDKK 1,9.

The result for FY21/22 was affected by total losses of MDKK 0.3 under special items versus total losses of MDKK 7,1 on special items in FY20/21. Adjusted for special items the profit of the year shows an improvement of MDKK 5.4

The improvement from FY20/21 is due to increases in patient volumes across most patient segments, at the expense of a decline in tender patients. The transition of public tender patients into DUF agreement has been a major reason behind revenue increases, as well as an increase in the number of PHI patients, that chose to utilise their health insurance.

The recovery in patient volume improved profits during the year, as a significant part of the increased volume was at higher average prices due to customer mix. December 2021 to February 2022 saw a brief flare up of Covid19, resulting in infected staff, infected patients, or both, resulting in significant extra costs from hiring short term staff to deliver on the planned operations or cancelling operations when no staff could be hired – this had a significant effect on profits for these months in FY21/22.

Capio A/S recorded an increase in revenue from January 2022 onwards, following the acquisition of MR Scanner Viborg, allowing Capio to scale availability of imaging services across both West and East Mid Jutland. Capio A/S acquired WeCare group in November 2021 and expect future synergies with the new subsidiaries.

The later part of FY21/22 saw an increase in profitability as the last remnants of Covid19 disappeared and made for a return to solid monthly profits, as employee sick leave returned to normal levels and patients invariably also showed lower infection rates.

The outlook for FY21/22 was expected profit before tax of mDKK 15-20. The financial year is however negatively impacted by financial expenses and increased rent and utilities.

Outlook

The Company is part of a global health care organisation. The goal for the group is to expand the responsibility for European health care where large differences are seen between the countries. The company will be ready to lift a larger part of responsibilities in the Danish health care system and utilizing Group initiatives and commercial offerings in the Danish market. The company has acquired Gildhøj Privathospital A/S with effect from 1st July 2022.

Digitization of patient offerings and processes in the Company will shape the agenda for the foreseeable future to improve patient pathways and the corresponding efficiency in daily operations and processes.

Insurance company agreements have been successfully renewed during the financial year and we are looking ahead to improve relationships with corporate customers and help in the quest to improve quality measures and patient outcomes.

The company expects profit before tax of MDKK 15 – 20 for the financial year FY22/23.

Management's review

Events after balance sheet date

Since the summer of 2022, the level of activity has kept at high level from public customers, following the continued backlog from Covid19 pandemic - a backlog which has continued to increase due to the recent nurses’ union strike actions.

Special risk

Currency risks

The company is not immediately affected by exchange rate fluctuations, as both income and expenses are settled in local currency.

Interest rate risks

As a result of the company's solvency and financial preparedness, moderate changes in interest rates will have no significant direct effect on earnings. Therefore, interest rate risks are not hedged.

Credit risks

The company's credit risks are partly related to primary financial assets. Credit risks associated with financial assets correspond to the values recognized in the balance sheet. The company does not have significant risks regarding a single customer or business partner.

Knowledge resources

The company offers services provided by highly qualified employees, which places great demands on the collection and dissemination of new knowledge. During the year, the company has worked to attract competent and experienced employees, which has strengthened the company's knowledge and competence starting point.

Management's review

Report on data ethics

Capio Privathospital currently do not have a data ethics policy, but have worked with data ethics throughout 2022, and will further embody the data ethical principles of Privacy, Security and Responsibility in a separate policy during 2023. Our policy will focus on how we work with data within these three areas of ethics. Our data ethics will be part of any assessment of our strategic ambitions along with other areas of our considerations when we evaluate business model and our values.

We will ensure compliance with applicable data protection laws and have a strong focus on the principles of self-determination, human dignity, responsibility, equality and fairness, progressiveness and diversity in general. We always keep people in focus, and when we develop new products and services, we focus on privacy by design and standard.

As part of our work with Privacy we have mapped the overall parameters and controllers on various elements of our customers medical data records. This overview details what private data we store within our medical journal system and how we exchange the information for patient treatment purposes.

Security and access to data has been subject to upgrades of systems and user maintenance in relation to onboarding and offboarding of employees and validating relevant user access to patient data based on support of patient treatment.

Capio has established training and guidelines on GDPR, so that all employees are trained in processes for handling patient data securely and ethically. During FY 2023 Capio has appointed a DPO who will expand our processes within this area and work to continually improving awareness of GDPR and Data Ethics.

Responsible use of patient data is paramount to Capio, and our goal is to provide transparency on the collection of patient data and data handling, that is undertaken for the purpose of continually improving patient treatments and positive outcomes. Our information on how we handle, and process patient information is explained in our consent form, that all patients fill out and sign before we commence treatment and is also explained in more detail on our website www.capio.dk where the patient can access information any time of day.

CSR

This section constitutes the statement on corporate social responsibility, cf § 99a

Capio A/S operates Private Hospitals in Denmark and CSR is a natural part of our global commitment – see more detail on our website here https://www.ramsaysante.eu/group-group/our-commitments .

Human Rights

Ramsay Santé Group has a strong commitment towards treating patients, employees, and all stakeholders properly and is constantly working under our Global commitment of acting as an organisation, with a strong focus on “People caring for People”. An analysis of the most important societal influences has determined that there is no material risk of human rights abuses, as all activities of Capio A/S are taking place in Denmark and therefore no policy will be developed within this area.

Environment

Ramsay Santé Group is working to limit our environmental impact.

Capio A/S has identified the generation of waste as well as GHG emissions associated with our energy consumption as the most material risks. In 2021/22, Capio A/S worked on identifying opportunities to reduce our waste and consumption of disposable materials.

Capio A/S has identified a portfolio of CO2 reducing initiatives that are being pursued. The appropriate sorting of waste and working towards a high level of reuse of waste materials is a high priority. The use of plastics in a hospital is substantial and a difficult waste material to reuse once it has been used for medical purposes. For plastics we are working on solutions to move from disposable materials to reusable materials, wherever it is possible within the realms of medical quality.

Capio A/S has since October 2022 lowered the temperatures at all our facilities to 19 °C in order to reduce energy usage and save CO2 and we are reviewing our energy consumption for other opportunities to reduce CO2 footprint.

In the future, we will further work towards reducing our waste and lowering our energy consumption in our facilities.

Social

Employees are the most important asset within Capio A/S. Thriving employees is a necessity to deliver a professional, competent, and personable service to all our customers. A primary risk would be that a lack of focus on employee well-being and job opportunities could negatively affect employee satisfaction and retention. Capio A/S is determined to retain employees and maintain good working relationships, which is reflected in our commitment towards good working conditions, a safe working environment and amble development opportunities. Capio A/S are conducting Development Dialogues each year throughout January to March. Engagement Survey in October 2021. The results of our survey showed a strong employee commitment to Capio, strong collaboration in the team, a perception of a close and respectful management in Capio, and finally a sense of great professional pride amongst the employees in Capio.

Going forward, Capio A/S expects to continue our work to ensure good working conditions and opportunities for our employees through offering of development opportunities, among other things.

Anti-corruption

Ramsay Santé has an anti-corruption policy that is supported by regular control reviews and online training for all stakeholders.

Capio A/S is against all forms of corruption and bribery, as stipulated in our parent company's anti-corruption policy.

The most material risks are that suppliers or other business partners do not adhere to our policy on the area.

In 2021/22 relevant employees were trained in the policy

In 2021/22, we did not identify any breaches to our policy.

Capio A/S expects to continue with the training on an annual basis

Gender distribution in management, cf. $99b

The board of directors consist of 3 men. No changes were made to the board of directors in 2021/22 and hence the gender target for the board was not reached. Capio A/S' target is to have one woman in Board of Directors by 2025

The executive committee of Capio A/S consists of 5 men (83%) and 1 woman (17%) and is the top management of Capio A/S. Capio A/S' target is to have two women in the executive committee by 2025.

The extended management team consists of 10 men (50%) and 10 women (50%).

The members in the extended management team consist of the executive committee, 11 members reporting to the executive committee and three members reporting to other members of the extended management team

Financial statements 1 July – 30 June

Income statement

Note	DKK'000	2021/22	2020/21
3	**Revenue**	456,422	423,259
	Cost of sales	-191,269	-180,005
	Other operating income	35	117
4	Other external expenses	-56,379	-56,856
	Gross margin	208,809	186,516
5	Staff costs	-183,774	-180,833
6	Amortisation and depreciation of intangible assets and property, plant, and equipment	-9,117	-7,841
	Operating profit	15,917	-2,158
7	Financial incomes	7	12
8	Financial expenses	-2,702	-255
	Profit before tax	13,222	-2,401
9	Tax for the year	-2,914	523
	Profit for the year	10,307	-1,878

Financial statements 1 July – 30 June

Balance sheet

Note	DKK'000	2021/22	2020/21
	ASSETS		
	Non-current assets		
10	**Intangible assets**		
	Goodwill	11,374	0
		11,374	0
11	**Property, plant, and equipment**		
	Leasehold improvements	19,342	4,139
	Fixtures and fittings, tools, and equipment	50,599	29,232
		69,942	33,371
12	**Financial assets**		
	Investments in group enterprises	135,164	0
	Other receivables	7,604	7,208
		142,769	7,208
	Total non-current assets	224,084	40,579
	Current assets		
	Receivables		
	Trade receivables	69,404	45.688
	Other receivables	1,603	918
13	Deferred tax assets	5,082	7,996
14	Prepayments	2,606	2,686
	Amounts owed by group entities	0	36,819
		78,696	94,107
	Cash	1,139	56
	Total current assets	79,834	94,163
	TOTAL ASSETS	303,918	134,742

Financial statements 1 July – 30 June

Balance sheet

Note	DKK'000	2021/22	2020/21
	EQUITY AND LIABILITIES		
	Equity		
15	Share capital	1,053	1,053
	Retained earnings	50,699	40,391
	Total equity	51,751	41,444
	Long-term liabilities		
16	Other provisions	6,336	4,966
	Debt to group entities	129,526	0
	Debt to credit institutions	15,539	12,759
	Total long-term liabilities	151,401	17,725
	Short-term liabilities		
16	Other provisions	0	0
	Debt to credit institutions	2,818	2,889
	Trade payables	18,435	6,750
	Amounts owed to group entities	25,813	5,410
	Other payables	43,701	60,524
	Deferred income	10,000	0
	Total short-term liabilities	100,767	75,573
	TOTAL EQUITY AND LIABILITIES	303,918	134,742

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18 Securities for loans
19 Related parties
20 Appropriation of profit/loss
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Financial statements 1 July – 30 June

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity on 1 July 2021	1,053	40,392	0	41,444
18	Appropriation of profit/loss	0	10,307	0	10,307
	Equity on 30 June 2022	1,053	50,669	0	51,751

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Capio A/S for 2021/22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C large entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Ramsay Generale De Sante.

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 30 June 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.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Reporting currency

The financial statements have been presented in DKK.

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.

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	7 years

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

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

Profit/loss from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership. 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 7 years. The amortisation period is fixed based on the expected repayment horizon.

Financial statements 1 July – 30 June

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.".

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition. Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment and investments in subsidiaries 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.

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.

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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.

Segment information

Revenue information is disclosed by cadastre. Segment information is based on the Company's accounting policies, risks, and management control.

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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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.

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

DKK'000	2021/22	2020/21
Expenses		
Refurbishment cost in connection with termination of lease		4,656
Provision of relocation costs		443
Cost regarding settlement of holiday pay to employees and dismissed employees		2,166
Costs relating to previous financial years	4	706
Communication Action Plan and markering cost	2,825	
Various provisions		125
Income		
Allocated too much relocation costs, dismissed employees and VAT	2,487	926
Extraordinary income for the closure of Smertecenter Skørping	0	117
Special items are recognised in the below financial statement items		
Other external expenses	-2,829	-5,930
Staff cost		-2,166
Other operating income	2,487	1,043
Net profit/loss from special items	-342	-7,053

3 Segment information

Activities – primary segment

DKK'000	Hellerup	Odense	Aarhus	Viborg	Skørping*)	Aalborg	Administration	Total
2021/2								
Revenue	195,153	60,217	75,567	46,803	36,932	40,743	1,007	456,422

*) Skørping Cadastre was moved to Aalborg during Q4 2021

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	DKK'000	2021/22	2020/21
4	**Fees paid to auditor appointed at the annual general meeting**		
	Total fees to EY	576,444	195,485
	Fee for statutory audit	365	113
	Assurance engagements	100	57
	Tax consultancy	0	25
	Non-audit services	111	0
		576	195

	DKK'000	2021/22	2020/21
5	**Staff costs**		
	Wages and salaries	167,508	159,562
	Pensions	11,737	17,440
	Other social security costs	2,247	2,435
	Other payroll-related expenses	2,282	1,397
		183,774	180,834
	Average number of full-time employees	302	281

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

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

DKK'000	2021/22	2020/21
Amortisation of intangible assets	875	2,519
Depreciation of property, plant, and equipment	8,243	5,322
	9,118	7,841

7 Financial incomes

Other financial incomes	-7	-12
	-7	-12

8 Financial expenses

Interest expenses, group entities	2,301	0
Other financial expenses	401	255
	2,702	255

9 Tax for the year

Adjustment of the deferred tax charge for the year	1,674	-523
	1,674	-523

10 Intangible assets

DKK'000	Goodwill
Cost at 1 July 2021	89,814
Additions	12,249
Disposals	0
Cost at 30 June 2022	102,063
Amortisation at 1 July 2021	89,814
Amortisation in the year	875
Amortisation at 30 June 2022	90,689
Carrying amount at 30 June 2021	11,374
Amortised over	7 years

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11 Property, plant, and equipment

DKK'000	Leasehold improve-ments	Other fixtures and fittings, tools and equipment	Total
Cost at 1 July 2021	29,351	96,905	126,256
Additions through mergers with subsidiaries	0	0	0
Additions	16,101	28,713	44,813
Departure	0	0	0
Cost at 30 June 2022	45,451	125,618	171,069
Depreciation and impairment losses at 1 July 2021	25,212	67,673	92,885
Depreciation	897	7,346	8,243
Depreciation departure	0	0	0
Depreciation and impairment losses at 30 June 2022	26,109	75,019	101,127
Carrying amount at 30 June 2022	19,342	50,599	69,942
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	19,112	19,112
Depreciated over	5-10 years	3-10 years	

12 Financial assets

DKK'000	Investments in group enterprises	Lease deposits	Total
Other receivables			
Cost at 1 July 2021	0	7,208	7,208
Additions	135,164	396	135,560
Carrying amount at 30 June 2022	135,164	7,604	142,769

Name	Lagal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
WeCare Holding ApS	Anpartsselskab	Esbjerg	51.00%	10,604	-8,913

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12 Financial assets (continued)

The company has entered into a Put and Call Option agreement which can be exercised for a period beginning on 1 September 2025 and running indefinitely. The purchase price for the shares is set at the year of exercising the option. Management do not at this time believe that there is an added value of the option, since the share price is expected to increase simultaneously with the expected yield corresponding to the discount rate, wherefore the present value of the future share price remains the same.

The fair value of the Option amounts to DKK 0 thousand as per 30 June 2022. The value adjustment for the financial year amounts to DKK 0 thousand.

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DKK'000		2022	2021
13	**Deferred tax assets**		
	Deferred tax assets at 1 July	7,996	7,474
	Current year adjustment of deferred tax	-2,914	522
	Deferred tax regarding acquisitions	0	0
		5,082	7,996

As of 30 June 2022, the company has recognised tax assets of DKK 5,082 thousand (2021: 7,996 thousand). Based on budgets and forecasts, Management has assessed that the recognised deferred tax assets can be offset against tax on future earnings within 3-5 years.

		2022	2021
14	**Prepayments**		
	Other prepaid expenses	2,606	2,686
		2,606	2,686

15 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	2021/22	2020/21	2019/20	2018/19	2017/18
Balance at 1 July	1,053	1,053	1,053	1,053	1,053
Cash capital increase	0	0	0	0	0
Capital reduction to cover loss	0	0	0	0	0
Balance at 30 June	1,053	1,053	1,053	1,053	1,053

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DKK'000	2022	2021
16 Other provisions		
Other provisions at 1 July	4,966	17,640
Used during the year	-631	-14,200
Reversal	0	0
Provision for the year	2,000	1,526
Other provisions at 30 June	6,336	4,966

Other provisions are expected to mature within:

< 1 year	0	0
1-5 years	6,336	4,966
> 5 years	0	0
Total	6,336	4,966

Other provisions comprise provisions relating to expected costs to mitigate risk associated with remedial action in respects of surgeries.

17 Contractual obligations and contingencies, etc.

Contingent liabilities

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 2022 onwards as well as withholding taxes on interest, royalties, and dividends.

Operating lease liabilities

Lease liabilities (operating leases), which fall due within 16 years, total DKK 42,483 thousand (2021: DKK 41,674 thousand).

18 Securities for loans

The Company has no payment guarantees (2021: DKK 919 to Nordea Properties).

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19 Related parties

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

Ramsay, Healthcare limited, for Annual report – www.ramsayhealth.com

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

Related party transactions

DKK'000	2022	2021
Interest expenses to group entity	2,308	0
Payable to group entity	129,526	0
Payable tax to joint taxation	5,410	5,410

No other transactions were carried out with shareholders during the year.

Capio A/S' related parties comprise the following:

Parties exercising control

Capio Danmark Holding A/S, Hans Bekkevolds Allé, 2B, 2900 Hellerup.
Capio Danmark Holding A/S holds the entire share capital in the entity.

20 Appropriation of profit

Recommended appropriation of profit		
Transferred to reserves under equity	10,307	-1,878
	5,910	-1,878

21 Events after the balance sheet date

Since the summer of 2022, the level of activity has kept at high level from public customers, following the continued backlog from Covid19 pandemic - a backlog which has continued to increase due to the recent nurses' union strike actions.