
Odense Hospital Project Team Joint Venture I/S

Kochsgade 31C, 1 sal
5000 Odense C,
Denmark

Annual Report 2019

1 January - 31 December

CVR No 3930 2675

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on

14th May 2020

Mr. Simone Bonauguro
Chairman of the General
Meeting

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Management's Statement

The Board of Directors have today considered and adopted the Annual Report of Odense Hospital Project Team Joint Venture I/S for the financial year 1 January - 31 December 2019.

The Annual Report is 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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 14th May 2020

General Manager

Mr. Luciano Brunetti

Board of Directors

Mr. Simone Bonauguro
Chairman

Mr. Giacobbe Verrascina

Mr. Igor Soglia

Mr. Luciano Brunetti

Independent Auditor's Report

To the Partners of Odense Hospital Project Team Joint Venture I/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Odense Hospital Project Team Joint Venture I/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Odense, 14th May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
State Authorized Public Accountant
mne23318

Claus Damhave
State Authorized Public Accountant
mne34166

Company Information

The Company

Odense Hospital Project Team Joint Venture I/S

Kochsgade 31C, 1 sal
5000 Odense C,
Denmark

Telephone: + 45 3163 6006

CVR No 3930 2675

Financial period: 1 January - 31 December

Municipality of registered office: Odense

General Manager

Mr. Luciano Brunetti

Board of Directors

Mr. Simone Bonauguro
Mr. Igor Soglia
Mr. Giacobbe Verrascina
Mr. Luciano Brunetti

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21,
5000 Odense C,
Denmark

Financial Highlights

Seen over the period, the development of the Company is described by the following financial highlights:

	<u>2019</u> DKK	<u>2018</u> DKK
Key figures		
Profit/loss		
Revenue	207.090.718	58.955.184
Gross profit/loss	33.647.119	7.598.808
Profit/loss before financial income and expenses	10.589.507	2.928.814
Net financials	(772.837)	(156.685)
Net profit/loss for the year	9.816.670	2.772.129
Balance sheet		
Balance sheet total	253.941.845	74.108.576
Equity	12.588.799	2.772.129
Cash flows		
Cash flows from:		
- investing activities	(827.607)	0
including investment in property, plant and equipment	(827.607)	0
Number of employees	21	3
Ratios		
Gross margin	16,2%	12,9%
Profit margin	5,1%	5,0%
Return on assets	4,2%	4,0%
Solvency ratio	5,0%	3,7%
Return on equity	156,0%	200,0%

For definitions, see under accounting policies.

Management's Review

Key activities

The entity has entered into a Turnkey contract with client Region Syddanmark for the construction of a new hospital in Odense. The project had commenced on 26 September 2018 and expected to complete by 1 November 2022.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 9.816.670, and at 31 December 2019 the balance sheet of the Company shows positive equity of DKK 12.588.799.

Management considers the result to be satisfactory and in line with expectations.

Strategy

The company will proceed in 2020 to execute our strategy and adjust to the progressions driven by innovation and always showing signs of change client desires and expectations. We will do as such by proceeding to put resources into client driven items and arrangements in our mission to convey the best client experience. Fulfilled clients are the best way to accomplishing long haul gainful development and an essential for turning our vision of turning into the most confided in specialist co-op into the real world.

The partnership agreements have enabled us to grow while maintaining high customer satisfaction and The association understandings have empowered us to develop while keeping up high consumer loyalty and sound credit quality. We screen advancements in the business sectors intently and keep up a mindful methodology in our exercises.

Targets and expectations for the year ahead

Before the Covid-19 outbreak, the Company expected a positive development in 2020 and a profit level above the level achieved in 2019.

However, the Company's outlook for the future will be negatively affected by the Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Management is monitoring developments closely. It is, however, too early to give an opinion as to whether and, if so, to what extent Covid-19 will impact revenue and earnings in 2020, see also subsequent events disclosures in note no. 2 to the Financial Statements.

Uncertainty relating to recognition and measurement

While the project starts there might be some uncertain and unforeseen situation which could lead to an utmost consideration, however based upon the years of experience in this industry we believe the risk for such aspect would be minimized till the lower possible level.

Furthermore, we refer to note no. 1 to the Financial Statements.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities and cash flows of the Company for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

We refer to note no. 2 to the Financial Statements.

Income Statement 1 January - 31 December 2019

	Note	2019 DKK	2018 DKK
Revenue		207.090.718	58.955.184
Expenses for raw materials and consumables		(32.810.285)	(107.046)
Other external expenses		<u>(140.633.314)</u>	<u>(51.249.330)</u>
Gross Profit		33.647.119	7.598.808
Staff expenses	3	(19.663.334)	(4.669.994)
Depreciation expenses		<u>(3.394.278)</u>	<u>0</u>
Profit/loss before financial income and expenses (EBIT)		10.589.507	2.928.814
Financial income		82.498	210
Financial expenses		<u>(855.335)</u>	<u>(156.895)</u>
Profit before tax (EBT)		9.816.670	2.772.129
Tax on profit for the year		<u>0</u>	<u>0</u>
Net profit for the year		<u>9.816.670</u>	<u>2.772.129</u>

Balance Sheet 31 December 2019

Assets

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Other fixtures and fittings, tools and equipment	4	<u>23.771.409</u>	<u>0</u>
Property, plant and equipment		<u>23.771.409</u>	<u>0</u>
Fixed Assets		<u>23.771.409</u>	<u>0</u>
Contract assets	5	0	0
Trade receivables		114.088	16.739.097
Receivables from related parties		73.273	356.202
Other receivables		994.331	119.182
Prepayments	6	<u>27.441.512</u>	<u>2.935.676</u>
Receivables		<u>28.623.204</u>	<u>20.150.157</u>
Cash at bank and in hands		<u>201.547.232</u>	<u>53.958.419</u>
Total Currents assets		<u>230.170.436</u>	<u>74.108.576</u>
Total Assets		<u>253.941.845</u>	<u>74.108.576</u>

Balance Sheet 31 December 2019

Liabilities and Equity

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Contributed capital		0	0
Retained earnings		<u>12.588.799</u>	<u>2.772.129</u>
Total Equity		<u>12.588.799</u>	<u>2.772.129</u>
Lease obligations	8	<u>14.585.533</u>	<u>0</u>
Long-term debt		<u>14.585.533</u>	<u>0</u>
Contract liabilities	5	131.572.802	41.544.495
Trade payables		60.136.066	10.982.845
Lease obligations	8	8.332.886	0
Payables to related parties		3.582.893	7.476.413
Other payables		<u>23.142.866</u>	<u>11.332.694</u>
Short-term debt		<u>226.767.513</u>	<u>71.336.447</u>
Total Liability		<u>241.353.046</u>	<u>71.336.447</u>
Total Liability and Equity		<u>253.941.845</u>	<u>74.108.576</u>
Uncertainty relating to recognition and measurement	1		
Subsequent events	2		
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

Statement of Changes in Equity

	Contributed capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2019	0	2.772.129	2.772.129
Net profit/loss for the year	<u>0</u>	<u>9.816.670</u>	<u>9.816.670</u>
Equity at 31 December 2019	<u>0</u>	<u>12.588.799</u>	<u>12.588.799</u>

Cash Flow Statement 1 January – 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Net profit for the year		9.816.670	2.772.129
Adjustments	11	4.167.115	156.685
Change in working capital	12	<u>142.518.653</u>	<u>51.186.290</u>
Cash flows from operating activities		<u>156.502.438</u>	<u>54.115.104</u>
Financial Income		82.498	210
Financial expenses		<u>(638.417)</u>	<u>(156.895)</u>
Cash flows from ordinary activities		<u>155.946.519</u>	<u>53.958.419</u>
Corporation tax paid		<u>0</u>	<u>0</u>
Cash flows from operating activities		<u>155.946.519</u>	<u>53.958.419</u>
Purchase of property, plant and equipment		<u>(827.607)</u>	<u>0</u>
Cash flows from investing activities		<u>(827.607)</u>	<u>0</u>
Change in loans to/from group enterprises		(3.893.520)	0
Repayment of lease obligations		<u>(3.636.579)</u>	<u>0</u>
Cash flows from financing activities		<u>(7.530.099)</u>	<u>0</u>
Changes in cash and cash equivalents		147.588.813	53.958.419
Cash and Cash equivalents at 1 January		<u>53.958.419</u>	<u>0</u>
Cash and Cash equivalents at 31 December		<u>201.547.232</u>	<u>53.958.419</u>
Changes in cash and cash equivalents are specified as follows:			
Cash at bank and in hand		201.547.232	53.958.419
Cash and Cash equivalents at 31 December		<u>201.547.232</u>	<u>53.958.419</u>

Notes to the Financial Statements

1 Uncertainty relating to recognition and measurement

When preparing financial statements, Management makes a number of accounting choices, judgements and estimates forming the basis of recognition and measurement of the Company's assets and liabilities as well as income and expenses. The estimates are based on historical experience and other factors which Management considers appropriate in the circumstances, but which are inherently uncertain or unpredictable. The assumptions may be incomplete or inaccurate, and contingencies or unexpected circumstances may arise. The Company is moreover exposed to risks and uncertainties that may result in the actual outcome deviating from these estimates. Consequently, estimates may be subject to considerable uncertainty.

Contract work in progress

Work in progress includes contract work in progress of a cumulative selling price of DKK 265.531.660. Contract work in progress has been measured and recognized based on an estimate, and the measurement is therefore subject to uncertainty.

2 Subsequent events

Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date, which is therefore a non-adjusting event to the Company.

The consequences of Covid-19 are expected to indeed have an impact on the Company in 2020. Management is monitoring developments closely. It is, however, too early to give an opinion as to whether and, if so, to what extent Covid-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

Despite the possible negative implications of Covid-19, Management still considers the cash resources reasonable.

	<u>2019</u> DKK	<u>2018</u> DKK
3 Staff expenses		
Wages and salaries	(12.904.005)	(2.379.281)
Pensions	(928.299)	(165.974)
Other social security expenses	(73.369)	(11.834)
Other staff expenses, including seconded staff	<u>(5.757.661)</u>	<u>(2.112.905)</u>
	<u>(19.663.334)</u>	<u>(4.669.994)</u>
Including remuneration to the General Manager and Board of Directors.	<u>1.654.677</u>	<u>580.261</u>
Average number of employees	<u>21</u>	<u>3</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
		Other fixtures and fittings, tools and <u>equipment</u> DKK
4 Property, plant and equipment		
Cost at 1 January		0
Additions for the year		<u>27.165.687</u>
Cost at 31 December		<u>27.165.687</u>
Impairment losses and depreciation at 1 January		0
Depreciation for the year		<u>(3.394.278)</u>
Impairment losses and depreciation at 31 December		<u>(3.394.278)</u>
Carrying amount at 31 December		<u>23.771.409</u>
Including assets under finance leases amounting to		<u>22.966.865</u>
	<u>2019</u>	<u>2018</u>
	DKK	DKK
5 Contract assets and liabilities		
Selling price of work in progress	265.531.660	58.545.025
Payments received on account	<u>(397.104.462)</u>	<u>(100.089.520)</u>
	<u>(131.572.802)</u>	<u>(41.544.495)</u>
Recognized in the balance sheet as follows:		
Contract work in progress recognized in assets	0	0
Prepayments received recognized in debt	<u>(131.572.802)</u>	<u>(41.544.495)</u>
	<u>(131.572.802)</u>	<u>(41.544.495)</u>
6 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums and subcontractor advances as well.		

Notes to the Financial Statements

	<u>2019</u> DKK	<u>2018</u> DKK
7 Distribution of profit		
Retained earnings	<u>9.816.670</u>	<u>2.772.129</u>
	<u>9.816.670</u>	<u>2.772.129</u>

8 Long-term debt

Payments due within 1 year are recognized in short-term debt, others are recognized in long-term debt. The debt falls due for payment as specified below.

Lease obligations

After 5 years	0	0
Between 1 and 5 years	<u>14.585.533</u>	<u>0</u>
Long-term part	14.585.533	0
Within 1 year	<u>8.332.886</u>	<u>0</u>
	<u>22.918.419</u>	<u>0</u>

9 Contingent assets, liabilities and other financial obligations

The Company has not placed any assets as security with bankers etc., and the Company has no contingent liabilities as at 31 December 2019.

In connection with the work in progress the two partners have issued a performance guarantee of DKK 657 million.

Notes to the Financial Statements

10 Related parties

	<u>Basis</u>
Controlling interest	
Aurelia Srl	Ultimate Parent Company
C.M.B. Società Cooperativa	Partner with majority share
Itinera SpA	Partner with minority share

Transactions

The company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with action 98(c)(7) of the Danish Statements Act.

There are no related party transactions that have not been carried through on market terms

Consolidated Financial Statements

The Company is included in the Annual Report of the Ultimate Parent Company and in the Annual Report of the partner:

Name	Place of registered office
Aurelia Srl	Turin, Piedmont, Italy
C.M.B. Società Cooperativa	Carp, Modena, Italy

The Group Annual Report of Aurelia Srl may be obtained at the following address:

Corso Romita n. 10
15057 Tortona (AL)
Italy

The Group Annual Report of C.M.B. Società Cooperativa may be obtained at the following address:

Via Carlo Mars 101
41012 Carpi (MO)
Italy

	<u>2019</u>	<u>2018</u>
	DKK	DKK
11 Cash flow Adjustments		
Financial Income	(82.498)	(210)
Financial Expense	855.335	156.895
Depreciation	<u>3.394.278</u>	<u>0</u>
	<u>4.167.115</u>	<u>156.685</u>
12 Working Capital		
Change in work in progress	90.028.307	41.544.495
Change in receivables	16.032.789	(17.214.481)
Change in prepayments	(24.505.836)	(2.935.676)
Change in trade and other payables	<u>60.963.393</u>	<u>29.791.952</u>
	<u>142.518.653</u>	<u>51.186.290</u>

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Odense Hospital Project Team Joint Venture I/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2019 are presented in DKK.

13.1 Changes in accounting policies

With effect for the financial year 2019, Odense Hospital Project Team Joint Venture I/S has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework. Thus, Odense Hospital Project Team Joint Venture I/S has changed its accounting policies, cf. below.

Odense Hospital Project Team Joint Venture I/S 's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of the Company. Moreover, the change means that the Company now applies the same accounting policies as the rest of the Itinera Group, to which the Company belongs.

IFRS 15, Revenue from contracts with customers

Odense Hospital Project Team Joint Venture I/S has changed its accounting policy for the recognition of revenue from contracts with customers. This means that the Company applies IFRS 15 for recognition and measurement of revenue.

The change of accounting policy is based on the transitional rules of IFRS 15:

- comparative figures have not been restated; thus, the effect of the change of accounting policy has been recognised as an opening adjustment of retained earnings at 1 January 2019;
- contracts completed before 1 January 2019 according to the previous accounting policy are not reassessed.

IFRS 15 are applied to transactions carried out on or after 1 January 2019 or transactions that were in progress at the beginning of the financial year. Comparative figures have not been restated under the new accounting policy.

The change of accounting policy has had no effect on revenue, net profit, total assets and equity.

Going forward, Odense Hospital Project Team Joint Venture I/S 's work in progress will be treated as contract assets. Contract assets may also comprise certain other items. At the same time, any prepayment will be recognised as a contract liability.

IFRS 16, Leases

Odense Hospital Project Team Joint Venture I/S has also changed its accounting policy for leases, and now applies IFRS 16 for lease transactions. Thus, leased assets are recognised with a calculated value and are depreciated over their expected useful lives, whereas the lease liability is recognised in the balance sheet.

The change of accounting policy is based on the transitional rules of IFRS 16:

- comparative figures have not been restated; thus, the effect of the change of accounting policy has been recognised as an opening adjustment of retained earnings at 1 January 2019;

Notes to the Financial Statements

13 Accounting Policies (continued)

- in respect of leases previously classified as operating leases, a lease liability is recognised and measured corresponding to the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2019 - lease assets are recognised at the same amount adjusted for prepaid or accrued lease payments;
- in respect of portfolios of leases with similar characteristics, one single discount rate is applied;
- in respect of leases classified to date as operating leases for which onerous lease provisions have been recognised, the lease asset has been adjusted by the amount of the onerous lease provisions at 1 January 2019;
- leases for which the term ends within 12 months from 1 January 2019 are not included in the balance sheet;
- in respect of leases previously classified as finance leases, the amounts at 1 January 2019 have been maintained.

The accounting policy change has had the following effect on net profit, total assets and equity:

	2019
	DKK
Reduction in net profit	(48.446)
Increase in lease assets	22.966.865
Increase in lease liabilities	22.918.419
Increase in total assets	22.966.865
Reduction of equity	(48.446)

13.2 Recognition and measurement

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

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

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

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

13.3 Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Notes to the Financial Statements

13 Accounting Policies (continued)

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

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

13.4 Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability in accordance with IFRS 16. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or Odense Hospital Project Team Joint Venture I/S 's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for Odense Hospital Project Team Joint Venture I/S 's other fixed assets.

The Company has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

13.5 Income Statement

Revenue

Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the service delivered passes to the customer.

Control is considered passed to the customer when:

- a binding sales agreement has been made;
- delivery has been made before year end;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue in respect of which Odense Hospital Project Team Joint Venture I/S delivers is recognised over time ("construction contracts"). This revenue is calculated on the basis of the selling price of work performed for the year (percentage of completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to Odense Hospital Project Team Joint Venture I/S.

The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

13 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for subcontractors, technical assistance and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll related expenses including seconded staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

The Company is not an independent tax subject, consequently no tax has been included in the annual report.

13.6 Balance Sheet

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Other fixtures and fittings, tools and equipment	3-5 years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

13 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Contract assets and liabilities

Contract work in progress

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

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

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning subcontractors, technical assistance, rent, insurance premiums, subscriptions and interest.

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

Notes to the Financial Statements

13 Accounting Policies (continued)

13.7 Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as 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 net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

13 Accounting Policies (continued)

13.8 Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$