

Hovedstadens Letbane I/S Annual Report 2021





Contents

Foreword	3	Company management	26
2021 in brief	5	Compliance and CSR report	27
Management commentary	6	Board of Directors of Hovedstadens Letbane	29
Environmentally-friendly mode of transport	7	Current Board of Directors of Hovedstadens Letbane	30
Construction progress	9	Financial statements	35
Health and safety	12	Accounting policies	36
Communication	14	Balance	40
The Light Rail's control and maintenance centre in Glostrup was completed in 2021	17	Independent auditors' report	58
Timeline	19	Appendix to the management commentary	61
Financial performance	0	Long-term budget	62

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Foreword

When completed in 2025, the Greater Copenhagen Light Rail will offer a quick and easy way to get around the Greater Copenhagen area. The Light Rail will form part of an extensive public transport network and will contribute to the sustainable and attractive development of the Greater Copenhagen area by providing top-class public transport. It will also help to ease traffic congestion and promote urban development along the entire 28-kilometre line.

With construction in full swing on almost the entire stretch from Ishøj in the south to Lyngby in the north, urban development along the Light Rail line is already well underway.

The Light Rail will run through the Greater Copenhagen area which is home to a vast number of businesses, residential homes, hospitals, educational institutions and shops. Most municipalities along the line also have major plans for the development of the areas near the upcoming Light Rail stations. For example, major projects are ongoing in Herlev Bymidte and Lyngby Centrum which will look quite different than they did just a few years ago once the Light Rail is commissioned in 2025. There continues to be strong interest among businesses and the

municipalities that own the Light Rail in developing the areas along the Light Rail line.

The scope of the construction work taking place on the Light Rail project at the moment is immense. From Q1 2022 construction is ongoing along the entire line, which obviously causes inconvenience to cyclists, pedestrians, buses and drivers in the affected municipalities. As a result, Hovedstadens Letbane is working closely with our contractors to stay on schedule while constantly communicating with rail neighbours, residents and road users about the situation in their area.

In a complicated project such as this, unforeseen challenges that further complicate the project are inevitable. Like many other construction projects, the construction of the Light Rail was hard hit by the COVID-19 crisis. The pandemic caused disruptions and required high-level project management skills under extremely difficult conditions. This has slowed the pace of construction at times, and keeping production going and ensuring momentum have been a major challenge. At the same time, the health of our employees has been a key priority.

In January 2021, the company partnered with our contractors to set up COVID-19 test facilities, ensuring that the workers on the Light Rail project could be tested for COVID-19 on a regular basis. Unfortunately, the ongoing restrictions, sickness absence, changed welfare facilities and distancing requirements have made working conditions extremely difficult. The project was also challenged by the high level of activity in the construction sector in 2021, resulting in a strong demand for and shortage of labour. In addition, COVID-19 caused growing delays in the supply of construction equipment and materials. This remains a key focus area for the company and the contractors and authorities involved in the project.

Hovedstadens Letbane wants everyone to be safe at work. The company is responsible for and cares about everyone who works on the project, and has a firm commitment to ensuring their safety. Sadly, our health and safety performance was far from satisfactory in 2021. Despite targeted efforts to strengthen the company's safety culture, the Light Rail project's accident frequency rate increased in 2021 compared to previous years. While there were no lost-time accidents in 2020, there were a total of 12 lost-



time accidents in 2021. This is completely unacceptable, and the company and its contractors will take firm and targeted action to address the problem.

Working closely with its contractors, the company will identify and put in motion the initiatives needed to reverse the trend. Changing the health and safety culture is not done overnight; it requires a lot of effort and close cooperation between all the parties involved.

A strong safety culture is a prerequisite for success, and Hovedstadens Letbane is working hard every day to succeed through our vision 'Safety on the right track'.

When completed, the Light Rail will be a green and environmentally friendly alternative to the

car. However, work is also going into continuously optimising the running of the Light Rail to make it as environmentally friendly as possible. Consequently, the company will heighten its focus on direct and indirect carbon emissions during operation and maintenance of the Light Rail.

Another important area for Hovedstadens Letbane is to help to stimulate interest in vocational training among young people in the municipalities along the Light Rail line. The company is therefore working closely with the contractors on the project, educational institutions and a number of other key players in the field to increase awareness of vocational training. The efforts have really paid off and have so far enabled us to achieve almost all our targets

for the number of apprentices on the Light Rail project in 2021 – a full four years before the Light Rail is scheduled to open.

In this report you can read more about Hovedstadens Letbane's activities in 2021.

We want to thank all our business partners and employees for their hard work in the past year.

We hope that you enjoy reading the report.

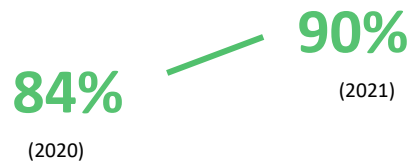
Jakob Thomasen
Chairman of the Board of Directors

Henrik Plougmann Olsen
CEO

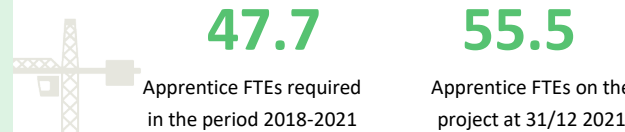


2021 in brief

Awareness of the Light Rail



More Light Rail apprentices than required



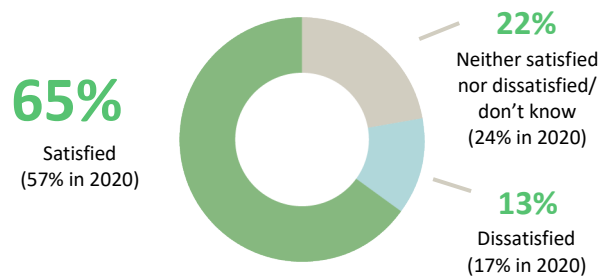
Lost-time accidents



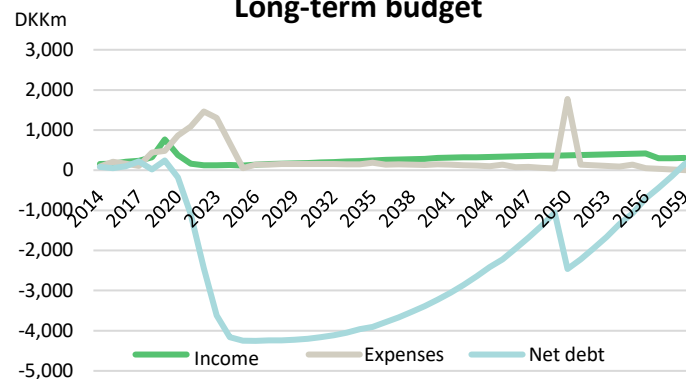
Corresponding to an accident frequency rate for 2021 of



Satisfaction with level of information among neighbouring residents and businesses



Long-term budget





2

Management commentary





Light Rail — environmentally-friendly transport along Ring 3

Why light rail?

The Greater Copenhagen Light Rail is being built because there is a great need for infrastructure which can support development across the municipalities throughout the Greater Copenhagen area. The population in and around Copenhagen is growing, and the increase in road traffic from 2010 to 2019 (pre-COVID-19) was greater across the large main roads than on the main roads into and out of Copenhagen. Consequently, the aim of the Greater Copenhagen Light Rail is to strengthen public transport, prevent traffic congestion and support growth and development across the capital.

The Light Rail connects five S-train lines and regional train traffic and contributes to ensuring an inter-connected and user-friendly public transport system in a region characterised by major mobility and congestion issues. As such, the Greater Copenhagen Light Rail can help to promote mobility and development in the Greater Copenhagen area. The Light Rail makes it easier to travel across the capital for work, leisure, cultural or nature activities. Students will also find it easier to travel to the Technical University of Denmark in Lyngby and major

vocational training institutions in Glostrup, Albertslund and Ishøj. The Light Rail also facilitates travel to the major hospitals in Herlev and Glostrup for patients and their families, while businesses and large employers may find it easier to retain and attract new employees.

The Greater Copenhagen Light Rail is owned by the Capital Region and 11 municipalities, which are responsible for carrying out the Light Rail project. For the owners, the Light Rail will improve access to the areas along Ring 3 and offer new urban development opportunities. The municipalities involved are redesigning the space around the upcoming stations by creating new urban communal spaces, and the Light Rail can help to attract new businesses and residents who want to live and work close to good public transport links.

Environmentally-friendly mode of transport

In addition to the social benefits that better infrastructure, less congestion and more urban development along the line bring, Hovedstadens Letbane is committed to making the Light Rail an

environmentally-friendly mode of transport by continuously reducing its carbon footprint.

Being powered by electricity, the Light Rail is a more environmentally-friendly mode of transport than fossil fuel-powered cars. However, all electricity-powered modes of transport have a carbon footprint associated with the construction of the road or tracks on which they travel, and the materials and processes required to produce the trains also have an inherent carbon footprint. Because the Light Rail is built to last for many years and will see heavier use over its lifetime than a regular passenger car, the Light Rail's relative carbon footprint (the amount of carbon emitted per passenger kilometre) from producing and operating it is lower than that of a new electric vehicle.

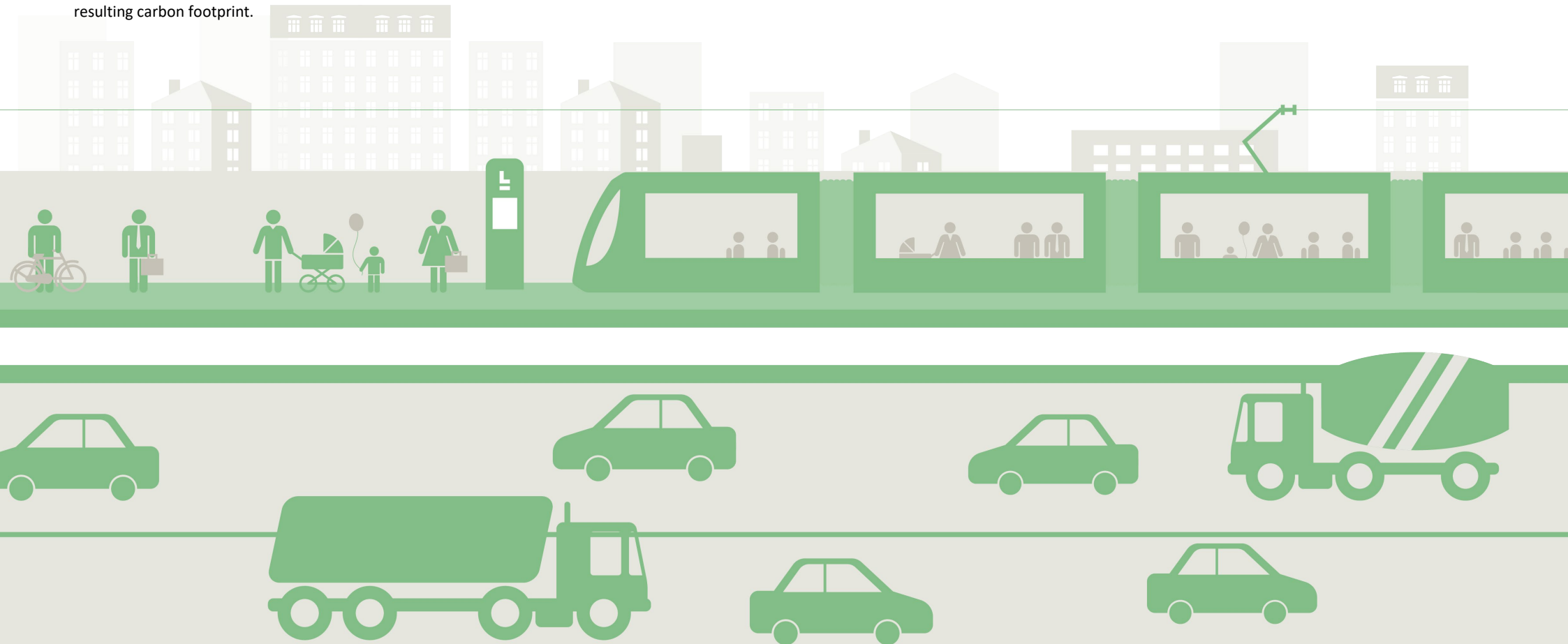
Climate action ahead of the opening in 2025

In the coming years, the company intends to address sources of carbon emissions from the Light Rail such as the energy needed to operate the trains and stations and the resources needed to maintain the Light Rail system. The latter will, for example, comprise continuous track



replacements, train maintenance, and repair or replacement of station fixtures. The materials and processes involved in the maintenance works have an inherent level of carbon emissions generated by the work required to produce them.

Hovedstadens Letbane wants to contribute to the green transformation by focusing on reducing the consumption of energy and resources associated with the operation of the Light Rail and the resulting carbon footprint.





Construction progress

The alignment of the Light Rail line is taking shape with extensive roadworks, large-scale bridge construction and casting of the foundations for the upcoming Light Rail stations.

In 2021, the construction of the Greater Copenhagen Light Rail had a considerable impact on the traffic situation along the line. Much of the Light Rail's 28-kilometre long line from Ishøj in the south to Lyngby in the north has been marked by

large heavy machinery, roadworks and cordons which have impeded the flow of traffic. The project is also a source of inconvenience for the many residents along the route. 2021 was characterised by major construction work, with Hovedstadens Letbane, in close cooperation with the contractors M. J. Eriksson A/S, CG Jensen A/S and Per Aarsleff A/S, carrying out a variety of construction work which grew in scope and intensity during the year.

Although the work is well underway, 2021 saw challenges related to a lack of momentum. This resulted in local delays, among other things as a result of delays in the necessary advance realignment of utility lines, and the contractors had to speed up construction progress several times in order to minimise delays.

The project was affected by COVID-19 in 2021. Like the rest of society, the Light Rail project had to adapt to the changing infection levels during the pandemic, and the company has worked closely with its contractors to implement test and preventive measures to lessen the impact of COVID-19.





Construction on the line

Official permits and the realignment of utility lines, along with the scale and complexity of the construction work, were the primary challenges faced by the Light Rail project in 2021.

Overall, although much of the realignment of utility lines has reached the final stage, delays were seen in several locations, affecting the ability of the contractors to start work on the Light Rail itself.

Official permits and utility line realignment are fundamental to a construction project such as the Light Rail project. First, utility lines for internet, water, heat and power along the Light Rail line must be moved. This requires a great deal of coordination with utility companies among others to ensure that the utility lines are realigned correctly and at the right time.

The area through which the Light Rail line runs is home to several official authorities. This means that the Light Rail project regularly needs to obtain official permits such as connection permits, discharge permits, digging permits etc. to ensure that the project meets official requirements. Ensuring that the Light Rail project meets all official requirements is a major task, as the requirements often vary from one authority to the next. The Light Rail project has devoted considerable resources to ensuring that for example the Light Rail's drainage system design meets the official requirements for a connection permit. Specifically, the project needed to make sure that both the water volumes and connection

points met official requirements and expectations, resulting in local delays. Hovedstadens Letbane makes a point of working closely with the authorities so that the delays can be kept to a minimum in future.

During the year, the lack of momentum was obviously a cause of great concern for Hovedstadens Letbane and the contractors CG Jensen and Per Aarsleff. Steps have been taken at management level and at the construction sites to update schedules and negotiate mitigating actions to increase momentum. Modified work sequences and parallel works have been introduced to accelerate the progress of the project. A series of workshops have also been held to improve and speed up the preparation of schedules which meet the overall project schedule. Difficult construction work, coordination with utility line works and traffic restrictions are the biggest challenges facing the project.

The project was also challenged by the high level of activity in the construction sector in 2021, resulting in a strong demand for and shortage of labour. In addition, COVID-19 caused growing delays in the supply of construction equipment and materials.

Hovedstadens Letbane expects that construction work will be ongoing along the entire 28-kilometre line from Ishøj to Lyngby in Q1 2022. This means that the scale of activities on the line will reach its peak in 2022.

Light Rail now 'visible' in Lyngby

Since June, contractor Per Aarsleff has been busy laying the foundations for the Light Rail's slab tracks in the area around Lyngby Town Hall which consist of large, sturdy concrete elements with built-in or attached tracks.

Even though the tracks are not fitted until later, these foundations are the first obvious signs of the Light Rail taking shape.

Glostrup Ejby prototype station

In 2021, Glostrup Ejby station became the first of the Light Rail's 29 stations to be completed. The station is built as a prototype station with side platforms with level boarding which offers easy access to the pavement or road.

The decision to build the prototype station now, earlier than the other 28 stations, was made in order to test station design, functionality and accessibility before the other stations are constructed. Hovedstadens Letbane is working with an accessibility panel, among others. The panel is made up of representatives from various organisations representing people with disabilities or the elderly, who have provided useful advice on the Light Rail and station design.

When the Light Rail opens in 2025, passengers with physical disabilities or other mobility issues will be able to travel more independently on the Light Rail as they do not need to rely on ramps or help from the driver when getting on or off the train. In addition, in 2021 it was decided that all Light Rail stations must be equipped with a defibrillator (AED).



COVID-19 management

In 2021, Hovedstadens Letbane and its contractors introduced a COVID-19 test system for the Light Rail project. The test system relies on weekly testing of all workers on the Light Rail project to minimise the risk of infection which may delay the project. Workers are offered PCR tests at a number of construction sites close to the project.

This makes it easy for the workers to get tested and reduces the risk of disruptions to the work on the project. COVID-19 testing was carried out from January to October and again in December. The reintroduction of the test system in December 2021 was in line with the authorities' categorisation of COVID-19 as a critical threat to society.

A total of 7,997 COVID-19 tests were carried out in 2021, nine of which were positive.

The tests conducted in 2021 helped to detect any cases of infection, ensuring that the infected workers could quickly be isolated to prevent chains of infection at the construction sites. The tests gave the contractors peace of mind and provided them with a tool to improve the workflow at the construction sites, where the tests were carried out in a controlled environment. The initiative was planned in collaboration with the contractors on the project and was welcomed by the workers.





Health and safety

In 2021, ambitious action was taken to ensure health and safety on the Light Rail project. The company's health and safety vision and strategy, 'Safety on the right track', constitutes the framework for the development of a strong safety culture. It is a culture where everyone on the project is expected to contribute actively and receives the training needed to do so, where accidents and incidents are investigated professionally and where targeted development of the cooperation and relationship between the client and the contractor is given high priority in the effort to build a shared safety culture. The strategic transformation of our safety culture was launched in 2018, with the action taken being evaluated, reviewed and updated every two years.

Increasing number of accidents in 2021

Despite targeted efforts to strengthen the company's safety culture, the Light Rail project's accident frequency rate increased in 2021 compared to previous years. While there were no lost-time accidents in 2020, there were a total of 12 lost-time accidents in 2021. This reflects a significant increase in the annual accident frequency rate for workers which in 2021 stood at 33.2. In comparison, the average accident frequency rate for workers in the Danish construction industry stood at 30.3 in

2020 (DA Accident Statistics).

In 2021, there were considerable differences in the safety performance of the contractors working on the project. Siemens-Aarsleff Rail had an accident frequency rate of 0, while CG Jensen had an accident frequency rate of 54.9. In 2021, Per Aarsleff had an accident frequency rate of 19.4.

M. J. Eriksson had no physical activities on the project in 2021. The figure below shows the annual accident frequency rates by contractor. At the end of 2021, the accumulated accident

frequency rate for the project as a whole was 20.2.

This is not acceptable and the company and the contractors concerned will therefore take steps to reverse the growing trend.

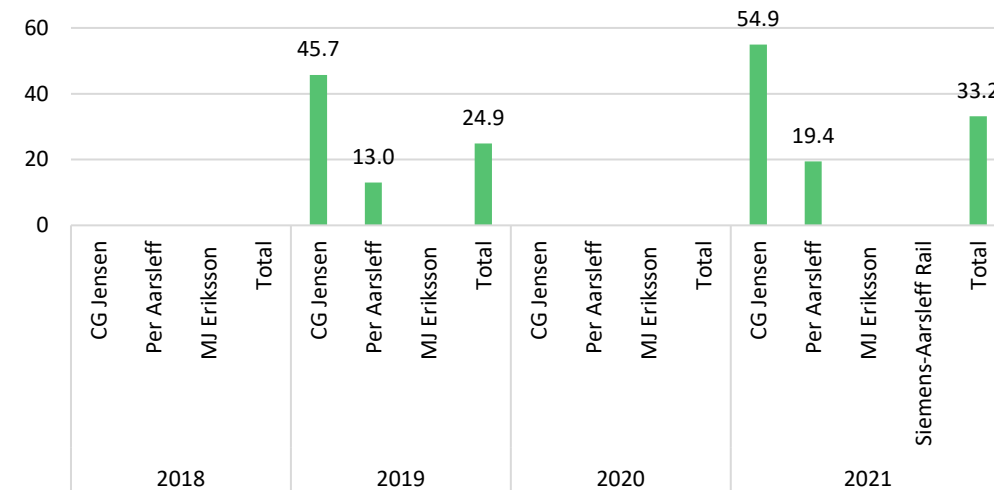
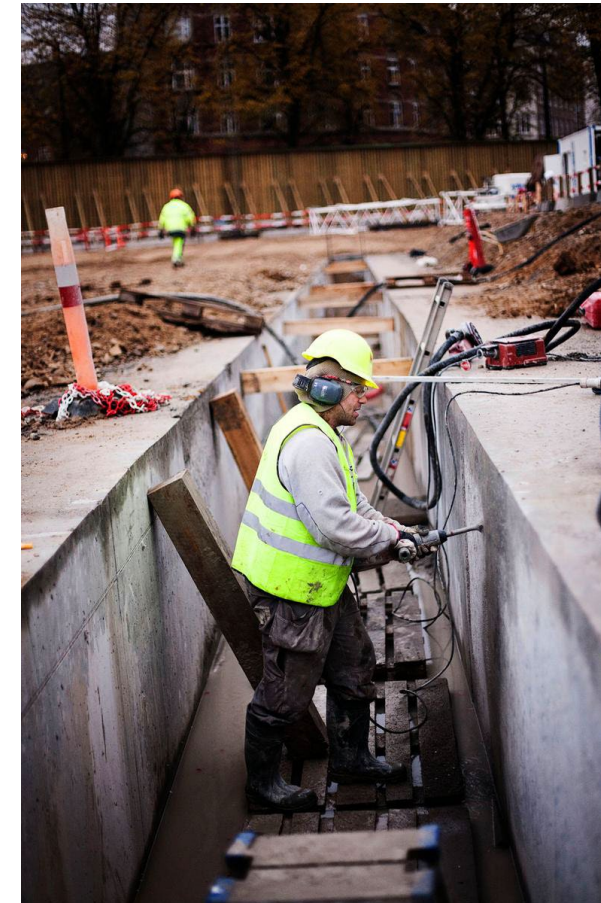


Figure 1 Annual accident frequency rates by contractor on the Light Rail project.





Special points of action in 2021

Traffic congestion is a particular concern on the Light Rail project. Consequently, Hovedstadens Letbane and its contractors are taking firm steps to prevent traffic-related accidents at the project's construction sites. In 2021, these steps included several initiatives, including campaigns targeted at various types of road users.

In October 2021, Hovedstadens Letbane conducted a road safety survey among its contractors' workers on the project. The responses showed increasing satisfaction with the company's road safety initiatives.

Safety Academy

Hovedstadens Letbane's comprehensive training programme, the Safety Academy, continued throughout 2021, despite COVID-19 restrictions. The training programme is the cornerstone of the company's health and safety efforts, and continuing the training courses without contributing to increased spread of infection was therefore a key priority.





Communication

Before the Light Rail opens in 2025, rail neighbours, road users and others will have to deal with roadworks, queues and other inconveniences which might test their patience. Good communication during the construction phase is therefore vital to avoid unnecessary inconvenience, ensure ongoing support for the project and hopefully convert neighbours into passengers. Those affected by the construction work need to feel that the company's communication and dialogue is relevant and useful, so that they can plan their day accordingly.

Hovedstadens Letbane provides continuous information updates on the construction work through info service emails, text message notifications, announcements on our website, social media and print notices, and also engages in a dialogue with the affected residents to answer questions and resolve any issues.

In 2021, the company resumed its physical events when the COVID-19 situation allowed it. In 2021, coffee cart events were held in Lyngby-Taarbæk, Glostrup, Herlev and Vallensbæk which were attended by almost 750 people.

As construction work along Ring 3 intensifies, the company has stepped up its vision

communication efforts along the line, highlighting the benefits that the Light Rail brings to the Greater Copenhagen area. In addition, the company has put up information boards along the contractors' construction sites which provide facts about the Light Rail and its benefits.

In 2022, the Greater Copenhagen Light Rail will reach peak visibility as it begins to take shape. Consequently, the company will step up its communication efforts, providing facts and information about the Light Rail through videos, photos and stories in both digital and print media to satisfy the growing interest in the project among the general public.

Hovedstadens Letbane measures its communication efforts against four parameters. The most recent survey was conducted in October 2021 and showed progress on all parameters compared to 2020. Three of the four targets were achieved, with the last target being almost achieved.

Read more about the surveys in the company's CSR report 2021. Here you can also read more about our communication targets for 2022, and our ambition to maintain or improve performance in this area.

Target 2021	Survey 2019	Survey 2020	Survey 2021
At least 85% have heard of the Light Rail project (businesses, shops, residents and rail neighbours)	74%	84%	90%
At least 60% of residents and shops in the vicinity of the construction sites are satisfied with the level of information received about the Light Rail project	55%	57%	65%
Max. 15% are dissatisfied.	20%	17%	13%
At least 50% of businesses, shops and residents who get traffic updates from the existing channels are aware that road users get updates about the traffic situation on the Light Rail line via these channels.	29%	43%	49%



Overview of the number of enquiries and complaints received by Hovedstadens Letbane from 2016 to 2021

	2016	2017	2018	2019	2020	2021
Complaints	174	321	422	66	628	637
Enquiries	n/a	n/a	n/a	67	320	550
Total	174	321	422	68	948	1187

1. The overview only shows the number of enquiries received by email to info@dinletbane.dk or via the neighbour telephone service at (+45) 7242 4500.
The company also receives verbal enquiries at residents' meetings and other events.
2. The registration of complaints began on 25 March 2019.
3. As of 1 October 2020, enquiries concerning construction damage are registered as 'Complaints' rather than 'Enquiries'.

Signed up for Info Service (signed up email addresses at 31/12 2021)

Municipality	Signed up
Ishøj	680
Vallensbæk	816
Brøndby	892
Albertslund	531
Glostrup	1266
Rødovre	754
Herlev	1302
Gladsaxe	1388
Lyngby-Taarbæk	1812

Digital media followers

	Dinletbane.dk	Facebook	Instagram
Number of followers /visitors in 2021	4,290 per month	6,751 (+12% compared to 2020)	899 (+25% compared to 2020)



Hovedstadens Letbane has held coffee cart events to inform neighbours and residents of the project (photo from an event in Herlev).



The Light Rail's control and maintenance centre in Glostrup was completed in 2021

When the Light Rail is commissioned in 2025, the day-to-day operations will be managed from the control and maintenance centre on Ejby Mosevej in Glostrup. This is where cleaning, maintenance and repairs on the trains are carried out and where operations are monitored once the Light Rail becomes operational.

Construction of the control and maintenance centre went according to plan, and in April 2021, after two years of construction, the contractor CG Jensen handed over the new control and maintenance centre to Hovedstadens Letbane. The handover was the result of a successful cooperation between Hovedstadens Letbane and CG Jensen.



The control and maintenance centre with the distinctive Light Rail logo above the main entrance, seen from Ejby Mosevej



In August, the Siemens Aarsleff Rail consortium began working on the technical installations and laying the tracks around the centre. Later work began on the installations inside the buildings, where the workshop facilities will be located. The entire site is expected to be completed in August 2023.

A major workplace

The control and maintenance centre will be a large workplace for approximately 250 Light Rail drivers, administrative staff, technicians, builders and operators.

At night, when they are not in service, the 29 Light Rail trains will be parked at the control and maintenance centre. The control and maintenance centre will also house administration and facilities for the Light Rail staff. This will make the distinctive building a major new workplace in the area halfway along the new Light Rail line.





Timeline

How we build the Greater Copenhagen Light Rail



2017-2023

Preparatory work

Activities:

- Expropriations
- Planning and design
- Demolition of buildings
- Conversion of properties
- Realignment of utility lines

2018-2023

Construction work

Activities:

- Realignment of intersections
- Expansion of roads
- Construction of roads and tracks
- Construction

2022-2023

The transport system is built

Activities:

- Tracks
- Catenary power masts
- Catenary power lines
- Signalling systems
- Converter stations

2024

Testing

Activities:

- Transport system testing
- Light rail train testing
- Safety and official approvals

2025

The Greater Copenhagen Light Rail opens

The Greater Copenhagen Light Rail opens, with 29 stations along a 28-kilometre line between Lyngby and Ishøj



Financial performance

Performance and expectations

Results for the year

Hovedstadens Letbane will not receive any passenger revenue until the Light Rail opens.

During the first years, the company's financial statements will therefore show a loss due to very sizeable investments in the construction of the Light Rail and the absence of any passenger revenue.

The company's finances are planned on the basis of this strategy, which was also applied to the Great Belt Fixed Link, the Øresund Fixed Link, the Copenhagen Metro and the Fehmarn Belt Fixed Link.

The results for 2021 were in line with expectations.

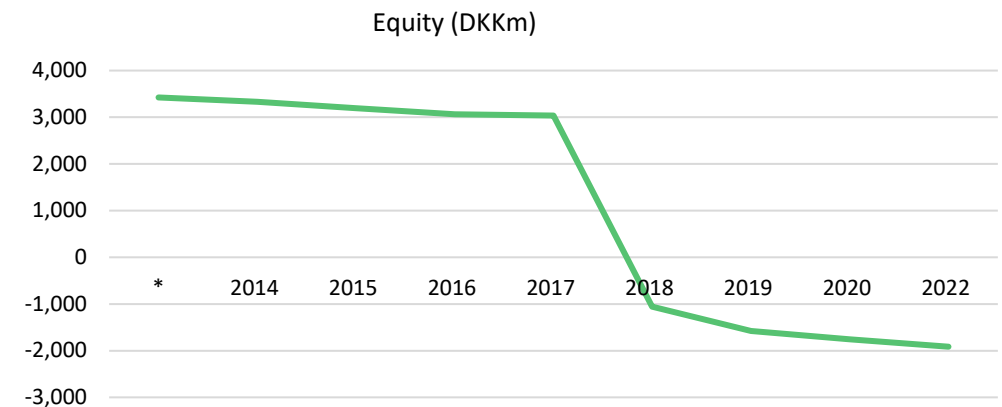
As planned, a loss of DKK 169 million was recorded in 2021 which was affected primarily by impairment concerning the construction of the Light Rail and market value adjustment of loans and interest agreements.

Impairment concerning the construction of the Light Rail amounts to an adjustment of DKK 329 million. The market value adjustment can be attributed to the company's financial interest-rate hedging agreements and represents income of DKK 190 million due to rising interest rates from 2020 to 2021. The adjustment is merely registered in the financial statements, as the liabilities must be recognised at fair value. The adjustment does not have any impact on liquidity as the agreements are expected to be maintained until their expiry, thereby maintaining their original value.

Development in equity

Hovedstadens Letbane I/S was established on 19 June 2014. The Danish State represented by the Ministry of Transport, the Capital Region of Denmark and Lyngby-Taarbæk Municipality, Gladsaxe Municipality, Herlev Municipality, Rødovre Municipality, Glostrup Municipality, Albertslund Municipality, Brøndby Municipality, Høje-Taastrup Municipality, Hvidovre Municipality, Vallensbæk Municipality and Ishøj Municipality contributed DKK 3.5 billion in connection with establishment of the company. On 1 January 2019, the Danish State resigned as owner of the company and its contribution was

converted to a grant. The Capital Region and the 11 municipalities have taken over all assets, liabilities, rights and obligations of the partnership. The company's loss of DKK 169 million has been deducted from equity, which, as planned, was negative at DKK -1.9 billion at the end of 2021. Adjusted for market value adjustments, the company's adjusted equity was negative at DKK -1.3 billion at the end of 2021. In 2021, the market value adjustment resulted in income of DKK 190 million. The decline in equity is in line with expectations and the assumptions made in connection with the establishment of the company.



* Opening balance sheet, 1 January 2014



Hovedstadens Letbane I/S is a partnership in which the owners are 100% liable for the company. Any negative equity capital in the company would thus not in itself entail a need for further contributions from the owners, since Hovedstadens Letbane I/S would still be able to service its debt as planned.

Capital and long-term finances

Hovedstadens Letbane I/S prepared an updated long-term budget in December 2021. The long-term budget represents the expected long-term financial development of the company. The long-term budget shows that the company's net debt is expected to peak in 2025 at approximately DKK 4.3 billion (in current prices). The debt is expected to be repaid by 2059, which is in line with the previously announced expectations.

The company has built up appropriate interest rate exposure, so as to lock in elements of the future interest expenses. This is done by entering into financial interest rate hedging agreements, thereby fixing the interest rates for much of the expected maximum debt. The agreements have been concluded in order to increase the budget certainty of the company's long-term finances.

Each year a financial strategy is determined so as to ensure appropriate financial management that minimises the long-term financial costs, with due consideration being given to financial risks. Financial management within the strategy adopted by the Board is handled by Sund & Bælt Partner. This is laid down and described in

Hovedstadens Letbane's Memorandum of Association.

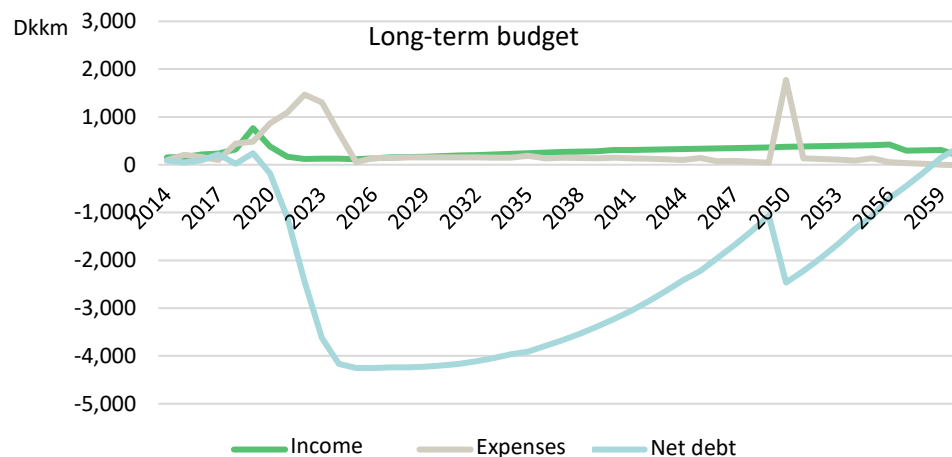
As partners, the owners are directly, unconditionally and jointly and severally liable for all the company's obligations, including the loans raised by the company. In addition to the terms that can generally be achieved in the capital market, the company has access to a relending facility with Danmarks Nationalbank. Relending is a loan raised directly by the company from Danmarks Nationalbank on the basis of a specific government bond, and on the same terms as when the bond is sold in the market.

At the end of 2021, the company had raised loans totalling DKK 1.9 billion in nominal terms. The loans are raised as a relending facility with Danmarks Nationalbank. The company has a bond portfolio of DKK 860 million as collateral for the market value.

Investments in the Light Rail

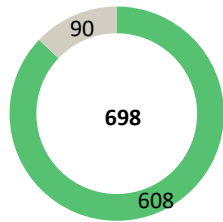
In 2021, investments in the construction of the Light Rail totalled DKK 698 million, of which DKK 608 million concerned capital expenditure and DKK 90 million concerned operations-related capital investments.

The carrying amount of the Light Rail is stated at DKK 0 in the balance sheet as the investment in the Light Rail will not be fully recovered via future income such as passenger revenue. This means that the construction of the Light Rail also requires contributions from the owners, among others, and is impaired on an ongoing basis to the expected recoverable amount of the Light Rail, with due consideration being given to the planned capital investments. The impairment is in line with expectations.



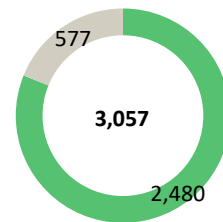


Investments in 2021
(DKKm)



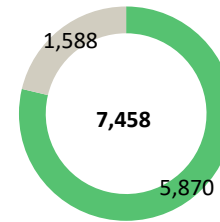
- Capital expenditure
- Operations-related capital investments

Investments at 31
December 2021 (DKKm)



- Capital expenditure
- Operations-related capital investments

Total budget (2021 prices)
(DKKm)



- Capital expenditure
- Operations-related capital investments

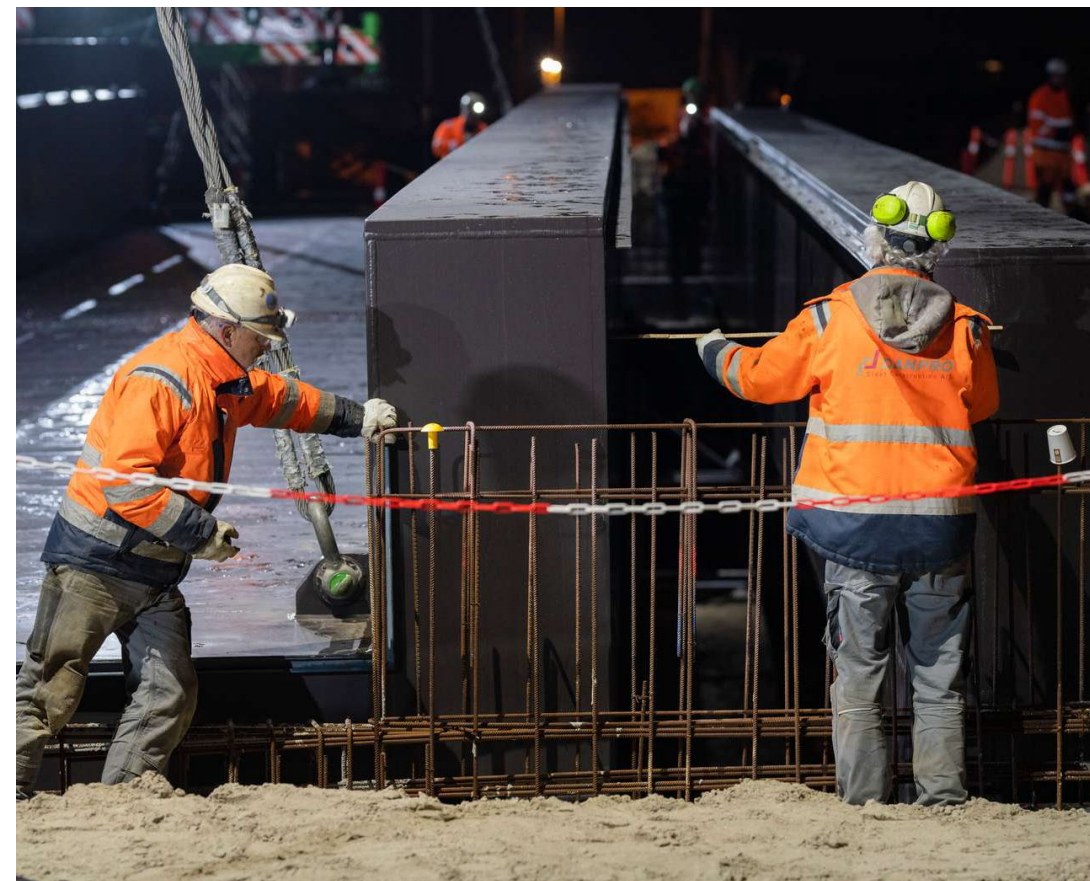
The impairment is based on an estimate of the value of the Light Rail according to the assumptions applied by the company in the current long-term budget, as well as the expectations for the future interest rate level (discount factor).

In connection with the establishment, the Danish State (former owner) and the company's current owners, the Capital Region and the 11 municipalities involved, made contributions to finance the capital expenditure. The Danish State, represented by the Ministry of Transport, has contributed approximately DKK 1.4 billion, while the Capital Region and the 11 municipalities involved have contributed the remaining DKK 2.1 billion. (2013 prices). The payment dates for the respective contributions/grants were laid down in payment agreements at the time of establishment.

In connection with the financing of the capital expenditure, the Danish State and the company's

owners have allocated a 30% adjustment reserve in accordance with New Capital Investment Budgeting. The total adjustment reserve is DKK 1,026 million (2013 prices). On the approval of the financial basis for the conclusion of the major contracts for the Light Rail along Ring 3 in March 2018, the Danish State and the company's owners released 10% of the adjustment reserve of DKK 342 million (2013 prices). The remaining adjustment reserve of DKK 684 million (2013 prices) is tied to the budget, with the effect that it can only be drawn on by agreement with the Danish State and the company's owners.

At the partnership meeting on 28 April 2021, the partners agreed to release up to DKK 417 million or 20% of the adjustment reserve which was made available to the Board of Hovedstadens Letbane. The release is conditional on the subsequent final approval and co-financing of the Danish State. Upon their release, the funds will be transferred to equity.



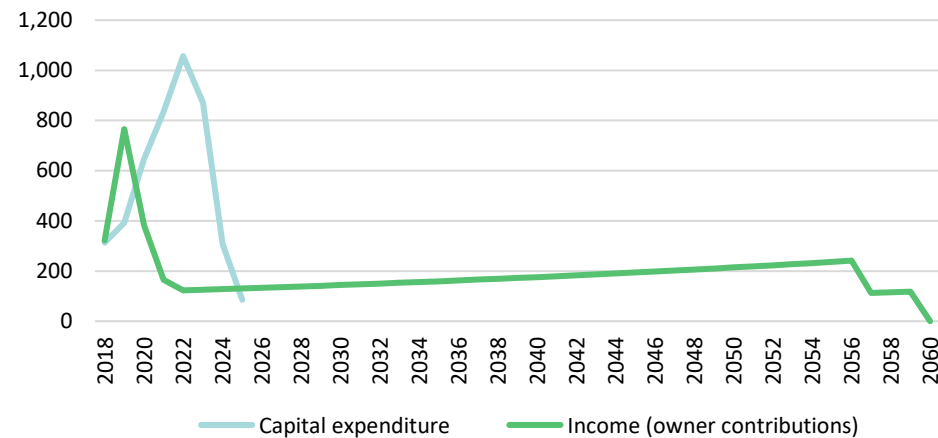


The operations-related capital investments concern investments for the procurement of Light Rail trains, the establishment of the control and maintenance centre, trial operation, strategic spare parts and reinvestments. The operations-related capital investments are financed by the Capital Region and the 11 municipalities involved via their payment, once the Light Rail is commissioned, of total annual operating grants of approximately DKK 1 billion during the period up to the expiry of the loans, and as an expected operating profit of approximately DKK 0.3 billion.

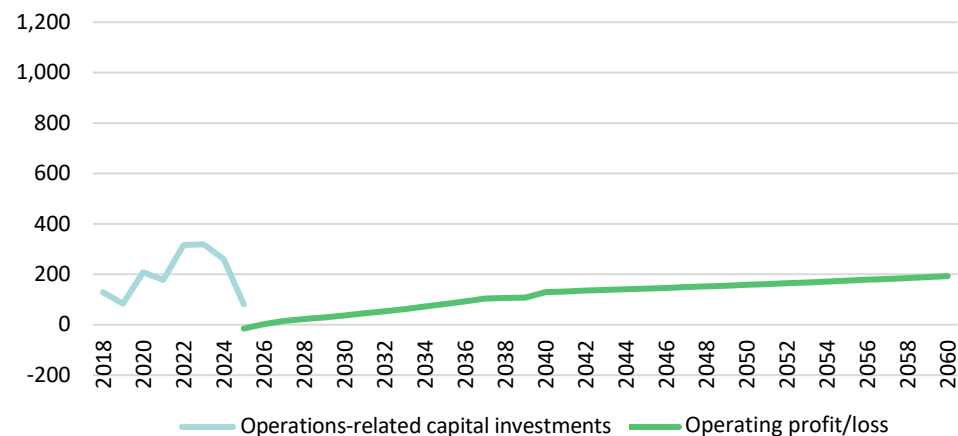
The tables show that both the company's capital expenditure and the operations-related capital investments are expected to occur during the period up to and including 2025, while the related financing (from the Danish State and the owners' instalment payments of owner contributions/grants and operating grants, and from passenger revenue generated by the Light Rail) is expected to take the form of annual payments to the company. Until the cost of the entire Light Rail project is covered in full by these payments, the difference will be covered by the raising of loans. Based on the current long-term budget, which is included as an appendix to the management commentary, the company expects the loans to be repaid in full by 2059.



Timing differences between capital expenditure and revenue (owner contributions) (DKKm)



Timing differences between operations-related capital expenditure and revenue (DKK million)





Key figures and ratios 2021

All figures in DKK million	2014	2015	2016	2017	2018	2019	2020	2021
Profit/loss before impairment, write-downs and provisions	-1.8	-2.0	-2.3	-2.5	-3.2	-3.9	-3.5	-4.7
Impairment, write-downs and provisions	-90.3	-204.6	-158.3	-99.3	-4,479.4	-115.3	119.8	-328.6
Profit/loss before financial items	-92.1	-206.6	-160.6	-101.8	-4,482.6	-119.2	116.4	-333.3
Net profit/loss for the year	-92.1	-140.2	-128.0	-30.4	-4,466.3	-524.9	-166.4	-169.2
Balance sheet total	3,740.0	3,725.0	4,004.3	3,923.7	3,903.9	4,433.9	3,936.8	3,746.9
Investments for the year in the Light Rail	90.3	208.0	160.6	101.8	441.9	474.7	855.0	698.0
Equity	3,332.0	3,193.0	3,065.3	3,034.9	-1,054.2	-1,579.1	-1,745.4	-1,914.6
Adjusted equity	3,332.0	3,193.0	3,065.3	3,034.9	-978.8	-1,087.2	-950.1	-1,309.1
Solvency ratio	89%	86%	77%	77%	-27%	-36%	-44%	-51%
Adjusted solvency ratio	89%	86%	77%	77%	-25%	-25%	-24%	-35%

Solvency ratio = Equity end of year x 100/total assets

Adjusted solvency ratio = Equity excl. market value adjustment x 100/total assets



3

Company management





Hovedstadens Letbane I/S, at the time Ring 3 Letbane I/S, was founded in June 2014 on the basis of Act no. 165 of 26 February 2014. Hovedstadens Letbane is responsible for both the operation and construction of the Light Rail along Ring 3. On 26 May 2016, the Act on a Light Rail along Ring 3 was amended, also making it a Public Construction Act. The Public Construction Act was proposed on the basis of the EIA report and the engineering design for the Greater Copenhagen Light Rail. In 2018, the Act was amended as a consequence of the Danish State resigning as owners.

As of 2019, Hovedstadens Letbane is owned by the Capital Region and 11 municipalities: Lyngby-Taarbæk Municipality, Gladsaxe Municipality, Herlev Municipality, Rødovre Municipality, Glostrup Municipality, Albertslund Municipality, Brøndby Municipality, Høje-Taastrup Municipality, Hvidovre Municipality, Vallensbæk Municipality and Ishøj Municipality.

Under the amended Light Rail Act, the members of the Board of Directors of Hovedstadens Letbane are appointed by the municipalities and the Capital Region. At the extraordinary partnership meeting on 22 February 2019, the municipalities and the Capital Region appointed a Board of Directors consisting of nine members;

three municipal members appointed by the municipalities, three regional members appointed by the Capital Region and three other members. The other three members of the Board of Directors are appointed jointly by the Capital Region and the Mayors' Forum, which consists of the 11 municipalities.

The Mayors' Forum recently reappointed its three representatives on the Board, including a vice chairman, while the Capital Region has reappointed one member and appointed two new members. All six members were appointed or reappointed at 1 January 2022.

In 2021, four meetings of the Board of Directors were held, comprising an ordinary partnership meeting and three quarterly meetings for Hovedstadens Letbane's partners.

In accordance with Hovedstadens Letbane's Articles of Association, the Board of Directors submits quarterly reports to the partners (including the Danish State as a funding authority) after the end of each quarter of the financial year, and subsequently quarterly meetings are held between the company's owners and the chairmanship of the Board of Directors, which the Danish State may attend as an observer. The

quarterly reports are available (in Danish) at dinletbane.dk

On the establishment of Hovedstadens Letbane, the 11 municipalities entered into an ownership agreement for the establishment of a Mayors' Forum. The Mayors' Forum coordinates the municipalities' election of representatives to the Board of Directors and also prepares the municipalities' attendance at quarterly meetings, the partnership meeting and board meetings. Together the municipalities constitute one single partner in relation to the Capital Region. In 2021, the Mayors' Forum held four meetings.

Hovedstadens Letbane shares its organisation with Metroselskabet, and Metroselskabet makes the necessary staff and other resources available to carry out the activities of Hovedstadens Letbane as set out in applicable legislation, including for the performance of financing, administrative, engineering design, procurement and contractual tasks concerning the Light Rail along Ring 3.

Hovedstadens Letbane pays Metroselskabet on a cost-price basis for handling the aforementioned tasks on the basis of a consolidated act issued by the Minister of Transport.



Compliance and CSR report

Hovedstadens Letbane presented a corporate governance compliance test as well as a CSR report together with the financial statements for 2021.

Corporate governance

Hovedstadens Letbane has reviewed the documents which constitute Hovedstadens Letbane's corporate governance and performed a compliance test of these documents based on the latest corporate governance recommendations in relation to the Danish State's Ownership Policy and the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance. The purpose of the compliance test is to identify those areas where the company's governance documents, including the Articles of Association, the Board of Directors' Rules of Procedure, the Executive Management instructions and a number of financial instructions and policies do not follow the recommendations. The overall conclusion of the compliance test is that the company's governance documents fulfil the requirements and follow the corporate governance recommendations. The review of the company's

documents is available on the company's website: dinletbane.dk.

Corporate social responsibility

Hovedstadens Letbane has prepared the company's CSR report 2021, which describes Hovedstadens Letbane's CSR efforts and future ambitions for the company's development in this area. In mid-2016, Hovedstadens Letbane adopted the UN Global Compact, and details of its CSR reporting in accordance with Section 99a(7) of the Danish Financial Statements Act can be found in Hovedstadens Letbane's CSR report. In Hovedstadens Letbane's CSR report you can read more about the company's CSR work in 2021, and which CSR topics the company intends to focus on in 2022. Hovedstadens Letbane's CSR report is available at dinletbane.dk

Employees

Hovedstadens Letbane was founded as an independent company. In accordance with the Act on Hovedstadens Letbane, the company has only one employee, namely the CEO, who is the person serving as CEO of Metroselskabet at any given time.

Approximately 30% of Metroselskabet's employees work part-time or full-time on the Light Rail project. They represent a wide range of skills covering design, engineering design, construction, operations, sustainability, digitisation, communication and citizen involvement. By sharing their skills and experience, Metroselskabet and Hovedstadens Letbane are able to achieve synergies and build a stronger professional environment which is attractive to the employees and the companies' stakeholders and partners.

The gender distribution of the employees of Metroselskabet I/S is 42% women and 58% men. The distribution is on a par with the distribution in 2020. The management of Metroselskabet comprises 40% women and 60% men, while the Executive Management Group comprises 50% women and 50% men. The gender distribution of the Board of Directors of Hovedstadens Letbane is 78% men and 22% women. The Board of Directors is appointed by the owners of the company, see above.

Hovedstadens Letbane is a knowledge-based company which handles complex tasks in the field



of operations, planning and establishment of sustainable transport solutions. In terms of skills, the people working on the Light Rail project come from many different educational backgrounds, and many of them are highly experienced specialists. Many have a background as an engineer, constructor or similar technical background, while the backgrounds of other specialists or administrative staff vary considerably.

Data ethics

Due to the corporate structure mentioned above, Hovedstadens Letbane is subject to Metroselskabet's work on increased digitisation and use of data-driven decisions which gives rise to data usage considerations in line with the considerations on which the data ethics policy requirement of the Danish Financial Statements Act is based. Metroselskabet has not prepared a data ethics policy.

The data used by Hovedstadens Letbane is primarily project data, particularly financial and engineering design data. So far, the ethical concerns associated with the data have been insignificant.

In 2022, Metroselskabet will conduct an analysis and assessment of whether a separate data ethics policy is needed or whether the company's current and expected future data usage does not justify a separate data ethics policy.



Board of Directors of Hovedstadens Letbane

Current Board of Directors of Hovedstadens Letbane





Jakob Thomasen
Chairman of the Board of Directors
Joined on 12 March 2019

The current term expires at the ordinary partnership meeting in 2023 at the latest

Appointed by the Mayors' Forum and the Capital Region

CEO and founder, Thomasen Safety ApS (formerly JBT Consult IVS)

Born: 1962

Remuneration in 2021: DKK 300,000

Other offices held:

- Chairman of the Board, DHI Group
- Chairman of the Board, ESVAGT A/S
- Chairman of the Board, RelyOn Nutec (formerly Falck Safety Services)
- Board member, Lundin Energy, Sweden
- Chairman, Hempel CoaST Research Center Advisory Board, DTU



Peter Westermann
Board member
Joined on 1 January 2022

Appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Capital Region



Trine Græse
Vice Chairman
Joined on 24 August 2017

Re-appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Mayors' Forum

Mayor, Gladsaxe Municipality
Chairman of the Mayors' Forum

Born: 1961

Remuneration in 2021: DKK 200,000

Other offices held:

- Member of the Regional Labour Market Council of the Capital (second Vice Chairman)
- Board member, BIOFOS A/S
- Board member, NOVAFOS Holding A/S
- Board member, DAB s.m.b.a.



Martin Geertsen
Board member
Joined on 22 February 2019

Re-appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Capital Region



Nicolai Kampmann
Vice Chairman
Joined on 1 January 2022

Appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Capital Region

Head of Administration and Development, Willmore
Regional Council member, Capital Region

Born: 1969

Remuneration in 2021: DKK 0

Other offices held:

- Member of the Traffic and Regional Development Committee, Capital Region



Henrik Rasmussen
Board member
Joined on 1 January 2018

Re-appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Mayors' Forum



Regional Council member, Capital Region

Born: 1985

Remuneration in 2021: DKK 0

Other offices held:

- Member of the Business Committee, Capital Region
- Member of the Social and Psychiatry Committee, Capital Region
- Member of the European Committee

Regional Council member, Capital Region
Member of the Danish parliament

Born: 1970

Remuneration in 2021: DKK 100,000

Other offices held:

- Member of the Business Committee, Capital Region
- Member of the Transport Committee, Capital Region

Mayor, Vallensbæk Municipality

Born: 1971

Remuneration in 2021: DKK 100,000

Other offices held:

- Chairman of Copenhagen Business Hub – Erhvervshus Hovedstaden
- Board member, Strandparken I/S
- Board member, VEKS
- Board member, Vestforbrænding I/S
- Board member, HOFOR Vand Holding A/S and HOFOR Spildevand A/S
- Board member, BIOFOS Holding A/S



Leo Larsen
Board member

Joined on 12 March 2019

The current term expires at the ordinary partnership meeting in 2023 at the latest

Appointed by the Mayors' Forum and the Capital Region



Simon Pihl Sørensen
Board member

Joined on 22 February 2019

Re-appointed at 1 January 2022
The current term expires on 31 December 2025 at the latest

Appointed by the Mayors' Forum



Birgitte Brinch Madsen
Board member

Joined on 10 November 2016

Resigned on 31 December 2018
Red-appointed on 12 March 2019
The current term expires at the ordinary partnership meeting in 2023 at the latest



	Deputy Mayor, Lyngby-Taarbæk Municipality	Appointed by the Mayors' Forum and the Capital Region since 2019, and by the Danish State from 2016-2018
Born: 1946	Born: 1966	Director
Remuneration in 2021: DKK 100,000	Remuneration in 2021: DKK 100,000	Born: 1963
<u>Other offices held:</u>	<u>Other offices held:</u>	Remuneration in 2021: DKK 100,000
<ul style="list-style-type: none">- Chairman of all companies, BIOFOS A/S (resigned at 31 May 2021)- Chairman of all companies, HOFOR A/S (resigned at 31 May 2021)- Board member, Danish National Centre for Grief Children, Young Adults and Grief- Chairman, Ejendomsfonden Block/44Møen	<ul style="list-style-type: none">- Chairman, Urban Planning Committee, Lyngby-Taarbæk Municipality- Member of the Finance Committee, Lyngby-Taarbæk Municipality	<u>Other offices held:</u> <ul style="list-style-type: none">- Chairman of the Board, Oreco A/S- Chairman of the Board, RUM A/S- Board member, Metroselskabet I/S- Board member, Investeringsforeningen Danske Invest and related funds- Board member, North Sea Fund- Board member, DEIF A/S- Board member, Arkil Holding- Board member, John Wood plc.- Board member, Holte Fjernvarme a.m.b.a.

Members who resigned from the Hovedstadens Letbane's Board of Directors in 2021



Finn Rudaizky
Vice Chairman
Joined on 1 February 2017



Jens Mandrup
Board member
Joined on 1 January 2018



Resigned on 31 December 2021

Appointed by the Capital Region

Regional Council member, Capital Region
Member of the City Council of Copenhagen

Born: 1942

Remuneration in 2021: DKK 200,000

Other offices held:

- Member of the Health Committee, Capital Region
- Member of the Technical and Environmental Committee, City of Copenhagen

Resigned on 31 December 2021

Appointed by the Capital Region

Regional Council member, Capital Region
Owner, CopenHistory

Born: 1977

Remuneration in 2021: DKK 100,000

Other offices held:

- Chairman of the Transport Committee, Capital Region



Overview of board meeting attendance in 2021

Board meetings, four in total (25 February, 27 May, 6 September and 2 December)

Jakob Thomasen	4/4
Trine Græse	3/4
Finn Rudaizky	3/4
Jens Mandrup	3/4
Martin Geertsen	3/4
Henrik Rasmussen	4/4
Simon Pihl Sørensen	4/4
Leo Larsen	3/4
Birgitte Brinch Sørensen	4/4



Executive Management of Hovedstadens Letbane

Henrik Plougmann Olsen
CEO

Hovedstadens Letbane I/S and Metroselskabet
I/S

Other offices held:

- Board member, Rejsekort A/S
- Member of the Board of Representatives,
University of Copenhagen
- Board member, DGI-byen

The company's Executive Management is
supported by an Executive Management Group
comprising:

Erik Skotting
Director

Rebekka Nymark
Director

Louise Høst
Director





4

Financial statements





Accounting policies

Basis of accounting

The Annual Report of Hovedstadens Letbane I/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for class D enterprises. The format of the income statement has been adjusted in order to better reflect how the results have been generated.

The financial period is 1 January - 31 December 2021. The Annual Report is presented in DKK (thousands). The accounting policies have been applied consistently with last year.

General information on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the partnership, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow out of the partnership, and the value of the liabilities can be measured reliably.

Assets and liabilities are measured at cost on initial recognition. Assets and liabilities are

subsequently measured as described below for each item.

On recognition and measurement, account is taken of predictable losses and risks arising prior to the presentation of the Annual Report, which confirm or disprove conditions existing at the balance sheet date.

Income is recognised in the income statement as earned, while costs are recognised at the amounts relating to the financial year.

Value adjustment of financial assets and liabilities measured at fair value is also recognised in the income statement.

Foreign currency translation

On initial recognition, transactions in foreign currency are translated at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items in foreign currency that have not been settled on the balance sheet date are translated at the exchange rate as of the balance sheet date. Exchange rate differences arising between the exchange rate applicable on the transaction date and the rate on the payment date or balance sheet date, respectively, are recognised as financial items in

the income statement. Non-current assets purchased in foreign currency are translated at the exchange rate applicable on the transaction date.

Derivative financial instruments

Derivative financial instruments are measured at cost on initial recognition in the balance sheet, and subsequently at fair value. Derivative financial instruments are recognised in other receivables and liabilities, respectively.

Any changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, the changes in fair value are recognised as financial items in the income statement on an ongoing basis.



Income statement

Income

The value of own work includes the staff costs and other costs for the year which are estimated to be attributable to the construction of the Light Rail. The amount is included in the cost of the construction of the Light Rail.

Staff costs

Staffs costs consist of the remuneration of the Board of Directors.

Other external costs

Other external costs include administrative expenses, including office supplies, etc. and the handling of the client organisation.

Financial items

Financial items include interest and realised and non-realised foreign currency translation adjustments, as well as value adjustments of the partnership's loans, investments and derivative financial instruments measured at fair value.

Corporate tax

The partnership is not liable to pay corporate tax.

Balance sheet

Property, plant and equipment

Construction of the Light Rail

Construction of the Light Rail is measured at the costs incurred for preliminary surveys and the value of own work, until the time when the asset is ready for use. The Light Rail is not subject to

depreciation during its construction, but impairment is made annually in relation to the recoverable amount; see the section on valuation of non-current assets.

Valuation of non-current assets

The carrying amount of non-current assets is reviewed annually to determine whether there is any indication of impairment over and above that expressed by depreciation. If so, an impairment test is made to determine whether the recoverable amount is lower than the carrying amount, and impairment is made to this lower recoverable amount.

The recoverable amount is either the net selling price less sales costs or the capital asset value, whichever is higher. When calculating the capital asset value, the estimated future cash flows are discounted to present value.

As a general rule, the impairment is recognised in the income statement. In cases where the impairment can be attributed to a provision already recognised and thus has already been recognised in the income statement, the impairment is offset against the provisions made to reflect its usage.

Current assets

Receivables

Receivables are recognised in the balance sheet at amortised cost. Write-downs are made for expected losses.

Cash

Cash includes cash and bank deposits and securities with a term to maturity of less than three months at the time of acquisition which can readily be converted into cash, and for which there is only a slight risk of changes in value. Securities and investments are measured at fair value at the balance sheet date.

Liabilities

Non-current liabilities

Non-current liabilities are measured at cost at the time of raising of the loans, corresponding to the proceeds received less transaction costs incurred. Liabilities are subsequently measured at amortised cost, unless the fair value of the liabilities is hedged.

Liabilities which are hedged for changes in fair value, and for which the effect of this hedging can be documented, are subsequently measured at fair value. Changes in fair value are recognised in the income statement together with changes in the fair value of the hedging instruments.

The current portion of non-current liabilities is recognised under repayment of non-current liabilities.

Other financial liabilities

Other financial liabilities, which include bank loans, creditors and other debt, are measured at amortised cost, which usually corresponds to the nominal value.



Provisions

Provisions are recognised when the partnership has a legal or actual obligation resulting from an event during the financial year or past years, and it is probable that fulfilment of the obligation will result in an outflow of the partnership's resources.

Provisions are measured as the best estimate of the costs necessary to settle the obligations at the balance sheet date. Provisions are measured at present value.

The principles described under the section on valuation of non-current assets state that the value of the Light Rail is impaired with due

consideration being given to the calculated recoverable amount of the Light Rail. If the impairment cannot be made within the carrying amount of the asset in question, an accounting provision is made to cover the outstanding obligation.

Cash flow statement

The cash flow statement for the partnership is presented according to the indirect method and shows cash flows from operating, investing and financing activities, as well as the partnership's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the operating profit adjusted for non-cash operating items.

Cash flows from investing activities include payments in connection with the construction of the Light Rail and investments in securities.

Cash flows from financing activities include changes in receivables, trade receivables and other payables, as well as net financing expenses.

Cash and cash equivalents comprise cash and short-term securities.



Income statement

Income statement for the period 1 January - 31 December 2021 (all figures in DKK '000)

	<i>Note</i>	2021	2020
Income			
Value of own work		53,357	56,078
Total income		53,357	56,078
Costs			
Staff costs	1	-1,300	-1,300
Other external costs		-56,785	-58,247
Total costs		-58,085	-59,547
Profit/loss before impairment, write-downs and provisions		-4,727	-3,468
Impairment, write-downs and provisions			
Provisions	2	-328,582	-119,823
Total impairment, write-downs and provisions		-328,582	-119,823
Profit/loss before financial items		-333,309	116,354
Financial items			
Financial income	3	3,317	41,429
Financial expenses	3	-29,070	-20,686
Total financial items		-25,753	20,743



Profit/loss before market value adjustment		-359,062	137,098
Market value adjustment	3	189,885	-303,484
Net profit/loss for the year		-169,177	-166,386



Balance

Assets at 31 December 2021 (all figures in DKK '000)

	Note	2021	2020
NON-CURRENT ASSETS			
Property, plant and equipment			
Construction of the Light Rail	4	0	0
Total property, plant and equipment		0	0
Investments			
Derivative financial instruments	14	172,904	264,420
Total investments		172,904	264,420
Total non-current assets		172,904	264,420
CURRENT ASSETS			
Receivables, Danish State	5	0	43,740
Receivables, Capital Region	5	1,015,843	1,075,009
Receivables, municipalities	5	1,306,227	1,365,340
Other receivables	5	54,646	27,894
Securities	6	859,776	979,351
Cash	6	337,529	181,070
Total current assets		3,574,021	3,672,403
AKTIVER I ALT		3.746.925	3.936.823



Equity at 31 December 2021 (all figures in DKK '000)

	Note	2021	2020
EQUITY			
Beginning of year		-1,745,438	-1,579,052
Addition for the year		-169,177	-166,386
Total equity		-1,914,616	-1,745,438
NON-CURRENT LIABILITIES			
Non-current liabilities	7	2,816,513	2,840,887
Provisions	2	2,347,818	2,713,150
Total non-current liabilities		5,164,330	5,554,037
CURRENT LIABILITIES			
Current portion of non-current liabilities	7	352,859	0
Trade payables		137,658	121,531
Other debt	8	6,693	6,693
Total current liabilities		497,210	128,224
Total liabilities		5,661,540	5,682,261
TOTAL EQUITY AND LIABILITIES		3,746,925	3,936,823
Proposed distribution of profit	9		
Events occurring after the balance sheet date	10		
Contingent liabilities	11		
Auditor's fees and advisory fees	12		
Related parties	13		
Currency, interest and counterparty risk	14		
Specification of loans and derivative financial instruments	15		





Statement of changes in equity

(All figures in DKK '000)

	Contribution	Retained earnings before MVA	Equity excl. MVA	Market value adjustment (MVA)	Total
Beginning of year 2020	3,829,065	-4,916,242	-1,087,176	-491,877	-1,579,052
Participating interests	0	0	0	0	0
Retained earnings	0	137,098	137,098	-303,484	-166,386
Beginning of 2021	3,829,065	-4,779,144	-950,078	-795,361	-1,745,438
Participating interests	0	0	0	0	0
Retained earnings	0	-359,062	-359,062	189,885	-169,177
End of year	3,829,065	-5,138,206	-1,309,140	-605,476	-1,914,616

Specification of owner contributions	Current ownership interest	Contribution
Capital Region	43.00%	995,843
Lyngby-Taarbæk Municipality	12.52%	286,429
Gladsaxe Municipality	12.60%	287,726
Herlev Municipality	6.71%	153,624
Rødovre Municipality	2.01%	45,565
Glostrup Municipality	7.18%	164,033
Albertslund Municipality	3.23%	74,200
Brøndby Municipality	4.18%	95,055
Høje-Taastrup Municipality	0.88%	19,523
Hvidovre Municipality	0.92%	20,856
Vallensbæk Municipality	3.15%	71,609
Ishøj Municipality	3.62%	83,350
Total contributions	100%	2,297,813
State grant		1,531,252
Total contributions and grants		3,829,065

	State	Region Capital Region	Municipalities	Total
Contributions, cf. Section 1(3) (2014)	1,794,738	1,001,236	1,309,308	4,105,282
Contributions, cf. Section 1(4) (2016)	0	171,526	223,493	395,019
Contributed adjustment reserve (2014)	-138,087	-103,669	-135,567	-377,323
Contributed adjustment reserve (2016)	0	-171,526	-223,493	-395,019
State adjustment reserve	-276,174	0	0	-276,174
Released adjustment reserve (2018)	150,776	98,276	128,229	377,281
Total contributions	1,531,252	995,843	1,301,970	3,829,065



In the agreement in principle on the construction and operation of a Light Rail along Ring 3 of 20 June 2013, the parties agreed to contribute to the financing of the capital expenditure. The financing of the capital expenditure is determined on the basis of the ownership shares at the time of establishment.

When the Light Rail is commissioned, the Capital Region and the municipalities will furthermore make annual contributions to cover the annual operating expenses, including operations-related capital investments, after deduction of passenger revenue. The Capital Region finances 43% of the contributions to operations, while 57% is financed by the municipalities. The municipalities have not yet agreed on the distribution of the operating grant, cf. the agreement in principle. When the distribution between the municipalities has been agreed, this distribution will be used to determine the municipalities' annual operating grant.

On 31 May 2016, the Danish parliament adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail along Ring 3. Pursuant to the Act and the subsequent amendments to the company's Articles of Association, the Capital Region and the municipalities have extended their adjustment reserve to 30% corresponding to that of the Danish State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company.

In relation to Act no. L165 of 26 February 2014 on the Construction of a Light Rail along Ring 3 and the Act to amend the Act on the Construction of a Light Rail along Ring 3, the Act on Metroselskabet I/S and Udviklingselskabet By & Havn I/S, and Act no. 657 of 8 June 2016 concerning traffic companies, the contributed equity is provided as follows:

A capital contribution of DKK 377 million was made in 2018. The capital contribution comprises the release of the 10% adjustment reserve in connection with the owners' approval of the financial basis for entering into the major contracts for the Light Rail along Ring 3 in March 2018.

Pursuant to Act no. 1564 of 18 December 2018, the Danish State resigned as owner of the company at 1 January 2019. The State's contribution was subsequently converted to a grant. The Capital Region and the 11 municipalities take over all the assets and liabilities of the partnership and are subrogated to all the rights and obligations of the partnership.

At the partnership meeting on 28 April 2020, the partners agreed to release up to DKK 417 million or 20% of the adjustment reserve which was made available to the Board of Hovedstadens Letbane. The release is conditional on the subsequent approval and co-financing of the Danish State. Upon their release, the funds will be transferred to equity.

Hovedstadens Letbane is a partnership in which the owners are 100% liable for the company. Any negative equity capital in the company does not entail any need for further contributions from the owners, since Hovedstadens Letbane can still service its debt as planned.



Cash flow statement

(All figures in DKK '000)

	State	Capital Region	Municipalities	Total
Contributions, cf. Section 1(3) (2014)	1,794,738	1,001,236	1,309,308	4,105,282
Contributions, cf. Section 1(4) (2016)	0	171,526	223,493	395,019
Contributed adjustment reserve (2014)	-138,087	-103,669	-135,567	-377,323

	Note	2021	2020
Cash flows from operating activities			
Staff costs		-1,300	-1,300
Other external costs		-56,785	-58,247
Total cash flows from operating activities		-58,085	-59,547
Cash flows from investing activities			
Investments in the construction of the Light Rail		-640,557	-796,147
Investment in securities (excluding market value adjustment)		111,911	87,295
Total cash flows from investing activities		-528,645	-708,852
Cash flows from financing activities			
Borrowing, net (excluding market value adjustment)		600,000	200,000
Non-current liabilities		-1,269	6,345
Receivables		135,267	320,045
Current liabilities		16,127	96,813
Net financing costs		-6,935	14,656



Total cash flows from financing activities	743,190	637,858
Change in cash and cash equivalents	156,460	-130,541
Cash and cash equivalents, beginning of year	181,070	311,611
Cash and cash equivalents, end of year	337,529	181,070

The cash flow statement cannot be derived directly from the other elements of the financial statements.





Notes

Note 1 Staff costs

The Executive Management of Metroselskabet is also the Executive Management of Hovedstadens Letbane. The Executive Management does not receive remuneration from Hovedstadens Letbane.

During the year, the company has not employed any employees other than the Executive Management. Metroselskabet makes the necessary staff and other resources available to carry out the activities of Hovedstadens Letbane, including for the performance of administrative, engineering design, procurement and contractual tasks concerning the Light Rail along Ring 3, and for Hovedstadens Letbane's debt and asset management. An administration fee is paid for this service.

Staff costs include remuneration of the company's Board of Directors in the amount of DKK 1,300k.

Note 2 Impairment, write-downs and provisions

(all figures in DKK '000)

	2021	2020
Write-down of capital expenditure	0	0
Write-down of operations-related capital investments	0	0
Addition for the year, plant A and plant D	-328,582	-119,823
Total impairment, write-downs and provisions	-328,582	-119,823
Beginning of year	2,713,150	3,685,198
Adjustment for the year	328,582	119,823
Applied provision for the year, plant A and plant D	-693,914	-852,225
Total provisions, end of year (recoverable amount)	2,347,818	2,713,150

The carrying amount of the Light Rail along Ring 3 is reviewed annually in order to determine whether there are indications of impairment.

The future cash flows included in the recoverable amount are based on the company's current long-term budget and its incorporated future expectations, see the appendix to the management commentary. The recoverable value is calculated using the capital asset value method. When calculating the recoverable amount, the estimated future cash flows are discounted to present value.

The assumed level of interest (the discount factor) constitutes the principal uncertainty in the estimated value of the Light Rail along Ring 3. When performing the valuation, the company has applied the expected development in interest rates, which includes a risk surcharge to counter the uncertainty associated with the development in interest rates. If the company had instead applied the current lower



market rate, the value of the non-current assets would have been higher as would the net profit or loss for the year. Similarly, the profit or loss would have been lower if an expectation of higher interest rates had been applied. The calculation of the risk exposure to the expected development in interest rates is shown in Note 7.

Note 3 Financial items

(all figures in DKK '000)

	<u>2021</u>	<u>2020</u>
Financial income	3,317	41,429
Financial expenses	-29,070	-20,686
Total financial items	-25,753	20,743
Total market value adjustment	189,885	-303,484

Market value adjustments can be attributed to the company's financial interest rate hedging agreements which were concluded in order to increase the budget certainty of the company's finances in the long term. The market value adjustment depends on the development in interest rates and is solely an accounting registration that has no impact on liquidity, since the loans are held until maturity.

The accounting exposure concerning the market value adjustment can be expressed as a basis point value (BPV). With the company's current financial portfolio (swap), BPV is DKK 6 million, which means that a decrease in the interest level of 1% would increase the market value adjustment and reduce the profit or loss by DKK 600 million. Similarly, an increase in the interest level of 1% would improve the profit or loss by DKK 600 million.

The change in the market value adjustment from 2020 to 2021 is due to the increased interest level during that period.



Note 4 Construction of the Light Rail

(all figures in DKK '000)

	Capital expenditure	Operations-related capital investments	Total
ACQUISITION PRICE			
Beginning of year	1,855,646	484,178	2,339,824
Net addition for the year	605,134	88,780	693,914
End of year	2,460,781	572,958	3,033,738
DEPRECIATION, IMPAIRMENT AND WRITE-DOWNS			
Beginning of year	-1,855,646	-484,178	-2,339,824
Net addition for the year	-605,134	-88,780	-693,914
End of year	-2,460,781	-572,958	-3,033,738
Carrying amount, beginning of year	0	0	0
Carrying amount, end of year	0	0	0

The capitalised costs consist of the costs incurred for the construction of the Light Rail along Ring 3. The total capital investments also include the net profit or loss for the year, which comprises the costs that cannot be capitalised during the construction phase (company-related costs).

The value of the asset is impaired to DKK 0. This is a consequence of the ongoing impairment of the Light Rail to the facility's expected recoverable amount, taking into account the planned capital expenditure.

The recoverable amount is calculated on the basis of the future expectations described in the company's long-term budget. This includes the application of an average interest rate of 3.6% in the first 20 years, rising to 4.6% in the longer term. The interest rate used in the calculation exceeds the current interest level in the market, as it includes a risk surcharge. The use of a lower current market interest rate would increase the calculated recoverable amount and improve the net profit or loss for the year. To illustrate this, the use of a 1% lower interest rate in the first 20 years would increase the recoverable amount and hence the net profit or loss for the year by DKK 218 million. Conversely, the use of a 1% higher interest rate during this period would have reduced the net profit or loss for the year by DKK 175 million.



Note 5 Receivables, current assets

(all figures in DKK '000)	State	Capital Region	Municipalities	Total
Beginning of year	43,740	1,075,009	1,365,340	2,484,088
Addition for the year (added interest)	-248	-2,962	-4,430	-7,641
Addition for the year (purchase agreements)	0	0	27,276	27,276
Disposal for the year (repayment)	-43,492	-56,203	-81,959	-181,654
End of year	0	1,015,843	1,306,227	2,322,069
Specification of receivables:			2020	2021
State			43,740	0
Capital Region			1,075,009	1,015,843
Municipalities			1,365,340	1,306,227
Total receivables			2,484,088	2,322,069

At the time of the establishment of the partnership, Hovedstadens Letbane entered into payment agreements on annual contributions with the Danish State (former owners) and the company's current owners, the Capital Region and the 11 municipalities. The contributions are paid by the owners under the payment agreements concluded.

The Danish State has entered into a payment agreement on the payment of their contributions in eight instalments in the period 2014-2021. The Capital Region has entered into a payment agreement on a large payment in 2019, and a fixed annual payment in the period 2020-2059. Finally, the 11 municipalities have entered into payment agreements on a large payment in 2014-2016, and a fixed annual payment in the period 2017-2056. It has been agreed that the annual payments are subject to adjustment according to the Danish national budget's assumption index for construction up to the start of operations, and subsequently according to the net price index. The carrying amount of the payment agreements is calculated at amortised cost in accordance with the accounting policies.

Of the receivable at 31 December 2021, DKK 2,195 million falls due for payment after 31 December 2022.

Receivables also include VAT receivable of DKK 9 million and accrued interest of DKK 33 million.

Note 6 Securities and cash

(all figures in DKK '000)	2021	2020
Securities over 3 months	859,776	979,351
Total securities	859,776	979,351
Cash	337,529	181,070
Total cash	337,529	181,070

Securities comprise the purchase of bonds as collateral for the market values of the company's financial instruments.

At 31 December 2021, DKK 621 million was pledged as collateral.



Note 7 Non-current liabilities and current portion of non-current liabilities

(all figures in DKK '000)	Loans (long-term)	Derivative financial instruments (negative value)	Contributed adjustment reserve	Total
Acquisition price				
Beginning of year	1,300,000	0	461,469	1,761,469
Addition for the year (borrowing/added interest)	600,000	0	-1,269	598,731
Disposal for the year	0	0	0	0
End of year	1,900,000	0	460,200	2,360,200
Value adjustments				
Beginning of year	216,991	862,427	0	1,079,417
Value adjustment for the year	-37,300	-232,947	0	-270,247
End of year	179,691	629,480	0	809,170
Carrying amount, beginning of year	1,516,991	862,427	461,469	2,840,886
Carrying amount, end of year	2,079,691	629,480	460,200	3,169,371
Specification of contributed adjustment reserves			2021	2020
Capital Region			199,672	200,222
Municipalities			260,528	261,247
Total contributed adjustment reserves			460,200	461,469

In 2021, the company took out loans with a nominal value of DKK 600 million. The value of the company's financial instruments is recognised in the total value of the liability at 31 December 2021. The market value adjustment of financial instruments is recognised in the income statement.

The company's loans, financial instruments, etc. are consistent with the 'list of acceptable loan types' in the agreement entered into between Danmarks Nationalbank, the Danish Ministry of Finance, the Danish Ministry of Transport and Hovedstadens Letbane.

Of the company's non-current liabilities, DKK 1,050 million (nominal value) falls due after five years.

On 31 May 2016, the Danish parliament adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail along Ring 3. Pursuant to the Act and the subsequent amendments to the company's Articles of Association, the Capital Region and the municipalities have increased their adjustment reserves to 30% corresponding to those of the Danish State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company. The Capital Region and the municipalities' adjustment reserves as well as 10% of the Danish State's 30% adjustment reserve have been contributed to the partnership together with the contribution to the financing of the capital expenditure.

The adjustment reserves are tied to the budget, meaning that the reserves can only be utilised in the same ratio as the parties' ownership interests, and only after presentation to the owners. On the approval of the financial basis for the conclusion of the major contracts for the Light Rail along Ring 3 in March 2018, the company's owners released 10% of the adjustment reserves which were then transferred to equity.

At the partnership meeting on 28 April 2021, the partners agreed to release the K2-B adjustment reserve of DKK 417 million which was made available to the Board of Hovedstadens Letbane. The release is conditional on the subsequent final approval and co-financing of the Danish State.

Once the total capital expenditure has been calculated in full, the unutilised element of the adjustment reserves will have to be repaid to the owners in the same ratio as their respective ownership interests and contributed adjustment reserves.



Note 8 Other debt

(all figures in DKK '000)	2021	2020
Payable A-tax, etc.	149	151
Interest accruals	6,544	6,541
Total other debt	6,693	6,693

Note 9 Proposed distribution of profit

(all figures in DKK '000)	2021	2020
Carried forward to next year	-169,177	-166,386

Note 10 Events occurring after the balance sheet date

After the end of the financial year, no events of significance to the Annual Report 2021 have occurred.

Note 11 Contractual obligations and contingent liabilities

Contractual obligations

The current ongoing contracts with the contractors concerning the construction of the Light Rail along Ring 3 have a total residual value of DKK 2,986 million.

A contract with a total value of DKK 2,563 million concerning the operation of the Light Rail along Ring 3 has been concluded for a 15-year period, starting from the date the Light Rail becomes operational.

Contingent liabilities

In the contractual relationship between Hovedstadens Letbane and its contractors and as a natural element of the company's major construction projects, several claims for additional payment, etc. are put forward in addition to what has already been agreed in the contracts concluded. At 31 December 2021, two of the company's construction contractors had put forward claims totalling approximately EUR 142 million (approximately DKK 1,056 million). The company believes that it is very uncertain that the contractors' claims will be met. All claims are discussed with the contractors on an ongoing basis and efforts are made to settle the claims via negotiation. At the beginning of 2022, the company entered into a conditional settlement agreement with one of the contractors for DKK 118.5 million. The settlement agreement is expected to be recognised once the terms of the agreement have been met.

The construction of the Light Rail along Ring 3 involves expropriations and compensation payments, among other things, which will be paid to the affected owners/residents by the partnership. The amount of the compensation is agreed on an ongoing basis.



Note 12 Auditor's fees and advisory fees

(all figures in DKK '000)	2021	2020
Deloitte	235	230
Total statutory audit	235	230
Deloitte	10	10
Total other engagements	0	10
Deloitte, other advisory services	0	18
Total advisory fees	0	18

Note 13 Related parties

Hovedstadens Letbane's related parties include the company's owners, the Board of Directors, the Executive Management and Metroselskabet.

Transactions with related parties take place on market terms.

In 2021, Hovedstadens Letbane paid administrative fees to Metroselskabet concerning Metroselskabet's administration and running of the client organisation for Hovedstadens Letbane, see the Order concerning settlement between Hovedstadens Letbane I/S and Metroselskabet I/S. Metroselskabet makes the necessary staff and other resources available to carry out the activities of Hovedstadens Letbane.

Note 14 Currency, interest and counterparty risk

Financial risks

Hovedstadens Letbane is exposed to a number of financial risks. Hovedstadens Letbane's borrowing and use of financial instruments (interest rate hedging, swaps, etc.) are governed by an agreement between Danmarks Nationalbank, the Danish Ministry of Finance, the Danish Ministry of Transport and Hovedstadens Letbane.

Currency risks

The agreement sets out guidelines for the types of financial instruments and loan agreements that may be included in the loan portfolio. According to these guidelines, loans will only be exposed in DKK and EUR.

Interest rate risks

Interest rate risks are managed by borrowing and investing money at variable and fixed interest rates. The net profit or loss for the year is affected by fluctuations in the market value adjustment, which is generally determined by the development in the general interest level. If the interest rate falls, for example, the market value of a fixed-interest bond rises, and vice versa. BPV (Basis Point



Value) indicates the price exposure. At the end of 2021, BPV was DKK 6 million, which means that a decrease in the interest level of 1% would increase the market value by DKK 600 million, and vice versa.

Counterparty risks

The company only places liquidity with the most creditworthy Danish and foreign institutions in order to minimise the counterparty risk. This risk is managed and monitored continuously via a special line and limit system, which establishes the principles for quantifying these risks and the maximum level of risk that can be accepted for a single counterparty. The latter is measured in relation to the counterparty's ratings from the international rating agencies. The company also seeks to reduce risk by using appropriate agreement documentation. In this connection, special agreements concerning the provision of collateral – CSA agreements – are concluded with counterparties.

Rating

The corporate rating assigned by international credit-rating agencies reflects a company's creditworthiness. The ratings range from AAA, which is the top rating, followed by AA and so forth. Due to the joint and several liability of the Danish State, Hovedstadens Letbane is indirectly subject to the same credit rating as the Danish State, which is AAA.

Net financial liabilities

(all figures in DKK '000)

	Nominal value	Carrying amount 2021	Carrying amount 2021
Securities and fixed-term deposits	855,197	859,776	979,351
Accrued interest, securities and fixed-term deposits	0	0	0
Total securities and fixed-term deposits	855,197	859,776	979,351
Loans	-1,900,000	-2,079,691	-1,516,991
Accrued interest, loans	0	-2,012	-2,012
Total loans	-1,900,000	-2,081,703	-1,519,003
Financial instruments, assets	-	172,904	264,420
Financial instruments, liabilities	-	-629,480	-862,427
Accrued interest, financial instruments	-	28,829	19,310
Total financial instruments	-	-427,747	-578,697
Total net liabilities	-1,044,803	-1,649,674	-1,118,349

Accrued interest is recognised in the balance sheet under assets, receivables, at DKK 33 million, and equity and liabilities, other debt, at DKK 6 million, respectively.

Currency risk

Currency distribution at 31 December 2021, carrying amount

(all figures in DKK million)

	Securities and fixed- term deposits	Loans	Financial instruments	Net position
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DKK <1 year	0	-353	3	-350
DKK > 1 year	0	-1,729	-431	-2,160
EUR < 1 year	860	0	0	860
EUR > 1 year	0	0	0	0
Total	860	-2,081	-428	-1,650

Interest rate risk

Interest rate fixing at 31 December 2021, carrying amount

(all figures in DKK million)

	DKK	EUR	Total
0-1 year	-350	860	510
2-5 years	-507	0	-507
6-10 years	-856	0	-856
11-20 years	-413	0	-413
> 20 years	-384	0	-384
Total	-2,510	860	-1,650

Counterparty risk

Liquidity investments and the use of financial instruments involve a counterparty risk in the form of either credit risk or liquidity risk. This risk is managed and monitored continuously via a special line and limit system which establishes the principles for quantifying these risks and the maximum level of risk that can be accepted for a single counterparty. The latter is determined by the international rating agencies (Moody's, Standard & Poor's and Fitch/IBCA). The company also seeks to reduce the level of risk by using appropriate agreement documentation.

Counterparty risk by rating category, at 31 December 2021

Total counterparty exposure (carrying amount, DKK million)

	Securities and fixed-term deposits	Loans	Financial instruments	Net position
AAA	860	-2,081	0	-1,221
AA	0	0	168	168
A	0	0	-596	-596
A	0	0	0	0
Total	860	-2,081	-428	-1,650

The counterparties to the agreements are subject to collateral agreements. At 31 December 2021, Hovedstadens Letbane's net collateral amounted to DKK 450 million.

Note 15 Specification of loans and derivative financial instruments



The construction of the Hovedstadens Letbane's facilities is primarily financed by fixed-rate loans taken out at Danmarks Nationalbank. The accounting treatment of hedging is based on two principles.

1) When the company takes out a loan, most of it is converted into a variable-rate loan immediately after borrowing by means of interest rate swaps. Because the conversion to a variable-rate loan is considered to be an effective means of hedging, changes in the fair value of both the hedged loan and the interest rate swap are recognised in the income statement (fair value hedging) in accordance with the accounting policies. These adjustments essentially balance each other out. Loans that are not converted to variable-rate loans are recognised at amortised cost.

2) As part of Hovedstadens Letbane's financial strategy, the company has interest-hedged (converting from a variable interest rate to a fixed nominal interest rate or a fixed real interest rate) approximately two thirds of the expected maximum net debt. The aim of the interest rate hedging is to hedge some of the interest rate risk and thus increase the budgetary certainty of the company's long-term finances. Interest rate hedging hedges future cash flows in the form of the interest payments that are expected to be made in the future. Because there is no direct correlation between the individual loans and the individual hedging instruments, the hedging is not considered to be effective from an accounting point of view and therefore the adjustment of fair value of interest hedging made on a portfolio basis is recognised in the income statement in accordance with the accounting policies. This adjustment primarily constitutes the market value adjustment for the year.

The table below shows Hovedstadens Letbane's total borrowing by term, and the proportion of the loans that have been swapped to variable-rate loans, see item 1 above.

	Fixed	CIBOR 6M	Carrying amount 31 December 2021
Term < 1 year			
Loans	-350	0	-353
Interest rate swap (fixed to variable)	350	-350	3
Net exposure	0	-350	-350
Term of 2-5 years			
Loans	-500	0	-512
Interest rate swap (fixed to variable)	300	-300	5
Net exposure	-200	-300	-507
Term of 6-10 years			
Loans	-850	0	-860
Interest rate swap (fixed to variable)	500	-500	3
Net exposure	-350	-500	-857
Term of 11-20 years			
Loans	-200	0	-358
Interest rate swap (fixed to variable)	200	-200	160
Net exposure	0	-200	-197



Loans	-2,081
Interest rate swap (fixed to variable)	171
Total	-1,910

For loans with a principal of DKK 550 million, no fixed to variable conversion agreement has been concluded. These loans are recognised at amortised cost in accordance with the accounting policies.

The table below shows all interest hedging agreements concluded by Hovedstadens Letbane, see item 2 above.

	CIBOR 6M	CPI + fixed	Fixed	Carrying amount 31 December 2021
Term of 11-20 years				
Interest rate swap (variable to fixed)	1,000	0	-1,000	-186
Interest rate swap (fixed to real)		-483	483	-30
Net exposure	1,000	-483	-517	-216
Term of 21-30 years				
Interest rate swap (variable to fixed)	1,200	0	-1,200	-383
Net exposure	1,200	0	-1,200	-383
Interest rate swap (real to fixed)				0
Interest rate swap (variable to fixed)				-569
Interest rate swap (fixed to real)				-30
Total				-599

* CPI = Consumer price index

Financial agreements (fair value hedging)	171
Financial agreements (future cash flows)	-599
Total financial agreements	-428

The market value of loans with associated financial instruments, and the financial instruments, is determined as the market value when discounting future known and expected payment flows at the relevant discount rates. The discount rates are determined on the basis of the current market interest rates.



Statement by the Board of Directors and the Executive

The Board of Directors and the Executive Management have today considered and approved the Annual Report 2021 for Hovedstadens Letbane I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (reporting class D) and the provisions of the Articles of Association concerning the presentation of financial statements. In our opinion the accounting policies applied are appropriate, and the financial statements give a true and fair view of the company's assets, liabilities, financial position, results and cash flows. It is also our opinion that the management commentary provides a true and fair view of the circumstances covered by the commentary.

We recommend that the Annual Report be adopted by the partners.

Copenhagen, 8 March 2022

Executive Management

Henrik Plougmann Olsen

Board of Directors

Jakob Thomasen
Chairman of the Board of Directors

Trine Græse
Vice Chairman

Nicolai Kampmann
Vice Chairman

Martin Geertsen
Board member

Peter Westermann
Board member

Leo Larsen
Board member

Simon Pihl Sørensen
Board member

Henrik Rasmussen
Board member

Birgitte Brinch Madsen
Board member



Independent auditors' report

To the partners of Hovedstadens Letbane I/S

Auditors' report on the financial statements

Opinion

We have audited the financial statements of Hovedstadens Letbane I/S for the financial year 1 January to 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Hovedstadens Letbane's assets, liabilities and financial position at 31 December 2021 and of the results of its operations and its cash flows for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and

the additional requirements applicable in Denmark as well as generally accepted public auditing standards as the audit is based on the provisions of the Danish Act on a Light Rail along Ring 3. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this auditor's report. We are independent of the company in accordance with the International Ethics Standards Board of 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.

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 Hovedstadens Letbane'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 Hovedstadens Letbane 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 and generally accepted public accounting standards, see the Danish Act on a Light Rail along Ring 3, 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 and generally accepted public accounting standards, see the Danish Act on a Light Rail along Ring 3, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk 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 Hovedstadens Letbane'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 Hovedstadens Letbane'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 Hovedstadens Letbane to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including disclosures in the notes, 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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial statements are in accordance with the appropriations, laws and other regulations, agreements and usual



practice, and that financial consideration has been made when managing the funds and operations covered by the financial statements. Management is also responsible for setting up systems and processes supporting economy, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit as well as performance audit of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the

selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the appropriations, laws and other regulations, agreements and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds

and operations covered by the financial statements.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this in this statement.

We have no significant critical comments to report in this connection.

Copenhagen, 8 March 2022

Deloitte
Statsautoriseret Revisionspartnerselskab, CVR no.: 33963556

Erik Lynge Skovgaard Jensen
State-Authorised Public Accountant
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State-Authorised Public Accountant
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5

Appendix to the management commentary





Long-term budget

The following long-term budget for 2022 was adopted by the Board of Directors in December 2021.

Long-term budget assumptions

The long-term budget is stated in current prices:

Capital expenditure

1. The capital expenditure for the establishment of a Light Rail along Ring 3 is determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail along Ring 3. The total expenditure is DKK 6.1 billion in 2022 prices (DKK 5.3 billion in 2013 prices). The capital expenditure is adjusted upwards to 2022 prices on the basis of contract indexes.
2. The annual payments to cover the capital expenditure are index-linked according to the Danish national budget's assumption index. The difference between the index-linking of capital expenditure and the payments made to cover it is assumed to be settled once the construction project has been completed.

3. The reinvestments concerning the Light Rail along Ring 3 are based on the assumptions in the agreement in principle and amount to DKK 30 million for every 10th year, and to DKK 834 million in 2013 prices for every 25th year. The reinvestments are listed at 2022 prices on the basis of the Ministry of Finance's capital investment index.

Operations-related capital investments

4. The operations-related capital investments for the establishment of a Light Rail along Ring 3 have been determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail along Ring 3. This budget estimate is DKK 1.6 billion in 2022 prices (DKK 1.4 billion in 2013 prices). The budget estimate is adjusted upwards to 2022 prices on the basis of contract indexes.

Operating profit

5. Passenger numbers are determined on the basis of the OTM calculations from the investigation report. The agreement in principle is based on the passenger scenario with strong urban growth. A traffic effect in the first two years of operation of 85% and 95%, respectively, is assumed.

6. The basis for the fare assumptions is the agreement in principle. Operations are expected to commence in 2025. The price per new passenger is based on the expected development in fares in the period 2009-2020 (the investigation). The fare is projected at DKK 8.81 per passenger in 2025, in 2013 prices. Similarly, the average revenue per passenger in 2037 is calculated at DKK 10.14 in 2013 prices. The passenger revenue is adjusted to 2022 prices on the basis of a general price projection of 2% p.a.
7. When the Light Rail is commissioned, an annual operating grant to cover the annual operating costs is included, including operations-related capital investments after deduction of passenger revenue. The municipalities' total annual operating grant amounts to DKK 44 million in 2013 prices, while the Capital Region's operating grant amounts to DKK 34 million in 2013 prices. The operating grants are adjusted to 2022 prices on the basis of a general price projection of 2% p.a.
8. Operating costs are determined on the basis of the operating contracts concluded.

Other conditions



9. Contributions are correspond to the payment agreements concerning contributions to the financing of the capital expenditure concluded with the Danish State and the owners on the establishment of the company. The payments are listed at 2022 prices, based on the Danish national budget's assumption index for capital investments.
10. The Light Rail is registered for VAT purposes, so that VAT is deducted from the company's net income from the operation of the Light Rail, while the VAT costs of the construction of the Light Rail are offset.
11. It is assumed that the company's other operating credits do not accrue interest.
12. It is assumed that surplus liquidity accrues interest at a real interest rate of 2% p.a. Interest on debt takes account of the company's established interest rate hedging agreements. Debt in addition to the interest rate hedging accrues interest at a real interest rate of 4% p.a. In the short term, account is furthermore taken of the company's actual interest rate expectations. The interest rates include interest on the company's loans and cash.
13. It is assumed that as from 2022 all prices will increase by 2% p.a.



Long-term budget for 2022 for Hovedstadens Letbane – December 2021 (DKK million) current prices

Real rate of interest (debt)	4%
Interest rate (balance)	2%
Inflation	2%

Year	Receivables	Other debt, etc.	Contributions to the financing of capital investments			Adjustment reserves	Capital exp.	Index difference	Operating inv.	Operating profit	Liquidity	Interest	Movement	Net debt, beginning of year	Net debt, end of year
			State	Region	Municipalities										
End of 2013	-12	-3	40	-	-	-	-25	0	-	-	0	0	0	0	
2014	-12	31	92	0	66	-	-79	0	-13	0	84	0	84	0	8
2015	3	9	92	0	67	-	-179	0	-29	0	-36	0	-36	84	4
2016	15	-21	144	0	68	-	-143	0	-17	0	46	0	46	48	9
2017	2	-10	171	0	63	-	-93	0	-9	0	124	-1	123	94	21
2018	-11	-63	257	0	65	-	-313	0	-129	0	-194	-1	-195	217	2
2019		-69	507	194	65	-	-392	0	-83	0	221	-4	217	22	24
2020		65	287	28	66	-	-647	0	-208	0	-410	-8	-418	240	-17
2021			43	56	66	-	-835	-56	-178	0	-903	-20	-923	-178	-1,10
2022			0	56	67	-	-1,057	-70	-316	0	-1,321	-20	-1,341	-1,101	-2,44
2023			0	58	68	-	-871	-58	-319	0	-1,123	-55	-1,178	-2,442	-3,62
2024			0	59	69	-	-309	-21	-260	0	-462	-81	-542	-3,620	-4,16
2025	820		0	60	71	-970	-86	204	-81	-15	4	-90	-87	-4,162	-4,24
2026			0	61	72		0	0	0	2	136	-140	-4	-4,249	-4,25



Year	Receivables	Other debt, etc.	Contributions to the financing of capital investments			Adjustment reserve	Capital exp.	Index difference	Operating inv.	Operating profit/loss	Liquidity	Interest	Movement	Net debt, start of the year	Net debt, end of year
			State	Region	Municipalities										
2027			0	62	74	0	0	0	15	151	-139	12	-4,253	-4,241	
2028			0	64	75	0	0	0	22	161	-157	3	-4,241	-4,238	
2029			0	65	77	0	0	0	29	171	-157	14	-4,238	-4,224	
2030			0	66	78	0	0	0	37	181	-157	25	-4,224	-4,199	
2031			0	67	80	0	0	0	45	192	-155	37	-4,199	-4,162	
2032			0	69	81	0	0	0	53	204	-153	50	-4,162	-4,111	
2033			0	70	83	0	0	0	62	216	-150	66	-4,111	-4,046	
2034			0	72	85	0	0	0	72	228	-145	83	-4,046	-3,963	
2035			0	73	86	-43	-1	0	82	197	-141	56	-3,963	-3,907	
2036			0	75	88	0	0	0	93	255	-136	119	-3,907	-3,789	
2037			0	76	90	0	0	0	104	269	-148	121	-3,789	-3,668	
2038			0	78	91	0	0	0	106	275	-141	134	-3,668	-3,534	
2039			0	79	93	0	0	0	108	280	-133	147	-3,534	-3,387	
2040			0	81	95	0	0	0	130	306	-146	160	-3,387	-3,227	
2041			0	82	97	0	0	0	132	312	-136	176	-3,227	-3,051	
2042			0	84	99	0	0	0	135	318	-125	193	-3,051	-2,858	
2043			0	86	101	0	0	0	138	324	-114	211	-2,858	-2,648	
2044			0	87	103	0	0	0	140	331	-101	230	-2,648	-2,417	
2045			0	89	105	-53	-1	0	143	284	-88	195	-2,417	-2,222	
2046			0	91	107	0	0	0	146	344	-75	269	-2,222	-1,952	
2047			0	93	109	0	0	0	149	351	-78	273	-1,952	-1,680	
2048			0	95	112	0	0	0	152	358	-62	296	-1,680	-1,384	
2049			0	96	114	0	0	0	155	365	-44	321	-1,384	-1,062	
2050			0	98	116	-1,640	-31	0	158	-1,298	-103	-1,401	-1,062	-2,463	
2051			0	100	118	0	0	0	161	380	-136	244	-2,463	2,220	
2052			0	102	121	0	0	0	165	388	-122	266	2,220	-1,954	
2053			0	104	123	0	0	0	168	395	-105	290	-1,954	-1,664	
2054			0	106	126	0	0	0	171	403	-88	316	-1,664	-1,348	
2055			0	109	128	-64	-1	0	175	346	-71	275	-1,348	-1,073	
2056			0	111	131	0	0	0	178	420	-52	368	-1,073	-705	
2057			0	113	0	0	0	0	182	295	-33	261	-705	-444	
2058			0	115	0	0	0	0	185	301	-18	283	-444	-161	
2059			0	118	0	0	0	0	189	307	0	306	-161	146	
2060			0	0	0	0	0	0	193	193	10	203	146	348	

