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# ***Køge Hospital Project Team I/S***

c/o Itinera Denmark  
Industriparken 44A, 1 sal.  
2750 Ballerup, Denmark

## **Annual Report 2022**

### **1 January - 31 December**

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CVR No 3958 8706

The Annual Report was  
presented and adopted at the  
Annual General Meeting of the  
Company on  
4th May 2023

Mr. Massimo Andreoni  
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 Køge Hospital Project Team I/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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.

Køge, 4th May 2023

### **Executive Board**

Mr. Massimo Andreoni  
*Chairman*

Mr. Simone Bonauguro

Mr. Andrea Picello

Mr. Aroldo Tegon



# Independent Auditor's Report

*To the shareholders of Køge Hospital Project Team 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 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Køge Hospital Project Team I/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Statement on Management's Review**

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.



## **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 over ride 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, 4th May 2023

**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**

### **Køge Hospital Project Team I/S**

Industriparken 44A, 1 Sal.  
2750 Ballerup,  
Denmark

Telephone: +45 32 22 57 23

CVR No 3958 8706

Financial year period: 1 January - 31 December

Municipality of registered office: Ballerup

## **Executive Board**

Mr. Massimo Andreoni

Mr. Andrea Picello

Mr. Simone Bonauguro

Mr. Aroldo Tegon

## **Board of Representative**

Mr. Luciano Giovanni Reguzzo

Mr. Giorgio Giulio Ambrosini

Mr. Simone Bonauguro

Mr. Roberto Davoli

## **Auditors**

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Munkebjergvænget 1, 3 og 4 sal

DK-5230 Odense M

Denmark

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	DKK	DKK	DKK	DKK	DKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	457.046.841	402.547.756	223.226.340	100.445.401	40.808.338
Gross profit	80.634.229	75.997.732	49.379.763	23.535.315	4.741.353
Profit before financial income and expenses	(21.959.122)	11.845.145	7.489.667	2.733.769	2.040.433
Net financials	(307.309)	(431.392)	(739.979)	(560.318)	(5.702)
Net profit (loss) for the year	(22.266.431)	11.413.753	6.749.688	2.173.451	2.034.731
<b>Balance sheet</b>					
Balance sheet total	207.643.821	181.965.345	154.131.551	156.680.788	21.402.706
Equity	105.192	22.371.623	10.957.870	4.208.182	2.034.731
<b>Cash flows</b>					
Cash flow from:					
- Operating activities	8.983.828	(35.701.319)	(48.529.605)	108.942.041	0
- Investing activities	(496.173)	(9.157.866)	(8.772.394)	(3.619.103)	0
including investment in property, plant and equipment	(4.474.468)	(10.196.574)	(8.772.394)	(3.619.103)	0
Change in cash and cash equivalents for the year	(5.835.263)	(34.650.423)	(60.085.261)	103.630.018	0
Number of employees	141	79	44	19	13
<b>Ratios</b>					
Gross margin	17,6%	18,9%	22,1%	23,4%	11,6%
Profit margin	-4,8%	2,9%	3,4%	2,7%	5,0%
Return on assets	-10,6%	6,5%	4,9%	1,7%	9,5%
Solvency ratio	0,1%	12,3%	7,1%	2,7%	9,5%
Return on equity	-42334%	102,0%	123,2%	103,3%	200,0%

For definitions, see under accounting policies.

# Management's Review

## **Key activities**

The entity's activity is to design and build the new Køge University Hospital for the client, Region Zealand. The completion date is expected to be in October 2025.

## **Development in the year**

The income statement of the Company for 2022 shows a loss of DKK (22.266.431), and at 31 December 2022 the balance sheet of the Company shows equity of DKK 105.192.

The financial year for 2022 has been impacted by the Covid-19 outbreak and fluctuation of market prices caused by war in Ukraine as described under Unusual events below.

## **The past year and follow-up on development expectations from last year**

In the Annual Report for 2021 the Company expected a positive development in 2022 and a profit level above the level achieved in 2021. However, Management also expected that the outlook would be negatively impacted by the Covid-19 outbreak and did not expect the war in Ukraine with the consequences of the increase of the market prices.

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

## **Targets and expectations for the year ahead**

The Company expects a development in 2023 with a new agreement with the client. For the financial years 2023 the company expects a profit in the range between 0 and 1 Million DKK.

## **Risks**

### ***Currency risk***

The project revenue is in Danish kroner and the purchases are mainly in Danish kroner or Euro, and therefore the Company is not subject to any material foreign exchange risk.

### ***Prices on raw material***

Prices for purchase of raw materials are impacted by the world economy and can therefore influence the production cost significantly. The Company seeks to minimise this risk by entering into fixed price agreements for raw materials and subcontractors.

### ***Project risk***

In the construction industry, projects are the most significant risk, and therefore the controlling of project risk is an important area of focus.

Project management is essential for effective coordination, optimisation and completion of the project, and thereby delivering within the agreed terms for time and finance.

## **Research and development**

The Company does not have any research and development activities.



# Management's Review

## Knowledge resources

The Company continues to recruit and retain competent employees who are continuously educated.

## External environment

The Company strive to minimise their negative impact on the environment and on climate change.

## Uncertainty relating to recognition and measurement

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

Furthermore, we refer to note 1 to the Financial Statements.

## Unusual events

The financial year 2022 has been negatively impacted by the Covid-19 outbreak in the first quarter and by raise of market prices cause the war in Ukraine during the last three quarters. The Covid-19 outbreak has made the construction process more difficult in terms of raw materials and manpower. This has led to a postponement of the completion date from December 2024 to October 2025. The war in Ukraine has impact on the raise of energy prices, a disruption in material supply chain and a raise of market prices.

## Statement of corporate social responsibility

KHPT 's partner Itinera Group have published the CSR report for 2022 on their websites. The CSR report can be found at:

<https://www.itinera-spa.it/wp-content/uploads/2023/04/ITINERA-Sustainability-Report-2022.pdf>

## Statement on gender composition

Target figures for the Executive Board:

In the current financial year, the Executive Board have had 4 male members. Going forward, the Company will to the extent possible nominate suitable female candidates.

The intention is to increase the underrepresented gender's share to 25% within 2025.

Gender equality at other management levels of the Company:

Management has joint responsibility for identifying and developing employees who want a management career with staff or business area responsibility. Besides skills, ambition and talent, Management focuses in the selection process on the general need for gender diversity at the Company's future management levels.

The Company thus wants to offer equal opportunities in terms of supplementary training and to ensure that advertising targets both male and female candidates.

## **Management's Review**

The Company always employs the best candidate for the job, which specifically in 2022 meant that the gender representation at other management levels has remained unchanged.

### **Statement on data ethics**

The Company complies with legal requirements and acknowledge and respect that use of data (both personal data and non-personal data) may create risks for the users that applicable laws do not cover. The Company have standards in relation to where data is collected and how it is used:

- The Company refrain from extensive collection of data which may be characterised as data-driven surveillance.
- The Company set standards for collection of data from assets and other sources.
- The Company will develop additional policies and procedures to ensure compliance with the abovementioned principles.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December 2022

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
<b>Revenue</b>	2	<b>457.046.841</b>	<b>402.547.756</b>
Other operating income		0	85.976
Expenses for raw materials and consumables		(59.991.304)	(41.879.943)
Other external expenses		(316.421.308)	(284.756.057)
		<hr/>	<hr/>
<b>Gross Profit</b>		<b>80.634.229</b>	<b>75.997.732</b>
		<hr/>	<hr/>
Staff expenses	3	(94.632.966)	(57.374.511)
Depreciation expenses	4	(7.960.385)	(6.778.076)
		<hr/>	<hr/>
<b>Profit (loss) before financial income and expenses (EBIT)</b>		<b>(21.959.122)</b>	<b>11.845.145</b>
		<hr/>	<hr/>
Financial income		78.727	34.634
Financial expenses		(386.036)	(466.026)
		<hr/>	<hr/>
<b>Profit (loss) before tax (EBT)</b>		<b>(22.266.431)</b>	<b>11.413.753</b>
		<hr/>	<hr/>
Tax on profit for the year		0	0
		<hr/>	<hr/>
<b>Net profit (loss) for the year</b>		<b>(22.266.431)</b>	<b>11.413.753</b>
		<hr/>	<hr/>

## Balance Sheet 31 December 2021

### Assets

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Other fixture and fittings, tools and equipment	4	15.846.787	23.310.999
<b>Property, plant and equipment</b>		<b>15.846.787</b>	<b>23.310.999</b>
<b>Fixed Assets</b>		<b>15.846.787</b>	<b>23.310.999</b>
<b>Inventories</b>		<b>4.155.253</b>	<b>11.640.866</b>
Contract assets	5	83.801.528	98.766.221
Trade receivables		63.830.413	1.706.865
Receivables from related parties		108.204	0
Other receivables		3.455.496	8.695.522
Prepayments	6	27.357.479	22.920.948
<b>Receivables</b>		<b>178.553.120</b>	<b>132.089.556</b>
<b>Cash at bank and in hands</b>		<b>9.088.661</b>	<b>14.923.924</b>
<b>Total Current Assets</b>		<b>191.797.034</b>	<b>158.654.346</b>
<b>Total Assets</b>		<b>207.643.821</b>	<b>181.965.345</b>

# Balance Sheet 31 December 2021

## Equities and Liabilities

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Contributed capital		0	0
Retained earnings		105.192	22.371.623
<b>Total Equity</b>		<b>105.192</b>	<b>22.371.623</b>
Prepayments received from customers	8	78.683.374	23.101.927
Lease obligations	8	3.987.500	8.632.851
<b>Long-term debt</b>		<b>82.670.874</b>	<b>31.734.778</b>
Contract liabilities	5	0	0
Trade payables		53.233.415	72.779.947
Payables to related parties		2.614.179	11.288.667
Prepayments received from customers	8	37.518.598	18.390.000
Lease obligations	8	4.533.887	5.428.765
Other payables		26.967.676	19.971.565
<b>Short-term Debt</b>		<b>124.867.752</b>	<b>127.858.944</b>
<b>Total Liability</b>		<b>207.538.629</b>	<b>159.593.722</b>
<b>Total Equity and Liability</b>		<b>207.643.821</b>	<b>181.965.345</b>
Uncertainty relating to recognition and measurement	1		
Distribution of profit / Retained earnings	7		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

## Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January 2022	0	22.371.623	22.371.623
Net profit/loss for the year	0	(22.266.431)	(22.266.431)
<b>Equity at 31 December 2022</b>	<b>0</b>	<b>105.192</b>	<b>105.192</b>

## Cash Flow Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Net profit (loss) for the year		(22.266.431)	11.413.753
Adjustments	11	8.267.694	7.209.468
Change in working capital	12	23.289.874	(53.893.148)
<b>Cash flows from operating activities</b>		<b>9.291.137</b>	<b>(35.269.927)</b>
Financial income		78.727	34.634
Financial expenses		(386.036)	(466.026)
<b>Cash flows from ordinary activities</b>		<b>8.983.828</b>	<b>(35.701.319)</b>
Corporation tax paid		0	0
<b>Cash flows from operating activities</b>		<b>8.983.828</b>	<b>(35.701.319)</b>
Purchase of property, plant and equipment		(4.474.468)	(10.196.574)
Proceeds from sale of PPE		3.978.295	1.038.708
<b>Cash flows from investing activities</b>		<b>(496.173)</b>	<b>(9.157.866)</b>
Raise / increase of loans from group enterprises		(8.782.692)	10.908.594
Reduction of lease obligations		(5.540.226)	(699.832)
<b>Cash flows from financing activities</b>		<b>(14.322.918)</b>	10.208.762
Changes in cash and cash equivalents		(5.835.263)	(34.650.423)
Cash and Cash equivalents at 1 January		14.923.924	49.574.347
<b>Cash and Cash equivalents at 31 December</b>		<b>9.088.661</b>	<b>14.923.924</b>

# 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 1.203.630.579. Contract work in progress has been measured and recognized based on an estimate, and the measurement is therefore subject to uncertainty.

## 2 Segment information

The company only has one segment.

## 3 Staff expenses

Wages and salaries	(72.073.516)	(39.599.064)
Pensions	(6.332.524)	(3.022.470)
Other social security expenses	(480.738)	(269.529)
Other staff expenses, including seconded staff	(15.746.188)	(14.483.448)
	<b>(94.632.966)</b>	<b>(57.374.511)</b>
Including remuneration to the General Manager and Board of Directors.	(4.263.156)	(1.719.556)
Average number of employees	141	79



# Notes to the Financial Statements

	<u>2022</u>
	DKK
	Other fixtures and fittings, tools and equipment
<b>4 Property, plant and equipment</b>	
Cost at 1 January	35.840.070
Additions for the year	4.474.468
Disposals for the year	(9.332.195)
Cost at 31 December	<u>30.982.343</u>
Impairment losses and depreciation at 1 January	(12.529.071)
Depreciation for the year	(7.960.385)
Depreciation of sold assets for the year	5.353.900
Impairment losses and depreciation at 31 December	<u>(15.135.556)</u>
<b>Carrying amount at 31 December</b>	<b><u>15.846.787</u></b>
Including assets under financial lease amounting to	<u>8.469.655</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>5 Contract assets and liabilities</b>		
Selling price of work in progress	1.203.630.579	759.989.383
Payments received on account	(1.119.829.051)	(661.223.162)
	<b><u>83.801.528</u></b>	<b><u>98.766.221</u></b>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	83.801.528	98.766.221
	<b><u>83.801.528</u></b>	<b><u>98.766.221</u></b>

## 6 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subcontractor and supplier advances as well.

## Notes to the Financial Statements

### 7 Distribution of profit (loss)

Retained earnings	(22.266.431)	11.413.753
	<b>(22.266.431)</b>	<b>11.413.753</b>

### 8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>Prepayments received from customers</b>		
After 5 years	0	0
Between 1 and 5 years	78.683.374	23.101.927
Long-term part	78.683.374	23.101.927
Within 1 year	37.518.598	18.390.000
	<b>116.201.972</b>	<b>41.491.927</b>

### Lease obligations

After 5 years	0	0
Between 1 and 5 years	3.987.500	8.632.851
Long-term part	3.987.500	8.632.851
Within 1 year	4.533.887	5.428.765
	<b>8.521.387</b>	<b>14.061.616</b>

### 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 2022.

In connection with the work in progress the two partners have issued a performance guarantee of DKK 363 million and an advance payment guarantee of DKK 156 million.

# Notes to the Financial Statements

## 10 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Aurelia Srl	Ultimate Parent Company
Itinera SpA	Partner with majority 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 Group Report of the Ultimate Parent Company and in the Group Report of the partner with majority share:

<b>Name</b>	<b>Place of registered office</b>
Aurelia Srl	Corso Romita n.10, 15057 Tortona (AL), Italy
Itinera SpA	Via Balustra n. 15, 15057 Tortona (AL), 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 Itinera SpA may be obtained at the following address:

Via Mario Balustra n. 15  
15057 Tortona (AL) - Italy

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>11 Cash Flow Statement - adjustments</b>		
Financial Income	(78.727)	(34.634)
Financial Expense	386.036	466.026
Depreciation	7.960.385	6.778.076
	<u><b>8.267.694</b></u>	<u><b>7.209.468</b></u>

## Notes to the Financial Statements

### 12 Working Capital

Changes in Inventories	7.485.613	(5.905.619)
Change in contract assets and liabilities	14.964.693	(97.245.298)
Change in receivables	(56.883.522)	33.850.818
Change in prepayments	(4.436.531)	8.208.672
Change in prepayments received from customers	74.710.045	(17.747.562)
Change in trade and other payables	(12.550.424)	24.945.841
	<b>23.289.874</b>	<b>(53.893.148)</b>

# Notes to the Financial Statements

## 13 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96 (3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Itinera SpA

## 14 Accounting Policies

The Annual Report of Køge Hospital Project Team I/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

### 14.1 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.

### 14.2 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

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.

## 14.3 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 Køge Hospital Project Team 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 Køge Hospital Project Team 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.

## 14.4 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 Køge Hospital Project Team 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 Køge Hospital Project Team I/S.

# Notes to the Financial Statements

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.

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## **Government grants**

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

## **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.

# Notes to the Financial Statements

## 14,5 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

Depreciation period and residual value are re-assessed annually.

The fixed assets' residual values are determined at nil.

### **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.

### **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 re-sale, 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.



# Notes to the Financial Statements

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.

## **Prepayments received from customers**

Prepayments received from customers comprise payments received in respect of income in subsequent years.

## **14,6 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.

# Notes to the Financial Statements

## 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.

## 14.7 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$