

# Hovedstadens Letbane I/S Annual Report 2022





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# Foreword

In 2022, it became increasingly apparent that between Ishøj and Lundtofte, north of Lyngby, a sustainable and attractive Light Rail is being built. When it opens, the Light Rail will be a new green mode of public transport in the Greater Copenhagen area. It will also help to ease traffic congestion and promote urban development along the entire 28-kilometre Light Rail.

In 2022, the transport-related work on the Light Rail project really took off. Tracks were laid and welded together, gravel was laid out and tamped into place, and the future Light Rail stations began to emerge in the cityscape. This work continues at full throttle in 2023, with construction progressing from continuous roadworks to an almost completed transport system, with testing and trial runs of the first Light Rail train on a selected trial section, and installation of masts for the power supply to the Light Rail network.

2022 also presented challenges for the project. In December 2022, the company found that the project's increased risk profile had put the Light Rail's finances under pressure. The company assesses that it is no longer probable that construction can be completed within the current construction budget.

The construction of the Greater Copenhagen Light Rail is taking place in the face of general challenges in global supply and delivery chains as a consequence of, among other things, COVID-19 and the war in Ukraine. This is reflected in a shortage of qualified manpower, as well as rising prices for commodities, components and landfill. These major global challenges have exacerbated the project's inherent complexity.

The project has now come so far that most of the preparatory construction work has been completed and the

transport-related work, such as track-laying, has begun.

As a consequence, the project's inherent complexity, which has been known since the groundbreaking ceremony, has become very apparent. This also applies to the impact of delays occurring during the construction work on the transport-related works.

Despite this change in risk and the recognition that the project's finances are under pressure, there was extensive activity and sound progress along the entire Light Rail alignment in 2022. This activity naturally has consequences for the residents who use these neighbourhoods on an everyday basis – neighbours, pedestrians, cyclists and motorists. Road safety is a special focus area, as the work is performed at the heart of a heavily trafficked main thoroughfare in Greater Copenhagen. Road users in the area are in close proximity to the Light Rail construction works, which can create



potentially hazardous situations. The company therefore takes ongoing measures to ensure that all pedestrians and traffic around the Light Rail construction works are kept as safe as possible.

With the 'Look up' campaign, in 2023 the Greater Copenhagen Light Rail will focus on vulnerable road users, to increase their confidence and keep them safer when they are close to the Light Rail construction works. In cooperation with the project's contractors, the company therefore also provides continuous information about the ongoing work and the associated consequences, such as traffic diversions, via a number of different channels.

The Greater Copenhagen Light Rail has noted the project's fluctuating safety performance. In 2022, the company aimed to rectify the unsatisfactory safety performance in 2021 and live up to the vision that everyone should be able to go to work safely. Despite extensive efforts and a high ambition level,

this was not achieved to a satisfactory extent, and the company will therefore maintain the target in 2023, in continued collaboration with the project's contractors.

In late summer 2023, the first Light Rail train is expected to be delivered to the Greater Copenhagen Light Rail, after which the test runs will start on the section at and around the control and maintenance centre in Glostrup Municipality.

The work of laying the track along the entire alignment will also continue, so that in 2023 it will be even clearer to neighbours, pedestrians, cyclists and motorists what they can expect when the Light Rail starts passenger services.

As a natural consequence of the news about the risk picture, the Greater Copenhagen Light Rail will have a strong focus on the company's finances in 2023 and has initiated a detailed review of the project's finances and budget.

This review is expected to be submitted to the Board of Directors during 2023.

In the meantime, the company is working purposefully – in close cooperation with the project's contractors and authorities – to manage the many risks optimally and to ensure the important progress of the Light Rail project.

In this Annual Report you can read more about the Greater Copenhagen Light Rail's activities in 2022.

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

We hope that you enjoy reading the report.

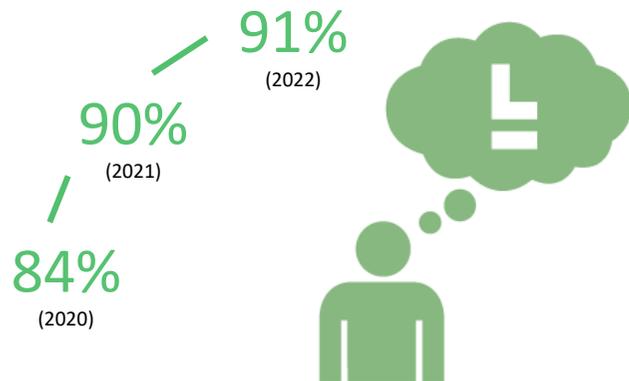
Jakob Thomasen  
Chairman of the Board of Directors

Carsten Riis  
CEO

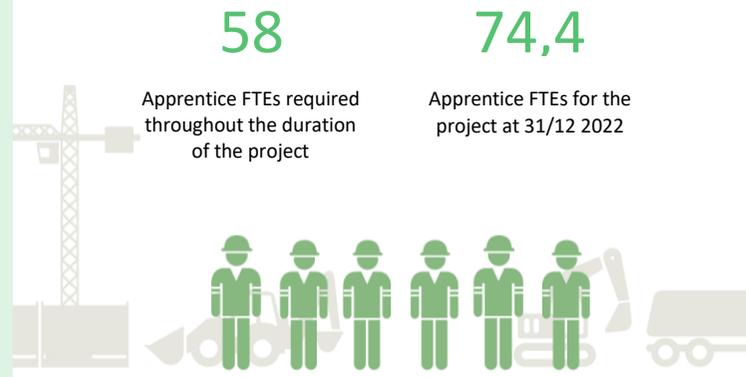


# 2022 in brief

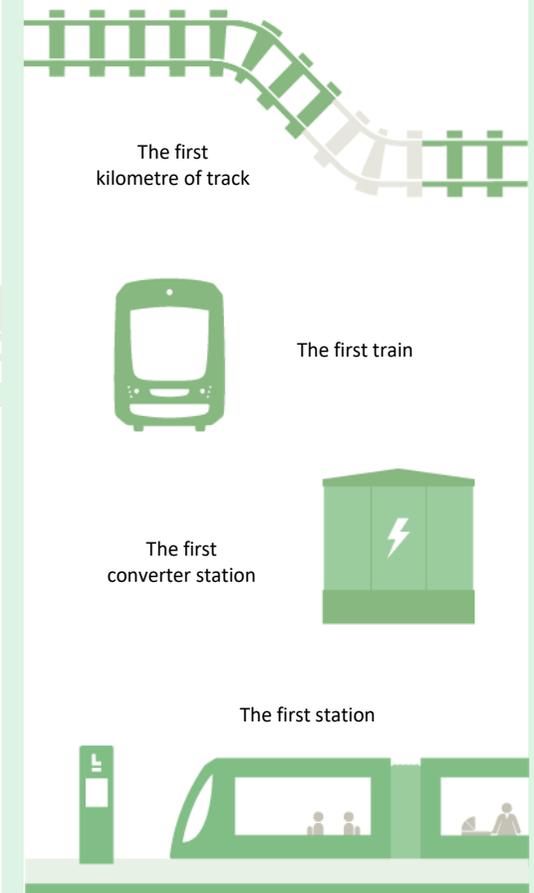
## Awareness of the Light Rail:



## More Light Rail apprentices than required:



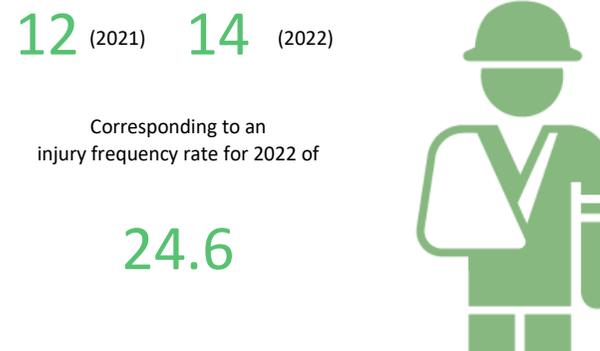
## In 2022, we achieved:



## Satisfaction with level of information among neighbours



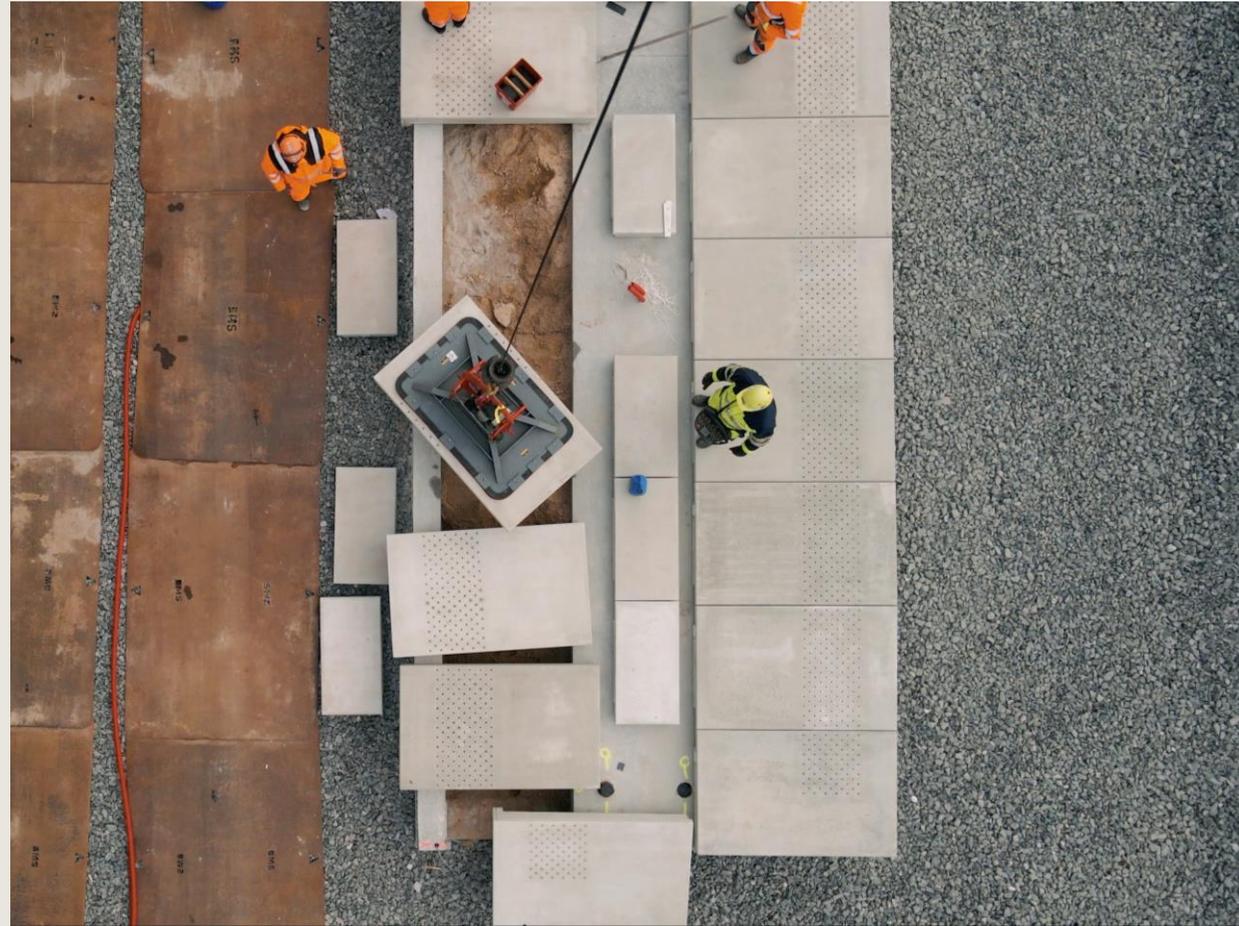
## Lost-time occupational accidents:





# 2

## Management commentary





# Construction progress

Since late summer 2022, passing motorists, cyclists and pedestrians have been able to observe track, sleepers and gravel being laid just north of the control and maintenance centre in Glostrup and southwards to Glostrup Station. In 2022, the Light Rail project thereby really began to take shape, as the construction of a modern light rail system along Ring 3 between Ishøj and Lundtofte, north of Lyngby.

As planned, 2022 and 2023 will be the years with the heaviest construction operations. A lot of traditional roadworks still remain along the alignment, with many large, heavy machines in operation, as evidence of the major operations taking place, which impact both the everyday lives and transport options of neighbours, commuters and other people in the vicinity of the construction works. As expected, 2022 was a year of intensive construction work along the entire alignment. 2022 was also the year in which the project entered a new phase.

Track-laying and the first stages of the actual Light Rail alignment, with laying of sleepers, welding of track and tamping of gravel, mark the start of a major new phase of the Light Rail project. The contractors responsible for the construction

works have now begun to hand over the sites to the transport systems contractor, Siemens-Aarsleff Rail A/S, which is continuing with track laying, installation of signals and subsequently the first test runs for the new Light Rail trains.

This does not mean that the construction work is now nearing completion. As planned, it will continue to be very apparent along the entire route during 2023. The nature of the construction work will change, however. Besides a couple of total closures, there will be fewer roadworks, more track laying, and installation of masts for catenary power, signals and lighting, as well as casting and completion of the 29 Light Rail stations along the entire route. Motorists will find that traffic diversions for roads and intersections will disappear as the work solely takes place in the Light Rail's alignment.

## Construction proceeded at a rapid pace in 2022

When roadworks are carried out and barriers are erected along a route extending for more than 28 kilometres, this will naturally inconvenience motorists, cyclists and pedestrians who find it difficult to get back and forth along the route.

There are construction activities in all eight municipalities through which the Light Rail runs, with construction work of varying intensity, and sometimes very intensive along large sections of the alignment.

Large tunnel structures have been cast, including at Lyngby Station and DTU, and in Ishøj. There have been major bridge lifting operations, with bridge elements weighing more than 200 tonnes being hoisted into place, while traffic was partly or completely at a standstill and diverted. Curbs have been moved and retaining walls built, together with new bicycle lanes, pavements and roadways, while a completely new ramp down to Glostrup Station from Søndre Ringvej has been built for the Light Rail trains. All of this work requires large, heavy machines, which can be an inconvenience if you are a neighbour to or passing by the Light Rail construction work. The Greater Copenhagen Light Rail therefore also has a very strong focus on the ongoing communication with neighbours and road users via a wide range of channels, so that everyone can stay updated on the inconveniences caused by the construction work. See the section on communication activities below.



The Light Rail project's utility line realignment work has been ongoing for a long time. The project faced some fundamental conditions that are unusual for megaprojects. The realignment of utility lines did not take place prior to the establishment of contracts with the contractors. As a consequence, to a great extent the utility line realignment and construction works had to take place at the same time.

In 2022, the utility line realignment work was almost completed and is only planned to take place around Buddinge Station in 2023. The same applies to removal of vegetation, which is also almost completed.

## Visible stations

The 29 Light Rail stations also began to take shape in 2022. First, Glostrup Ejby Station, the prototype station used for ongoing testing of the stations' functionality, building materials, lighting etc., was completed and approved during summer 2022. Since then, foundations for platforms have been erected, including at Glostrup Station, which will be the largest Light Rail station with more than 6,000 passengers on weekdays.

The Light Rail stations will have two types of platform: Side platforms with the tracks in the middle, or one combined 'island', where trains run on either side of the platform. The type of platform will depend on the surroundings. Island platforms will be used at stations where there is plenty of space around the roadway, or where neighbouring buildings do not abut directly to the station. Side platforms require less space and will

therefore be used at stations where the surrounding conditions do not allow for 'island' stations.

In 2023, the construction of the 29 stations will take place along the full alignment, with erection of masts for catenary power and lighting, so that the stations begin to take shape with platforms for passengers to alight from and board the trains when the Light Rail opens.

## Green Light Rail trains are coming

Siemens Mobility is responsible for producing the 29 Avenio trains that will run between Ishøj and Lundtofte. The first train was completed at the factory in November 2022. Since then, Siemens has carried out a series of static tests of the train, which will then, in early 2023, be transported on flatbed lorries from the factory to Siemens' test centre in Wildenrath, Germany. Here, the train will undergo several dynamic tests, whereby the train will run on actual track. Then the train will head for Denmark and Glostrup – more specifically, the control and maintenance centre, which is expected to receive the first train in August 2023. Production of the second train began on schedule in early December 2022.

## Global and local resource challenges

Unlike before, the project was not directly challenged by COVID in 2022. On the other hand, challenges to global supply and delivery chains due to COVID and the war in Ukraine, as well as local manpower challenges, took a heavy toll in 2022. Contractors faced rising prices for raw materials

and energy, with resulting increased pressure on the contracts with the contractors. There were also challenges with transporting materials and regarding deliveries of sub-components, and difficulties in obtaining the necessary qualified manpower.



In 2022, the Greater Copenhagen Light Rail focused intensely on ensuring the progress of the project, together with the contractors, who have demonstrated both confidence in and loyalty to the project. The company and its contractors will continue this focus in 2023, when it will still be important to work together to constantly ensure progress and mitigate current and future risks.

## Construction in 2023

Track-laying works, installation of masts for catenary power and installation of power supply systems along the alignment will be the headlines for 2023. As the CW works are completed and the TS contractor takes over, the nature of the

The first Avenio train for the Greater Copenhagen Light Rail has passed the static tests at Siemens' factory in Ger-



construction work is changing. The Light Rail project will continue to be visible along its entire route.

Since the work will primarily take place close to the Light Rail's alignment, a smaller area will be affected by the construction work. The company will continue to communicate with the neighbours, motorists, cyclists and pedestrians who, on a daily basis, cross the tracks to be laid in 2023 along most of the Light Rail's route.

After receiving the first train in August 2023, test runs from the control and maintenance centre in Glostrup and up and down a small section of the line are planned.



Switches will be installed on the ramp leading the Light Rail to and from Glostrup Station.



# Sustainability – climate impact and working environment

## Light Rail and climate

As an electrically powered public transport option, when it opens, the Light Rail will be a climate-friendly alternative to passenger cars in Ring 3. As the Light Rail is built to last for many years and in the course of its lifetime will be used more intensively than an ordinary passenger car, the Light Rail's relative climate impact (amount of carbon emitted per passenger kilometre) from its combined production and operation will be lower than for a new electric car.

The Greater Copenhagen Light Rail views the Light Rail's climate footprint from a life-cycle perspective – which means the total emissions from constructing, operating and maintaining the Light Rail. On preparing for the operational phase, the company therefore focuses on efficient consumption of energy for catenary power, and on how the climate footprint from the ongoing maintenance and future reinvestments in the facility can be reduced.

The Greater Copenhagen Light Rail wants to draw on the Copenhagen Metro's experience so far from calls for tender with requirements for lower embodied carbon levels in concrete and steel.

This will be used to reduce the climate impact of reinvestments in the Light Rail.

## Working environment

The Greater Copenhagen Light Rail takes an ambitious approach to safety, with the vision of 'Safety on the right track' as the framework set right from the start of the project. The vision and the associated working environment strategy aim to ensure that the company's projects are carried out without any accidents occurring. The Light Rail project's safety performance has fluctuated, and in 2022 the company aimed to rectify the unsatisfactory safety performance in 2021. Despite extensive efforts and a high ambition level, this was not achieved to a satisfactory extent, and the company will therefore maintain this target in 2023.

## Accidents in 2022

The Light Rail project's lost-time injury frequency rate (LTIFR) fell to 24.6 in 2022, compared to 33.0 in 2021. In comparison, the average LTIFR for the Danish building and construction industry was 32.0 in 2020 (injury statistics from the Confederation of Danish Employers). There is still considerable variation in LTIFRs among the project contractors.

In 2022, CG Jensen had a LTIFR of 49.1, while Per Aarsleff had a rate of 7.9. Again this year, M.J. Eriksson had no lost-time occupational accidents. Siemens-Aarsleff, which started up physical project operations in 2022, had a rate of 34.4. The figure below shows the annual LTIFRs by project contractor.

At the end of 2022, the accumulated LTIFR during the project's entire lifetime since 2018 was 22.0.

## Action in 2022

The company launched a wide range of initiatives in 2022 to strengthen the safety culture for the Light Rail project. In general, the cooperation with contractors regarding safety, and visible safety management, takes even higher priority than before. For example, all of the company's construction managers for the project have been trained as instructors under the company's Safety Academy, to strengthen the dialogue with the workforce about safety at the construction sites, while the senior management is involved in a regular cycle of visits to the construction sites.



The company is also more involved in investigating accidents and incidents and ensuring that lessons are learned from them.

campaign will be implemented for the route in early 2023.

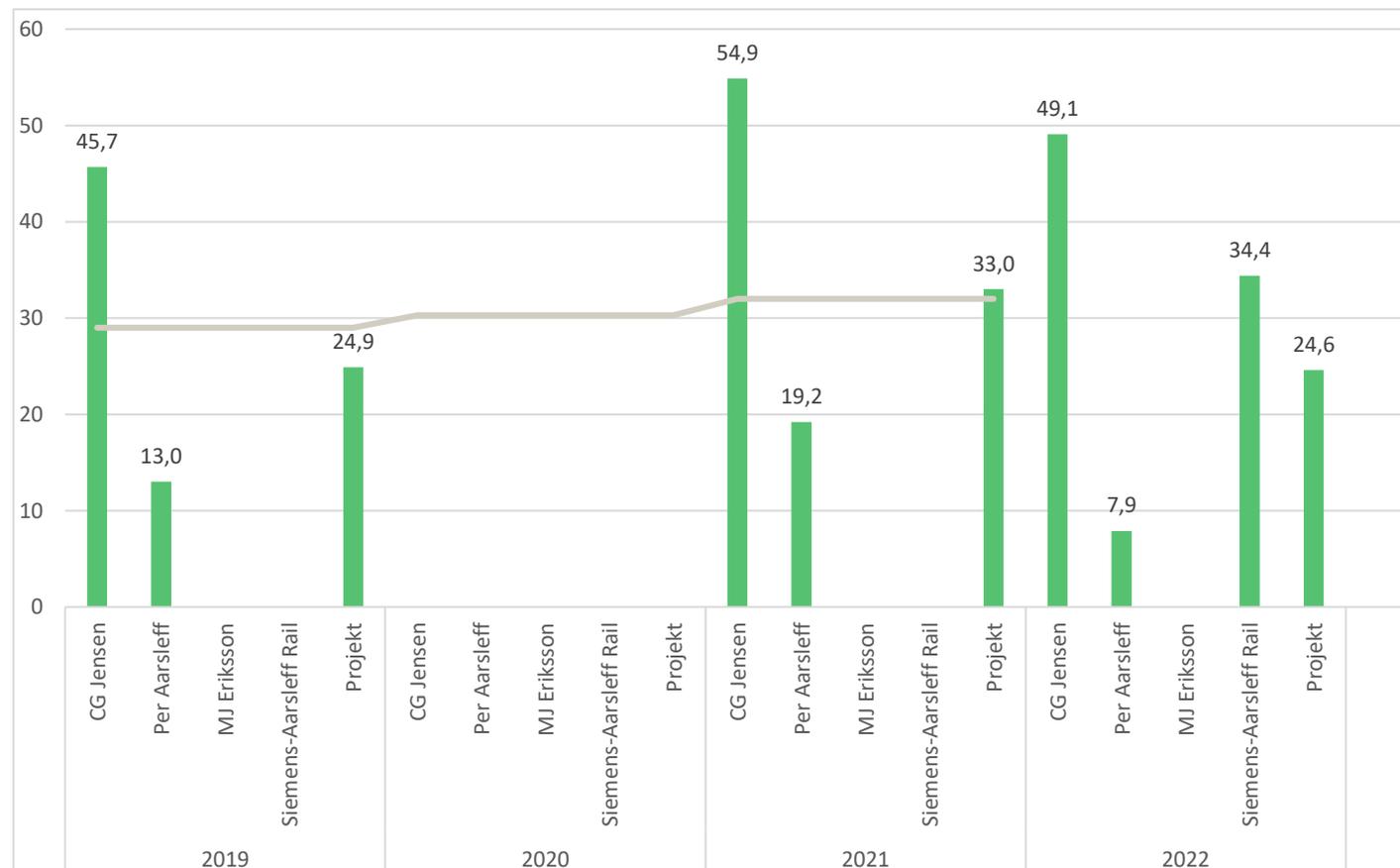
In 2022, the company trained additional employees, both internally and from contractors, in the TriPod Beta analytics tool, and joint incident analyses and dissemination of learning across the project took place on an ongoing basis. The company's Safety Academy ensured regular mandatory training for everyone involved in the project, whatever their role.

Furthermore, the company has worked on a targeted basis on cooperation and safety in connection with starting up the new contractor, Siemens-Aarsleff Rail, responsible for establishing tracks and control systems along the line. The company also held dedicated workshops with all of the project's contractors together.

The company notes that these efforts had a varied impact, and that it was not overall possible to reduce the LTIFR for the project to a satisfactory degree.

### Traffic

Traffic in the vicinity of the Light Rail's construction is still a particular risk factor. In 2022, the company identified a need to take special measures for vulnerable road users and to create safer conditions for cyclists and pedestrians. A campaign was designed with a number of elements targeted at attention and behaviour in the vicinity of the Light Rail construction work. The



Annual injury frequency rates by contractor for the Light Rail project. The transverse (grey) line shows the average lost-time injury frequency rate for people working in the building and construction industry for each year (injury statistics)



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# Communication

Before the Light Rail makes it easier to travel across Greater Copenhagen, neighbours, road users and others will have to deal with roadworks, traffic jams and other inconveniences which might test their patience. Good communication during the construction phase is therefore vital to avoid unnecessary inconvenience and ensure ongoing support for the project, as well as a successful transition to operation of the Light Rail. The aim is for affected road users, neighbours etc. to experience that the company's communication and dialogue are relevant and accurate, so that they can organise their everyday lives as well as possible while the construction work is still ongoing.

This communication task was still important in 2022, and the company has made a targeted effort to ensure timely information for the many different target groups by using several different channels, such as the company's website, info service emails, social media, and local and national media. The company had particular focus on communicating major milestones and the progress of the project, and providing general information about the adverse consequences of the construction work and the traffic conditions.

In 2022, the company also attended several of the owner municipalities' events and cultural days such as Herlev Festival Week, Gladsaxe Day, Life in Lyngby and Glostrup Culture Night. Here, the company was in dialogue with residents and the general public about the inconveniences caused by the construction work and the Light Rail's operational phase and benefits.

In addition, for the first time the company held a Light Rail open house event, attended by more than 750 residents from the entire Light Rail route. The event was also supported by the project's business partners, and attended by the future service operator of the Light Rail, Metro Service, as well as Aarsleff Rail, responsible for delivering the transport system. The company has also developed several animated films about the traffic information channels, as well as a safety communication campaign targeted at vulnerable road users, which will be visible along the route of the Light Rail in 2023.

The Greater Copenhagen Light Rail works with communication on a targeted basis according to four measurement points that are evaluated annually and used in new initiatives going forward.

The latest survey was conducted in autumn 2022 and showed that the company retains the high level from 2021, which is particularly positive in light of the fact that in 2022, far more residents were affected by the increased construction activities.

## Awareness and neighbour survey in 2022

Target for 2022	Survey 2019	Survey 2020	Survey 2021	Survey 2022
<b>At least 90%</b> of businesses, commercial operators, residents and neighbours are familiar with the Light Rail project.	74%	84%	90%	91%
<b>At least 60%</b> of neighbours and commercial operators in first- and second-ranking proximity to the Light Rail project were satisfied with the information they received about the Light Rail project.	55%	57%	65%	67%
<b>Maximum 15%</b> are not satisfied.	20%	17%	13%	14%
<b>At least 50%</b> of businesses, commercial operators, residents and neighbours 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%	49%



Read more about the surveys in the company's CSR Report for 2022. Here, you can also read more about our work with communication targets in 2023, and our ambition to maintain or improve performance in this area.

### Subscribed to Info service (registered email addresses as of 31/12 2022)

Municipality	Signed up
Ishøj	793
Vallensbæk	881
Brøndby	986
Albertslund	585
Glostrup	1,410
Rødovre	793
Herlev	1,434
Gladsaxe	1,494
Lyngby-Taarbæk	1,908

### Digital media followers (3/12 2022)

	Dinletbane.dk	Facebook	Instagram
Number of followers /visitors in 2021	4,583 per month (+7% from 2021)	7,434 (+9% from 2021)	1,006 (+12% from 2021)

### Overview of the number of enquiries and complaints received by the Greater Copenhagen Light Rail from 2016 to 2022

	2016	2017	2018	2019	2020	2021	2022
Complaints	174	321	422	66	628	637	841
Enquiries	n/a	n/a	n/a	67	320	550	835
<b>Total</b>	<b>174</b>	<b>321</b>	<b>422</b>	<b>68</b>	<b>948</b>	<b>1,187</b>	<b>1,676</b>

- The overview only shows the number of enquiries received by email to [info@dinletbane.dk](mailto: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.



In 2022, the company held its first open house event at the Light Rail's control and maintenance centre, attended by more than 750 participants.



# Experience from other light rail projects

Odense Light Rail opened for passenger services on 28 May 2022, as the second light rail in Denmark. Since the company was founded, the Greater Copenhagen Light Rail has collaborated with Odense Light Rail in such areas as safety approval and mobilisation for operation. This cooperation will continue with dialogue and visits now that Odense Light Rail is in operation.

Both the Odense and Aarhus Light Rail projects chose the Variobahn train from the Austrian manufacturer Stadler. The supplier of the Greater Copenhagen Light Rail trains is the German manufacturer Siemens with the Avenio train type.

The Greater Copenhagen Light Rail therefore also monitors experience from operation of the Siemens Avenio trains in other cities. This includes train services in The Hague in the Netherlands and Munich in Germany, where Siemens Avenio trains are already running, as well as light rail services in the German city of Nuremberg, to be served by Avenio trains from 2023 onwards.





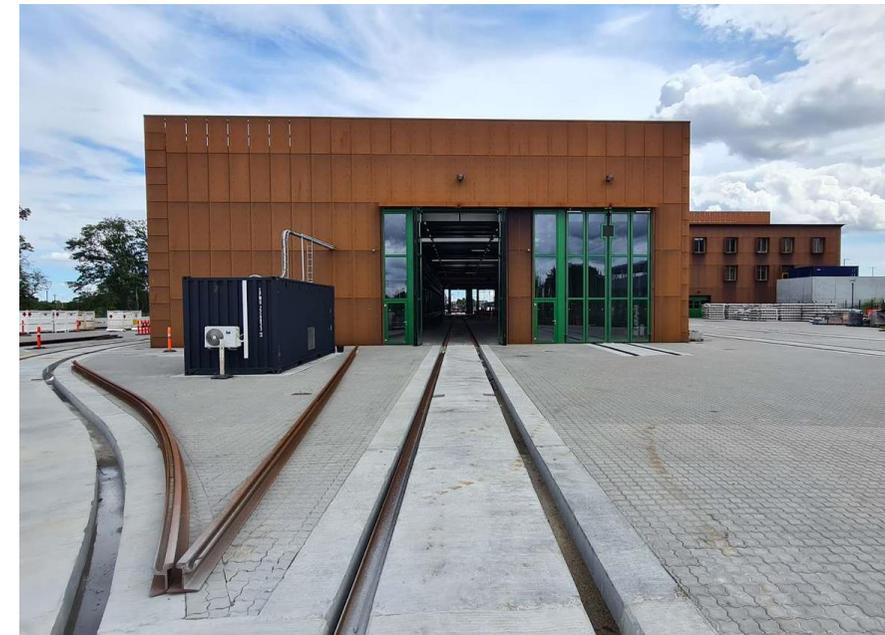
# Risk management

In connection with the construction of the Greater Copenhagen Light Rail, risk management is addressed systematically and continuously, and reported to the Board of Directors on a quarterly basis.

At the end of 2022, the project's risk picture was revised upwards significantly in connection with a comprehensive re-evaluation of the project's risks. The re-evaluation was conducted as part of the phase shift between completion of the CW works and commencement of the TS works, which were initiated in the second half of 2022. This shift means that the project has moved into a phase in which all the major contractors have commenced their physical work operations and rely on being able to produce efficiently in a closely coordinated process with many parallel works and interfaces.

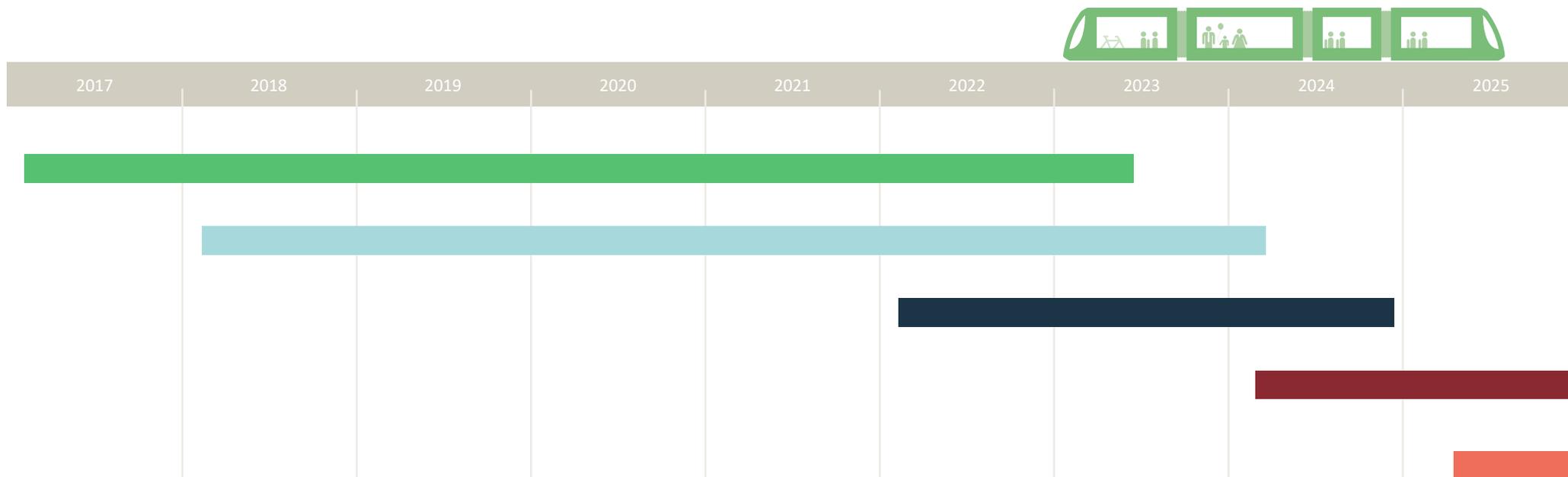
The upward adjustment of the project's risks can be attributed to a wide range of factors.

Among these, particular emphasis can be given to the consequences of the fact that extensive realignment of utility lines had to take place concurrently with the Light Rail project's construction works. Around 50 different utility line owners had to realign their own utility lines, e.g. water, drains, district heating, gas and fibre cables, individually and without contractual obligations and commitments in relation to the Greater Copenhagen Light Rail. Another significant factor is the repercussions of COVID and of the war in Ukraine. This gave rise to particular challenges concerning global supply chains, a lack of qualified manpower and significant price increases.





# Phases of the Light Rail



## ■ Preparatory works

2017-2023

**Activities:**

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

## ■ Construction works

2018-2024 (start)

**Activities:**

- Realignment of road intersections
- Widening of roads
- Construction of roads and track subgrade
- Structures

## ■ Transport system established

2022-2024

**Activities:**

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

## ■ Testing and trial runs

2024-2025

**Activities:**

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

## ■ Expected permit and opening of the Light Rail 2025

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



# Financial performance

## Performance and expectations

### Net profit/loss for the year

The Greater Copenhagen Light Rail will not have 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 large 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 the strategy that was also applied to the Great Belt Fixed Link, the Øresund Fixed Link, the Copenhagen Metro and the Fehmarn Belt Fixed Link.

The result before depreciation, impairment and write-downs for 2022 was in line with expectations.

A loss of DKK 739 million was recorded in 2022, which was affected primarily by impairment concerning the construction of the Light Rail and market value adjustment of loans and interest rate agreements.

Impairment concerning the construction of the Light Rail amounts to an adjustment of DKK 1,954

million. The impairment charge is affected by such factors as interest rate and inflation development in 2022, as well as expectations of increased construction costs due to, among other things, the global shortage of resources, materials and manpower as a consequence of COVID-19 and the war in Ukraine. The market value adjustment can be attributed to the company's financial interest-rate hedging agreements and represents income of DKK 874 million, due to rising interest rates from 2021 to 2022. 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 retaining 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.

Equity (DKKm)



The company's loss of DKK 739 million has been deducted from equity, which was negative at DKK -2.2 billion at the end of 2022. Adjusted for market value adjustments, the company's adjusted equity was negative at DKK -2.5 billion at the end



of 2022. In 2022, the market value adjustment resulted in income of DKK 874 million. The current negative equity is in line with expectations.

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 2022. 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 4.9 billion (in current prices). The debt is expected to be repaid by 2059, which is in line with the previously announced expectations. In 2023, the company has initiated a detailed review of the project's finances and budget basis.

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 finance strategy is determined so as to ensure appropriate financial management that minimises the long-term financial costs, with due consideration of financial risks. Financial management within the strategy adopted by the Board is handled by Sund & Bælt Partner. This is laid down and described in the Greater Copenhagen Light Rail'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 2022, the company had raised loans totalling DKK 2.3 billion in nominal terms. The loans are raised as a relending facility with Danmarks Nationalbank. The company has a bond portfolio of DKK 223 million as collateral for the market value.

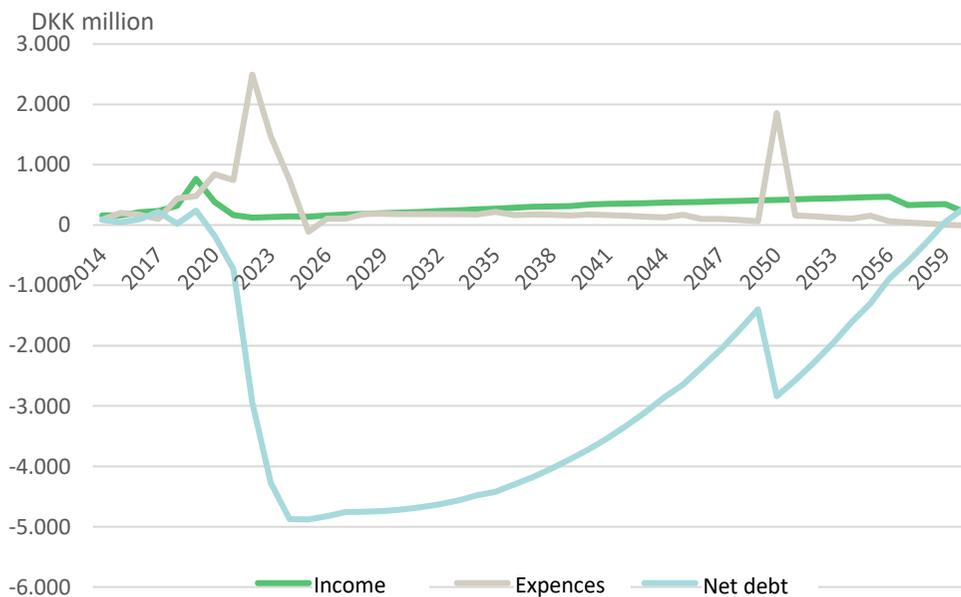
**Investments in the Light Rail**

In 2022, investments in the construction of the Light Rail totalled DKK 1,136 million, of which DKK 1,058 million concerned capital expenditure and DKK 78 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

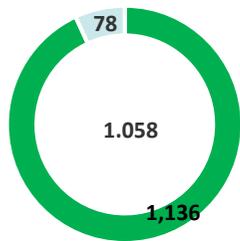
the Light Rail will not be fully recovered via future income such as passenger revenue. This means that the construction of the Light Rail also requires contributions from the owners, among others, and is impaired on an ongoing basis to the expected recoverable amount of the Light Rail, with due consideration being given to the planned capital investments.

**Long-term budget**



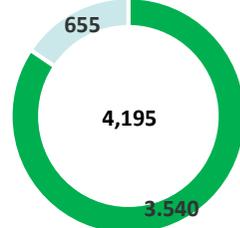


Investments in 2022  
(DKKm)



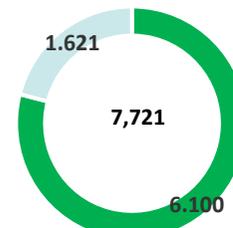
- Capital expenditure
- Operations-related capital investments

Investments at 31 December  
2022  
(DKKm)



- Capital expenditure
- Operations-related capital investments

Total budget (2022 prices)  
(DKKm)



- Capital expenditure
- Operations-related capital investments

The provision is based on an estimate of the value of the Light Rail based on the assumptions applied by the company in the current long-term budget and the expectations of the future interest rate level (discount factor), just as the provision includes expectations of increased construction costs due to such factors as the global shortage of resources, materials and manpower as a consequence of COVID-19 and the war in Ukraine, among other things. The increased construction costs included in the calculation of the provision include an uncertainty factor of 10-15% of the total construction budget.

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 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 20% of the adjustment reserve, by up to DKK 417 million, to be made available to the Board of Directors of the

Greater Copenhagen Light Rail. The release is conditional on the subsequent final approval and co-financing by the Danish State. In May 2022, the Danish State approved the release of DKK 158.5 million and in October 2022, approved the release of the remaining DKK 258.5 million up to



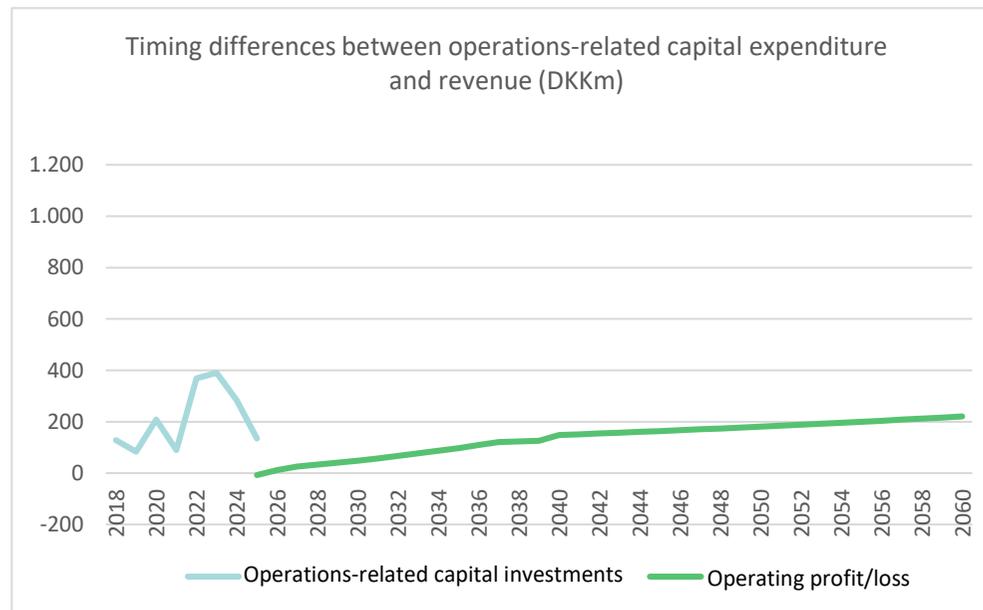


DKK 417 million. The released funds have been allocated to equity.

At the extraordinary partnership meeting on 15 December 2022, the partners agreed to release up to 20% of the adjustment reserve, corresponding to DKK 380 million, which was made available to the Board of Directors of the Greater Copenhagen Light Rail. The release is conditional on the subsequent approval and co-financing by the Danish State.

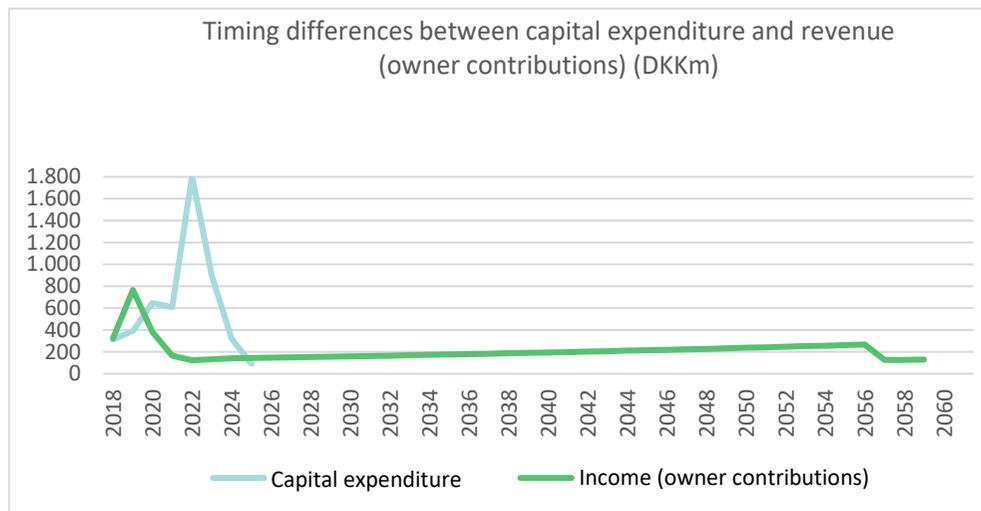
The operations-related capital investments concern investments for the procurement of Light Rail trains, the establishment of the control and maintenance centre, trial operation, strategic spare parts and reinvestments. The operations-related capital investments are financed by the Capital Region and the 11 municipalities involved via their payment, once the Light Rail has been put into operation, of annual operating contributions that, with an expected operating surplus,

constitute a total value of approximately DKK 1.7 billion.





The tables show that both the company’s capital expenditure and the operations-related capital investments are expected to be incurred during the period up to and including 2025, while the related financing from the Danish State and the company’s owners as 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, included as an Appendix to the Management Report, the company expects the loans to be repaid in full by 2059.





## Key figures and ratios 2022

All figures in DKK million	2014	2015	2016	2017	2018	2019	2020	2021	2022
Profit/loss before impairment, write-downs and provisions	-1.8	-2.0	-2.3	-2.5	-3.2	-3.9	-3.5	-4.7	-5.2
Impairment, write-downs and provisions	-90.3	-204.6	-158.3	-99.3	-4,479.4	-115.3	119.8	-328.6	-1,954.1
Profit/loss before financial items	-92.1	-206.6	-160.6	-101.8	-4,482.6	-119.2	116.4	-333.3	-1,959.3
Net profit/loss for the year	-92.1	-140.2	-128.0	-30.4	-4,466.3	-524.9	-166.4	-169.2	-739.4
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	3,648.3
Investments for the year in the Light Rail	90.3	208.0	160.6	101.8	441.9	474.7	855.0	698.0	1,135.7
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	-2,237.0
Adjusted equity	3,332.0	3,193.0	3,065.3	3,034.9	-978.8	-1,087.2	-950.1	-1,309.1	-2,505.1
Solvency ratio	89%	86%	77%	77%	-27%	-36%	-44%	-51%	-61%
Adjusted solvency ratio	89%	86%	77%	77%	-25%	-25%	-24%	-35%	-69%

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 based on Act no. 165 of 26 February 2014. The Greater Copenhagen Light Rail 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 in Ring 3 was amended to also be a Public Construction Act. The Public Construction Act was proposed on the basis of the EIA report and the engineering design for Greater Copenhagen Light Rail. In 2018, the Act was amended as a consequence of the withdrawal of the Danish State.

As of 2019, the Greater Copenhagen Light Rail 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 the Greater Copenhagen Light Rail 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.

Most recently, the Mayors' Forum and the Capital Region of Denmark reappointed their three representatives to the Board of Directors, including the Chairman. All three members were reappointed at the partnership meeting on 29 March 2023.

In 2022, four meetings of the Board of Directors were held, comprising an ordinary and an extraordinary partnership meeting, and three quarterly meetings for Greater Copenhagen Light Rail's partners.

In accordance with Greater Copenhagen Light Rail'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 documents are publicly available at [dinletbane.dk](http://dinletbane.dk)

On the establishment of Greater Copenhagen Light Rail, the 11 municipalities entered into an ownership agreement concerning 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 2022, the Mayors' Forum held five meetings.

The Greater Copenhagen Light Rail shares its organisation with the Copenhagen Metro, and the Copenhagen Metro makes the necessary staff and other resources available to carry out the activities of the Greater Copenhagen Light Rail 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.

The Greater Copenhagen Light Rail pays the Copenhagen Metro 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

The Greater Copenhagen Light Rail presented a corporate governance compliance test as well as a CSR report together with the financial statements for 2022.

## Corporate governance

The Greater Copenhagen Light Rail has reviewed the documents which constitute the Greater Copenhagen Light Rail'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 (in Danish) on the company's website, [dinletbane.dk](http://dinletbane.dk).

## Corporate social responsibility

Greater Copenhagen Light Rail has prepared the company's 2022 CSR Report, which presents Greater Copenhagen Light Rail's CSR work and future ambitions for the company's development in this area. In mid-2016, the Greater Copenhagen Light Rail adopted the UN Global Compact, and details of its CSR reporting in accordance with sections 99a and 99b of the Danish Financial Statements Act can be found in the Greater Copenhagen Light Rail's CSR report. In the Greater Copenhagen Light Rail's CSR report, you can read more about the company's CSR work in 2022, and which CSR topics the company intends to focus on in 2023. The Greater Copenhagen Light Rail's CSR report is available at [www.dinletbane.dk/omos/selskabsdokumenter](http://www.dinletbane.dk/omos/selskabsdokumenter).

## Employees

The Greater Copenhagen Light Rail was founded as an independent company. In accordance with the Act on the Greater Copenhagen Light Rail, the company has only one employee, namely the CEO, who is the person serving as CEO of the Copenhagen Metro at any given time.

Approximately 30% of the Copenhagen Metro'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, the Copenhagen Metro and the Greater Copenhagen Light Rail 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 Copenhagen Metro's Executive Management Group is 60% women and 40% men. The gender distribution of the Board of Directors of the Greater Copenhagen Light Rail is 78% men and 22% women. The Board of Directors is appointed by the owners of the company, see above. The Greater Copenhagen Light Rail 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, the Greater Copenhagen Light Rail is subject to

the Copenhagen Metro's work on increased digitalisation and use of data-driven decisions, which gives rise to data usage considerations, see the data ethics policy requirement in the Danish Financial Statements Act. The Copenhagen Metro has not prepared a data ethics policy as the company does not assess this to be relevant at the present time.

The Copenhagen Metro continuously assesses any possible need for a data ethics policy.

The data used by the Greater Copenhagen Light Rail is primarily project data, particularly financial and engineering design data. It does not address relationships between technologies and people. It is therefore assessed that there is a limited need for ethical assessments.





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# Board of Directors of Hovedstadens Letbane



Jakob Thomasen

**Chairman of the Board of Directors**

Joined on 12 March 2019

Reappointed at the ordinary partnership meeting on 29 March 2023. The current term expires at the ordinary partnership meeting in 2027 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 2022: 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, Orrön Energy, Sweden
- Board member, Arcadia eFuels
- Chairman, Hempel CoaST Research Center Advisory Board, DTU



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 2022: 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.



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

Consultant & Adviser, Willmore  
Regional Council member, Capital Region

Born: 1969

Remuneration in 2022: DKK 200,000

Other offices held:

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



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

Regional Council member, Capital Region

Born: 1985

Remuneration in 2022: DKK 100,000

Other offices held:

- Member of the Business Committee, Capital Region
- Chairman of the Social and Psychiatry Committee, Capital Region
- Member of the Board of Directors of Danish Regions
- Member of the European Committee



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

Regional Council member, Capital Region

Born: 1970

Remuneration in 2022: DKK 100,000

Other offices held:

- Member of the Business Committee, Capital Region
- Member of the Board of Directors of Danish Regions
- Member of the Board of Directors of KommuneKredit



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

Mayor, Vallensbæk Municipality

Born: 1971

Remuneration in 2022: DKK 100,000

Other offices held:

- Chairman of Copenhagen Business Hub – Erhvervshus Hovedstaden
- Chairman of the Board, 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

Reappointed at the ordinary partnership meeting on 29 March 2023 The current term expires at the ordinary partnership meeting in 2027 at the latest



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



Birgitte Brinch Madsen

**Board member**

Joined on 10 November 2016

Resigned on 31 December 2018

Reappointed on 12 March 2019 and again at the ordinary partnership meeting on 29 March 2023 The current term expires at the ordinary partnership meeting in 2027 at the latest



Appointed by the Mayors' Forum and the Capital Region	Appointed by the Mayors' Forum	Appointed by the Mayors' Forum and the Capital Region since 2019, and by the Danish State from 2016-2018
	Member of the Municipal Council, Lyngby-Taarbæk Municipality	Director
Born: 1946	Born: 1966	Born: 1963
Remuneration in 2022: DKK 100,000	Remuneration in 2022: DKK 100,000	Remuneration in 2022: DKK 100,000
<u>Other offices held:</u>	<u>Other offices held:</u>	<u>Other offices held:</u>
<ul style="list-style-type: none"><li>- Board member, Danish National Centre for Grief   Children, Young Adults and Grief</li><li>- Chairman, Ejendomsfonden Block/44Møen</li></ul>	<ul style="list-style-type: none"><li>- Chairman, Schools Committee, Lyngby-Taarbæk Municipality</li><li>- Member of the Finance Committee, Lyngby-Taarbæk Municipality</li><li>- Member of the Technical and Environmental Committee, Lyngby-Taarbæk Municipality</li></ul>	<ul style="list-style-type: none"><li>- Chairman of the Board, Oreco A/S</li><li>- Chairman of the Board, RUM A/S</li><li>- Chairman of the Board, DELPRO A/S</li><li>- Board member, Metroselskabet I/S</li><li>- Board member, Investeringsforeningen Danske Invest and related funds</li><li>- Board member, Milton Huse A/S</li><li>- Vice Chairman of the Board, DEIF A/S</li><li>- Board member, Arkil Holding</li><li>- Board member, John Wood plc.</li><li>- Board member, Holte Fjernvarme a.m.b.a.</li></ul>



## Overview of Board meeting attendance in 2022

Board meetings, four in total (8 March, 2 June, 1 September and 1 December)

Jakob Thomasen	4/4
Trine Græse	4/4
Nicolai Kampmann	4/4
Peter Westermann	4/4
Martin Geertsen	3/4
Henrik Rasmussen	4/4
Simon Pihl Sørensen	4/4
Leo Larsen	4/4
Birgitte Brinch Sørensen	4/4





# Executive Management of Hovedstadens Letbane

Carsten Riis  
**CEO**  
Hovedstadens Letbane I/S and Metroselskabet  
I/S  
Joined on 1 August 2022

Other offices held:  
None

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

Erik Skotting  
**Director**

Rebekka Nymark  
**Director**  
Acting CEO from 1 May 2022 to 31 July 2022

Louise Høst  
**Director**

Hanne Tærsebøl Schmidt  
**Director**

Executive Management resigned in 2022

Henrik Plougmann Olsen  
**CEO**  
Resigned on 30 April 2022

Other offices held:

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

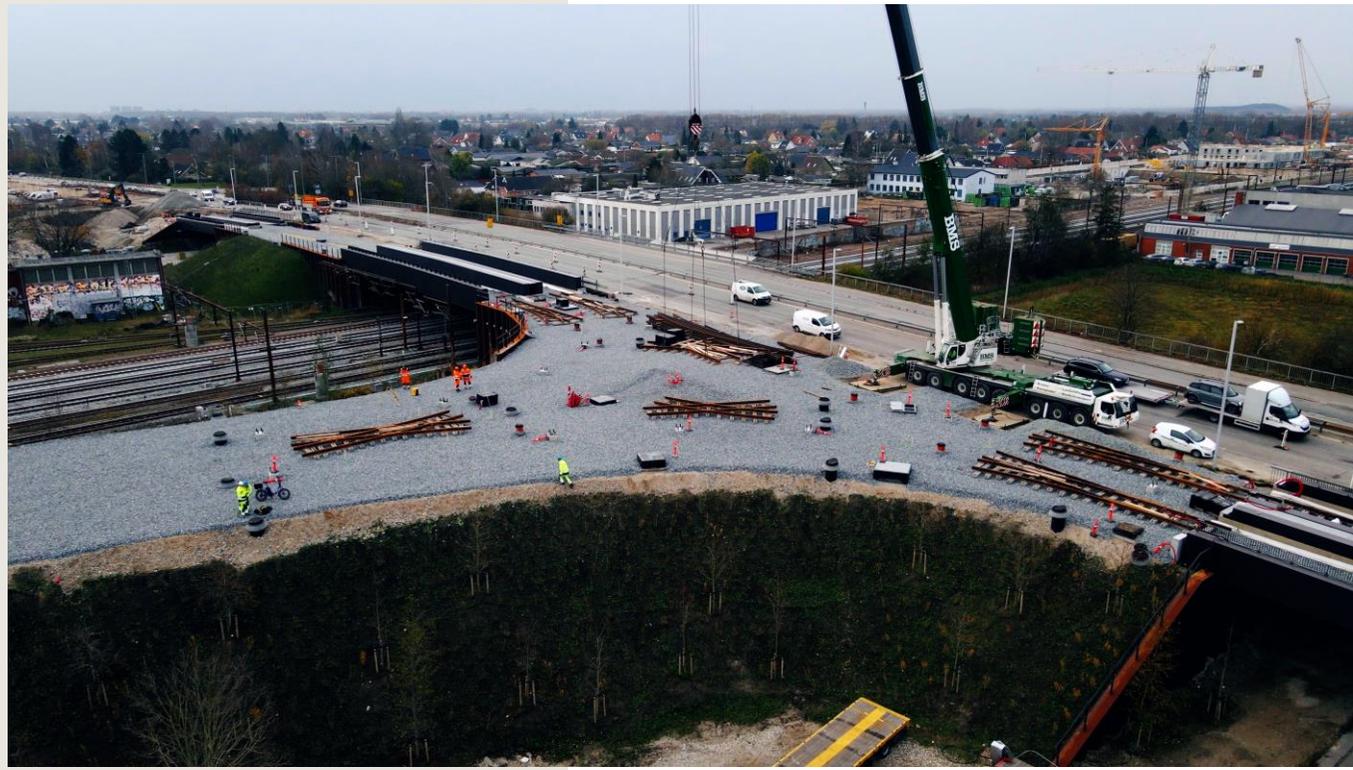






# 4

## 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 2022. 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, predictable losses and risks arising prior to the presentation of the Annual Report, and which confirm or invalidate conditions existing on the balance sheet date, are taken into account.

The Profit and Loss Account includes income as it is earned, while costs are recorded as 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 recorded under other accounts receivable 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

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

### Other external costs

Other external costs include administration costs, 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 as the costs incurred for preliminary studies, as well as the value of own work, until the date that the asset is ready for use. The Light Rail is not subject to

depreciation during its construction, but annual write-downs are made in relation to the recoverable value, cf. the section on the 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.

The write-down is in principle recorded in the Profit and Loss Account. In instances where the write-down can be attributed to a provision already recorded, and is thereby already recorded in the Profit and Loss Account, the write-down is set off against the provisions made, as an expression of the use thereof.

### Current assets

#### Receivables

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

### Liquid resources

Liquid resources include cash and deposits, short-term bank deposits and securities with a remaining life at the time of acquisition of less than three months and which can readily be converted into cash equivalents, and for which there is only a slight risk of changes in value. Securities and investments are measured at fair value on the balance sheet date.

## Equity and 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.

Debt that is 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 recorded in the Profit and Loss Account 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.



# Income statement

Income statement for the period 1 January - 31 December 2022 (all figures in DKK '000)

## Provisions

Provisions are recorded when the partnership has a legal or actual liability as a result of an event during the financial year or previous years, and it is probable that discharge of the liability will entail a withdrawal from the partnership's resources.

Provisions are measured as the best estimate of the costs necessary to settle the liabilities on 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 relating to financing activities include changes in accounts receivable, trade creditors and other debts, as well as net financing expenses.

Available funds include liquid resources and short-term securities.





	<i>Note</i>	<b>2022</b>	<b>2021</b>
Income			
Value of own work		59.737	53.357
<b>Total income</b>		<b>59.337</b>	<b>53.357</b>
Costs			
Staff costs	1	-1.300	-1.300
Other external costs		-63.636	-56.785
<b>Total costs</b>		<b>-64.936</b>	<b>-58.085</b>
<b>Profit/loss before impairment, write-downs and provisions</b>		<b>-5.199</b>	<b>-4.727</b>
Impairment, write-downs and provisions			
Provisions	2	-1.954.138	-328.582
<b>Total impairment, write-downs and provisions</b>		<b>-1.954.138</b>	<b>-328.582</b>
<b>Profit/loss before financial items</b>		<b>-1.959.337</b>	<b>-333.309</b>
Financial items			
Financial income	3	420.289	3.317
Financial expenses	3	-73.924	-29.070
<b>Total financial items</b>		<b>346.366</b>	<b>-25.753</b>
<b>Profit/loss before market value adjustment</b>		<b>-1.612.971</b>	<b>-359.062</b>
Market value adjustment	3	873.558	189.885
<b>Net profit/loss for the year</b>		<b>-739.414</b>	<b>-169.177</b>



# Balance

Assets at 31 December 2022 (all figures in DKK '000)

	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Construction of the Light Rail	4	0	0
<b>Total property, plant and equipment</b>		<b>0</b>	<b>0</b>
<b>Investments</b>			
Derivative financial instruments	14	370.973	172.904
<b>Total investments</b>		<b>370.973</b>	<b>172.904</b>
<b>Total non-current assets</b>		<b>370.973</b>	<b>172.904</b>
<b>CURRENT ASSETS</b>			
Receivables, Capital Region	5	1.159.910	1.015.843
Receivables, municipalities	5	1.547.273	1.306.227
Other receivables	5	72.169	54.646
Securities	6	223.348	859.776
Cash	6	274.624	337.529
<b>Total current assets</b>		<b>3.277.324</b>	<b>3.574.021</b>
<b>TOTAL ASSETS</b>		<b>3.648.295</b>	<b>3.746.925</b>



Passiver pr. 31. december 2022 (alle tal i 1.000 kr.)

	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>EQUITY</b>			
Beginning of the year		-1.914.616	-1.745.438
Additions for the year		-322.414	-169.177
<b>Total equity</b>		<b>-2.237.030</b>	<b>-1.914.616</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	7	2.448.185	2.816.513
Provisions	2	3.171.423	2.347.818
<b>Total non-current liabilities</b>		<b>5.619.609</b>	<b>5.164.330</b>
<b>CURRENT LIABILITIES</b>			
Short-term element of long-term debt	7	203.655	352.859
Trade payables		47.741	137.658
Other debt	8	14.319	6.693
<b>Total current liabilities</b>		<b>265.715</b>	<b>497.210</b>
<b>Total liabilities</b>		<b>5.885.324</b>	<b>5.661.540</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3.648.295</b>	<b>3.746.925</b>
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# Statement of changes in equity

(all figures in DKK '000)

	Contribution	Unpaid owner contributions	Retained earnings before MVR	Equity excl. MVA	Market value adjustment	Total
<b>Beginning of 2021</b>	<b>1,440,539</b>	<b>2,388,526</b>	<b>-4,779,144</b>	<b>-950,078</b>	<b>-795,361</b>	<b>-1,745,438</b>
Capital contribution	165,604	-165,604	0	0	0	0
Retained earnings	0	0	-359,062	-359,062	189,885	-169,177
<b>Beginning of 2022</b>	<b>1,606,143</b>	<b>2,222,922</b>	<b>-5,138,206</b>	<b>-1,309,140</b>	<b>-605,476</b>	<b>-1,914,616</b>
Capital contribution	199,013	217,987	0	417,000	0	417,000
Retained earnings	0	0	-1,612,971	-1,612,971	873,558	-739,414
<b>End of year</b>	<b>1,805,156</b>	<b>2,440,909</b>	<b>-6,751,178</b>	<b>-2,505,112</b>	<b>268,082</b>	<b>-2,237,030</b>

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
<b>Total contributions</b>	<b>100%</b>	<b>2,297,813</b>
State grant		1,531,252
<b>Total contributions and grants</b>		<b>3,829,065</b>

	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
Adjustment reserve under State auspices	-276,174	0	0	-276,174
Released adjustment reserve (2018)	150,776	98,276	128,229	377,281
Released adjustment reserve (2022)	166,800	108,420	141,780	417,000
<b>Total contributions</b>	<b>1,698,052</b>	<b>1,104,263</b>	<b>1,443,750</b>	<b>4,246,065</b>



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 Folketing (the Danish Parliament) adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail in 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%, equivalent 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 Udviklingsselskabet By & Havn I/S, and Act no. 657 of 8 June 2016 concerning transport 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.

At the partnership meeting on 28 April 2021, the partners agreed to release up to 20% of the adjustment reserve, with up to DKK 417 million, which was made available to the Board of Directors of the Greater Copenhagen Light Rail. The release was conditional on the subsequent approval and co-financing by the Danish State. In May 2022, the Danish State approved the release of DKK 158.5 million from the adjustment reserve, and in October 2022, approved the release of the remaining DKK 258.5 million up to DKK 417 million. The released funds have been allocated to equity.

At the extraordinary partnership meeting on 15 December 2022, the partners agreed to release up to 20% of the adjustment reserve, corresponding to DKK 380 million, which was made available to the Board of Directors of the Greater Copenhagen Light Rail. The release is conditional on the subsequent approval and co-financing by the Danish State.

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.

The Greater Copenhagen Light Rail 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 the Greater Copenhagen Light Rail can still service its debt as planned.





# Cash flow statement

(all figures in DKK '000)

	<i>Note</i>	<b>2022</b>	<b>2021</b>
Cash flows from operating activities			
Staff costs		-1.300	-1.300
Other external costs		-63.636	-56.785
<b>Total cash flows from operating activities</b>		<b>-64.936</b>	<b>-58.085</b>
Cash flows from investing activities			
Investments in the construction of the Light Rail		-1.070.796	-640.557
Investments in securities (excluding market value adjustment)		632.102	111.911
<b>Total cash flows from investing activities</b>		<b>-438.694</b>	<b>-528.645</b>
Cash flows from financing activities			
Borrowing, net (excluding market value adjustment)		400.000	600.000
Non-current liabilities		3.807	-1.269
Contributions from owners		166.800	0
Receivables		-402.635	135.267
Short-term debt		-82.291	16.127
Net financing costs		355.044	-6.935
<b>Total cash flows from financing activities</b>		<b>440.724</b>	<b>743.190</b>
Change in cash and cash equivalents		-62.906	156.460
Cash and cash equivalents, beginning of year		337.529	181.070
<b>Cash and cash equivalents, end of year</b>		<b>274.624</b>	<b>337.529</b>

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 the Greater Copenhagen Light Rail. The Executive Management does not receive remuneration from the Greater Copenhagen Light Rail.

During the year, the company did not have any employees other than the Executive Management. Metroselskabet makes the necessary staff and other resources available to carry out the activities of the Greater Copenhagen Light Rail, including for the performance of administrative, engineering design, procurement and contractual tasks concerning the Light Rail along Ring 3, and for handling the Greater Copenhagen Light Rail's debt and asset management.

An administrative fee is paid for this service.

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

## Note 2 Impairment, write-downs and provisions

(all figures in DKK '000)

	2022	2021
Impairment of capital expenditure	1.053.774	605.134
Write-down of operations-related capital investments	76.758	88.780
Additions for the year, construction project A and construction project D	-3.084.671	-1.022.496
<b>Total impairment, write-downs and provisions</b>	<b>-1.954.138</b>	<b>-328.582</b>
Beginning of the year	2.347.818	2.713.150
Adjustment for the year	1.954.138	328.582
Provision used during the year, construction project A and construction project D	-1.130.533	-693.914
<b>Total provision at year-end (recoverable amount)</b>	<b>3.171.423</b>	<b>2.347.818</b>

The carrying value of the Light Rail along Ring 3 is reviewed annually 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 outlook; see the appendix to the management commentary. The recoverable amount is calculated using the discounted cash flow method. On calculating the recoverable value, estimated future cash flows are discounted to present value.

The assumed interest rate level (the discount factor) constitutes the principal uncertainty concerning 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. In the same way, the result would have been lower if a higher expected development in interest rates had been applied. The sensitivity calculations for the expected development in interest rates are presented in Note 4.



The calculation also includes expectations of increased capital expenditure due to the global shortage of resources, materials and manpower as a consequence of Covid-19 and the war in Ukraine. The increased capital expenditure included in the calculation of the provision include an uncertainty factor of 10-15 per cent of the total construction budget.

**Note 3** Financial items

(all figures in DKK '000)

	<u>2022</u>	<u>2021</u>
Financial income	420.289	3.317
Financial expenses	-73.924	-29.070
Total financial items	<b>346.366</b>	<b>-25.753</b>
Total market value adjustment	<b>873.558</b>	<b>189.885</b>

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 4 million, which means that a decrease in the interest rate level of 1 per cent would increase the market value adjustment and thereby reduce the profit or loss by DKK 400 million. Similarly, an increase in the interest rate level of 1 per cent would improve the profit or loss by DKK 600 million.

The change in the market value adjustment from 2021 to 2022 is due to the increase in the interest rate level during the period.

**Note 4** Construction of the Light Rail



(all figures in DKK '000)	Capital expendi- ture	Operations-related capital investments	Total
<b>ACQUISITION PRICE</b>			
Beginning of the year	2.460.781	572.958	3.033.738
Additions for the year	1.053.774	76.758	1.130.533
End of year	<b>3.514.555</b>	<b>649.716</b>	<b>4.164.271</b>
<b>DEPRECIATION, IMPAIRMENT AND WRITE-DOWNS</b>			
Beginning of the year	-2.460.781	-572.958	-3.033.738
Additions for the year	-1.053.774	-76.758	-1.130.533
End of year	<b>-3.514.555</b>	<b>-649.716</b>	<b>-4.164.271</b>
Carrying amount, beginning of year	<b>0</b>	<b>0</b>	<b>0</b>
Carrying amount, end of year	<b>0</b>	<b>0</b>	<b>0</b>

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 profit/loss for the year, which comprises the costs that cannot be capitalised during the construction phase (company-related costs).

The value of the non-current asset has been written down to DKK 0. This is a consequence of the continuous write-down of the Light Rail to its expected recoverable amount, taking due account of the planned capital expenditure.

The recoverable amount is calculated on the basis of the outlook described in the company's long-term budget. An average interest rate of 4.1 per cent is applied for the first 20 years, rising to 4.7 per cent in the longer term. The interest rate used in the calculation exceeds the current interest rate level in the market, as it includes a risk premium. The use of a lower current market rate would increase the calculated recoverable amount and thereby improve the net profit or loss for the year. To illustrate this, the use of a 1 per cent 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 250 million. Conversely, the use of a 1 per cent higher interest rate during this period would have reduced the net profit or loss for the year by DKK 200 million.



## Note 5 Receivables, current assets

(all figures in DKK '000)	Region		Total
	Capital Region	Municipalities	
Beginning of year	115,843	1,306,227	2,322,069
Addition for the year (added interest)	51,152	58,782	109,934
Addition for the year (purchase agreements)	22,592	108,315	130,907
Disposal for the year (repayment)	-59,889	-92,294	-152,183
Adjustment in previous years	130,212	166,243	296,455
<b>End of year</b>	<b>1,159,910</b>	<b>1,547,273</b>	<b>2,707,182</b>
<b>Specification of receivables:</b>		<b>2022</b>	<b>2021</b>
Capital Region		1,159,910	1,015,843
Municipalities		1,547,273	1,306,227
<b>Total receivables</b>		<b>2,707,182</b>	<b>2,322,069</b>

At the time of the establishment of the partnership, the Greater Copenhagen Light Rail 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 Finance Act'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.

Adjustment relating to previous years is adjustment of interest income. The adjustment has no liquidity effect and does not affect the payment agreements with the owners.

## Note 6 Securities and cash

(all figures in DKK '000)	2022	2021
Securities over 3 months	223,348	859,776
<b>Total securities</b>	<b>223,348</b>	<b>859,776</b>
Cash	274,624	337,529
<b>Total cash</b>	<b>274,624</b>	<b>337,529</b>

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

At 31 December 2022, DKK 631 million was pledged as collateral.



Of the receivable at 31 December 2022, DKK 2,565 million falls due for payment after 31 December 2023.

Receivables also include VAT receivable of DKK 21 million and accrued interest of DKK 41 million.



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

(all figures in DKK '000)	Loans (long-term)	Derivative financial instruments (nega- tive value)	Contributed adjust- ment reserve	Total
<b>Acquisition price</b>				
Beginning of year	1,900,000	0	460,200	2,360,200
Addition for the year (borrowing/added interest)	750,000	0	3,807	753,807
Disposal for the year	-350,000	0	-250,200	-600,200
<b>End of year</b>	<b>2,300,000</b>	<b>0</b>	<b>213,807</b>	<b>2,513,807</b>
<b>Value adjustments</b>				
Beginning of year	179,691	629,480	0	809,170
Value adjustment for the year	-377,902	-293,236	0	-671,137
<b>End of year</b>	<b>-198,211</b>	<b>336,244</b>	<b>0</b>	<b>138,033</b>
<b>Carrying amount, beginning of year</b>	<b>2,079,691</b>	<b>629,480</b>	<b>460,200</b>	<b>3,169,371</b>
<b>Carrying amount, end of year</b>	<b>2,101,789</b>	<b>336,244</b>	<b>213,807</b>	<b>2,651,840</b>
<b>Specification of contributed adjustment reserves</b>			<b>2022</b>	<b>2021</b>
Capital Region			92,903	199,672
Municipalities			120,904	260,528
<b>Total contributed adjustment reserves</b>			<b>213,807</b>	<b>460,200</b>

In 2022, the company took out loans for a nominal value of DKK 400 million. The value of the company's financial instruments is recognised in the total value of the liability at 31 December 2022. 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 the Greater Copenhagen Light Rail.

Of the company's non-current liabilities, DKK 1,450 million (nominal value) falls due after five years.

On 31 May 2016, the Folketing adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail in 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 reserves to 30%, equivalent 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 approved the release of the adjustment reserve of DKK 417 million, subject to the Danish State's subsequent approval and co-financing. In 2022, the Danish State approved the release of DKK 417 million, which has been allocated to the company's equity. The Danish State's share amounts to DKK 166.8 million, and the Capital Region of Denmark and the 11 municipalities' share amounts to DKK 250.2 million.

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)

	2022	2021
Payable A-tax, etc.	159	149
Interest accruals	14,160	6,544
<b>Total other debt</b>	<b>14,319</b>	<b>6,693</b>

#### Note 9 Proposed distribution of profit

(all figures in DKK '000)

	2022	2021
Carried forward to next year	-739,414	-169,177

#### Note 10 Events occurring after the balance sheet date

After the end of the financial year, no events of significance to the Annual Report for 2022 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 2,819 million.

Concerning the operation of the Light Rail in Ring 3, a contract has been concluded for a total value of DKK 2,674 million during a 15-year period as from the commencement of the Light Rail's operation.

##### Contingent liabilities

In the contractual relationship between the Greater Copenhagen Light Rail 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 2022, the company's construction contractors had put forward claims totalling approximately EUR 122 million (approximately DKK 907 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. Any payments are deemed to be deductible from the amounts set aside in the accounts.



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** Auditors' fees and advisory fees

(all figures in DKK '000)	2022	2021
Deloitte	239	235
<b>Total statutory audit</b>	<b>239</b>	<b>235</b>
Deloitte	12	10
<b>Total other engagements</b>	<b>12</b>	<b>10</b>
Deloitte, other advisory services	0	0
<b>Total advisory fees</b>	<b>0</b>	<b>0</b>

**Note 13** Related parties

The Greater Copenhagen Light Rail's related parties comprise the company's owners, Board of Directors and Executive Management, and Metroselskabet.

Transactions with related parties take place on market terms.

In 2022, the Greater Copenhagen Light Rail paid administrative fees to Metroselskabet concerning Metroselskabet's administration and management of the client organisation for the Greater Copenhagen Light Rail, 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 the Greater Copenhagen Light Rail.

**Note 14** Currency, interest rate and counterparty risk

Financial risks

The Greater Copenhagen Light Rail is exposed to a number of financial risks. The Greater Copenhagen Light Rail'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 the Greater Copenhagen Light Rail.



### 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 overall determined by the general development in the interest rate 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 rate level of 1 per cent 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, the Greater Copenhagen Light Rail is indirectly subject to the same credit rating as the State, which is AAA.

### Net financial liabilities

(all figures in DKK '000)

	Nominal value	Carrying amount 2022	Carrying amount 2021
Securities and fixed-term deposits	223.095	223.348	859.776
Accrued interest, securities and fixed-term deposits	0	0	0
<b>Total securities and fixed-term deposits</b>	<b>223.095</b>	<b>223.348</b>	<b>859.776</b>
Loans	-2.300.000	-2.101.789	-2.079.691
Accrued interest, loans	0	-1.899	-2.012
<b>Total</b>	<b>-2.300.000</b>	<b>-2.103.688</b>	<b>-2.081.703</b>
Financial instruments, assets	-	370.973	172.904
Financial instruments, liabilities	-	-336.244	-629.480
Accrued interest, financial instruments	-	28.412	28.829
<b>Total financial instruments</b>	<b>-</b>	<b>63.140</b>	<b>-427.747</b>
<b>Total net liabilities</b>	<b>-2.076.905</b>	<b>-1.817.201</b>	<b>-1.649.674</b>

Total net liabilities

Accrued interest is recognised in the balance sheet under assets, receivables, at DKK 41 million, and equity and liabilities, other debt, at DKK 14 million, respectively.



## Currency risk

Currency distribution at 31 December 2022, carrying amount

(all figures in DKK million)

	Securities and fixed- term deposits	Loans	Financial instru- ments	Net position
DKK < 1 year	0	-204	0	-204
DKK > 1 year	0	-1.900	63	-1.837
EUR < 1 year	223	0	0	223
EUR > 1 year	0	0	0	0
<b>Total</b>	<b>223</b>	<b>-2.104</b>	<b>63</b>	<b>-1.817</b>



Interest rate risk

Interest rate fixing at 31 December 2022, carrying amount

(all figures in DKK million)

	DKK	EUR	Total
0-1 year	-204	223	19
2-5 years	-651	0	-651
6-10 years	-1.213	0	-1.213
11-20 years	-137	0	-137
> 20 years	165	0	165
<b>I alt</b>	<b>-2.040</b>	<b>223</b>	<b>-1.817</b>

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 2022

Total counterparty exposure (carrying amount, DKK million)

	Securities and fixed- term deposits	Loans	Financial instru- ments	Net position
AAA	223	-2.104	0	-1.881
AA	0	0	-160	-160
A	0	0	223	223
A	0	0	0	0
<b>Total</b>	<b>223</b>	<b>-2.104</b>	<b>63</b>	<b>-1.817</b>

The counterparties to the agreements are subject to collateral agreements. At 31 December 2022, the Greater Copenhagen Light Rail's net collateral amounted to DKK 24 million.



## Note 15 Specification of loans and derivative financial instruments

The construction of the Greater Copenhagen Light Rail's infrastructure 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. Since 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 the Greater Copenhagen Light Rail's financing 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 thereby 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. Since 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 the fair value of interest rate hedging 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 the Greater Copenhagen Light Rail'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 31.12.2022
Term < 1 year			
Loans	-200	0	-204
Interest rate swap (fixed to variable)	0	0	0
<b>Net exposure</b>	<b>-200</b>	<b>0</b>	<b>-204</b>
Term 2-5 years			
Loans	-650	0	-635
Interest rate swap (fixed to variable)	300	-300	-16
<b>Net exposure</b>	<b>-350</b>	<b>-300</b>	<b>-651</b>
Term 6-10 years			
Loans	-1.250	0	-1.014
Interest rate swap (fixed to variable)	1000	-1.000	-199
<b>Net exposure</b>	<b>-250</b>	<b>-1.000</b>	<b>-1.213</b>
Term 11-20 years			
Loans	-200	0	-251
Interest rate swap (fixed to variable)	200	-200	55
<b>Net exposure</b>	<b>0</b>	<b>-200</b>	<b>-196</b>
<b>Loans</b>			<b>-2.104</b>



Interest rate swap (fixed to variable)	-160
<b>Total</b>	<b>-2.264</b>

For loans with a principal of DKK 800 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 the Greater Copenhagen Light Rail's total agreements regarding interest rate hedging, see item 2 above.

	CIBOR 6M	CPI + Fast	Fast	Regnskabsmæssig værdi 31.12.2022
Term 11-20 years				
Interest rate swap (variable to fixed)	0	-1.000	1.000	143
Interest rate swap (fixed to real)	-483	483	0	-84
<b>Net exposure</b>	<b>-483</b>	<b>-517</b>	<b>1.000</b>	<b>59</b>
Term 21-30 years				
Interest rate swap (variable to fixed)	0	-1.200	1.200	164
<b>Net exposure</b>	<b>0</b>	<b>-1.200</b>	<b>1.200</b>	<b>164</b>
Interest rate swap (real to fixed)				0
Interest rate swap (variable to fixed)				307
Interest rate swap (fixed to real)				-84
<b>Total</b>				<b>223</b>

\* CPI = Consumer price index

Financial agreements (fair value hedging)	-160
Financial agreements (future cash flows)	223
<b>Total financial agreements</b>	<b>63</b>

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 rates.



# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report 2022 for Hovedstadens Letbane I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act

Copenhagen, 9 March 2023

Executive Management

Carsten Riis

Board of Directors

Jakob Thomasen  
Chairman of the Board of Directors

Martin Geertsen  
Board member

Simon Pihl Sørensen  
Board member

(reporting class D) and the provisions of the Articles of Association concerning the presentation of financial statements. It is our opinion that the accounting policies applied are appropriate, and that the annual financial statements give a true and fair view of the company's assets, liabilities, financial position, profit and cash flows. It is also

Trine Græse  
Vice Chairman

Peter Westermann  
Board member

Henrik Rasmussen  
Board member

our opinion that the Management's Report provides a true and fair account of the circumstances covered by the report.

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

Nicolai Kampmann  
Vice Chairman

Leo Larsen  
Board member

Birgitte Brinch Madsen  
Board member



# Independent Auditor's Report

To the partners of Hovedstadens Letbane I/S

## Auditor's 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 2022, 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 financial position on 31 December 2022 and of the results of its operations and its cash flows for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### 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, as the audit is performed based on the provisions of the Danish Act on a Light Rail on 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 based on 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, as the audit is performed based on the provisions of the Danish Act on a Light Rail on 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 granted, laws and other regulations, and with agreements entered into 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 financial prudence, 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 granted, laws and other

regulations, and with agreements entered into 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 material critical comments to report in this connection.



# 5

## Appendix to the management commentary





# Long-term budget

The following long-term budget for 2023 was adopted by the Board of Directors in December 2022.

## 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 in Ring 3 is determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail in Ring 3. The total expenditure is DKK 6.5 billion in 2023 prices (DKK 5.3 billion in 2013 prices). The capital expenditure is adjusted upwards to 2023 prices on the basis of contract indexes.
2. The annual payments to finance the capital expenditure are adjusted to 2023 prices on the basis of the Finance Act's assumption index for capital investments and the consequences of the extraordinary development in inflation in 2022. The difference between the index-linking of capital expenditure and the payments made for the financing thereof 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 2023 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 in Ring 3 have been determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail in Ring 3. This budget estimate is DKK 1.7 billion in 2023 prices (DKK 1.4 billion in 2013 prices). The budget estimate is adjusted upwards to 2023 prices on the basis of contract indexes.

### Operating profit/loss

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 high 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 actual development in fares in the 2009-2020 period (the investigation). The tariff 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 2023 prices on the basis of a general price projection of 2% p.a. and the consequences of the extraordinary development in inflation in 2022.



7. On the Light Rail's transition to passenger operation, an annual payment to cover operations-related capital investments after deduction of passenger revenue is incorporated. 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 annual payments are adjusted to 2023 prices on the basis of the Finance Act's assumption index for capital investments and the consequences of the extraordinary development in inflation in 2022.
8. Operating costs are determined on the basis of the operating contracts concluded.

Other conditions

9. Contributions 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 2023 prices, based on the Danish Finance Act'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 the interest on the company's loans raised and liquid resources.
13. It is assumed that as from 2023 all prices will increase by 2% p.a.

Årstal	Tilgodeha-	Anden	Indskud til finansiering af anlægsinvesterin-			Korrek-	Anlægs-	Indeks-	Driftsinv.	Driftsre-	Likviditet	Rente	Bevægelse	Netto-	Netto-
<b>Long-term budget for 2023 for the Greater Copenhagen Light Rail – December 2022 (DKK million) current prices</b>															
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 re-serve	Capital exp.	Index dif-ference	Operating inv.	Operating profit/loss	Liquidity	Inter-est	Movement	Net debt, begin-ning of year	Net debt, end of year
			State	Region	Municipali-ties										
End of 2013	-12	-3	40	-	-	-	-25	0	-	-	0	0	0	0	0
2014	-12	31	92	0	66		-79	1	-13	0	84	0	84	0	84
2015	3	9	92	0	67		-179	4	-29	0	-36	0	-36	84	48
2016	15	-21	144	0	68		-143	-8	-17	0	46	0	46	48	94
2017	2	-10	171	0	63		-93	1	-9	0	124	-1	123	94	217
2018	-11	-63	257	0	65		-313	2	-129	0	-194	-1	-195	217	22
2019		-69	507	194	65		-392	1	-83	0	221	-4	217	22	240
2020		65	287	28	66		-647	23	-208	0	-410	-8	-418	240	-178
2021	1		43	56	66		-609	-23	-90	0	-532	-23	-555	-178	-733
2022			0	56	67	167	-1,809	-266	-369	0	-2,154	-50	-2,204	-733	-2,938
2023			0	61	72		-897	-132	-391	0	-1,287	-50	-1,337	-2,938	-4,274
2024			0	65	77		-322	-47	-284	0	-511	-88	-599	-4,274	-4,873
2025	170		0	66	78	-426	-91	445	-135	-8	100	-106	-6	-4,873	-4,880
2026			0	68	80		0	0	0	11	159	-106	53	-4,880	-4,827



<b>2051</b>	0	111	131	0	0	0	185	426	-158	269	-2.839	-2.570
<b>2052</b>	0	113	133	0	0	0	188	435	-141	294	-2.570	-2.277
<b>2053</b>	0	115	136	0	0	0	192	443	-123	320	-2.277	-1.956
<b>2054</b>	0	118	139	0	0	0	196	452	-104	349	-1.956	-1.608
<b>2055</b>	0	120	142	-68	0	0	200	393	-85	309	-1.608	-1.299
<b>2056</b>	0	122	144	0	0	0	204	471	-64	407	-1.299	-892
<b>2057</b>	0	125	0	0	0	0	208	333	-44	289	-892	-603
<b>2058</b>	0	127	0	0	0	0	212	339	-26	313	-603	-290
<b>2059</b>	0	130	0	0	0	0	216	346	-5	342	-290	52
<b>2060</b>	0	0	0	0	0	0	221	221	6	227	52	279

