
Keolis Danmark A/S

Naverland 20, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2019

CVR No 13 39 94 33

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

10/6. 2020


Inge Harting Bodskov
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Keolis Danmark A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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


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

Glostrup, 10/6.2020

Executive Board


Peter Lanning Nielsen


Board of Directors


Frank Vestergaard Suhr Olesen
Chairman


Arnaud Van Troeyen


Stéphanie Claire Maryline
Bourcier de Lillo


Torben Tykskov
Staff Representative


Majbritt Sønderholm
Hellemose
Staff Representative

Independent Auditor's Report

To the Shareholder of Keolis Danmark A/S

Opinion

We have audited the financial statements of Keolis Danmark A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

Independent Auditor's Report

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

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

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

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10/6. 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Birgit Morville Schrøder

statsaut. revisor

Mne21337

Company Information

The Company

Keolis Danmark A/S
Naverland 20
DK-2600 Glostrup

CVR No: 13 39 94 33

Financial period: 1 January - 31 December

Financial year: 30th financial year

Municipality of reg. office: Albertslund

Board of Directors

Frank Vestergaard Suhr Olesen, Chairman
Arnaud Van Troeyen
Stéphanie Claire Maryline Bourcier de Lillo
Torben Tykskov
Majbritt Sønderholm Hellemose

Executive Board

Peter Lanng Nielsen

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Revenue	902.238	882.373	873.308	855.193	820.471
Gross profit	122.307	115.962	119.035	120.274	113.245
Profit/loss before financial income and expenses	8.285	11.218	16.527	19.753	22.865
Net profit for the year	16.816	11.765	16.372	11.341	22.386
Balance sheet					
Balance sheet total	1.393.766	769.097	1.078.947	982.981	1.095.279
Equity	215.491	198.675	186.910	170.538	159.197
Ratios					
Gross margin	13,6%	13,1%	13,6%	14,1%	13,8%
Profit margin	0,9%	1,3%	1,9%	2,3%	2,8%
Return on assets	0,7%	1,2%	1,6%	1,9%	2,1%
Solvency ratio	15,5%	25,8%	17,3%	17,3%	14,5%
Return on equity	8,4%	6,1%	9,2%	6,9%	15,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The Company's activity is passenger transport, primarily public bus transportation for the Danish public transport authorities based on licensing contracts. A subsidiary carry out Light Rail passenger transport.

Development in the year

The income statement of the Company for 2019 shows a profit of TDKK 16.816, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 215.491.

Tender activities have continued during the year, but no new contracts were won. In September one of the previously won contracts started with 11 contract buses. This was the contract on airport buses in Jutland. The operations have started and are running well.

On 29 September 2019 the new Metro City line opened. In connection with this the bus lines and bus traffic were reduced. This had however only marginal impact on results and reductions in employment could be handled through normal voluntary departure.

As of 1 January 2019 the Company made a business transfer of the contract won in 2018 concerning the Light Rail in Odense. It was transferred to the subsidiary Keolis Letbaner A/S for a consideration of DKK 12.280.000. Thus this subsidiary now operates light rail in Aarhus and is mobilizing the contract for the Odense Light Rail. This means the Group is a significant partner for light rail activity in Denmark.

On 1 November 2019 the Company made a business transfer of its workshop activities to a subsidiary, Keolis Service Danmark Aps. The transfer included all employees and assets and liabilities. The value of the business was transferred at market value as assessed through a discounted cash valuation. The transfer was finalized in 2019 and workshop facilities are now rented from the Company. Keolis Service Danmark ApS now service all the Company's vehicles. It is viewed as a good opportunity to develop the business of this subsidiary and to optimize processes and operations.

The business transactions were carried out using the Book Value method.

Generally the result of the year is considered satisfactory.

Expected development

The objective of Keolis is to increase its activity in the Danish market and continue to improve profitability. The Company believes it is well positioned to do so.

Management's Review

Research and development

The Company has no special research and development activities.

Statutory Reporting on Corporate Social Responsibility

Keolis Danmark A/S is a responsible company, which abide by national laws and regulations. We work diligently within many aspects of corporate social responsibility, in which diversity, climate and environmental issues has attracted greatest attention. However, Keolis Danmark A/S has not prepared an independent report on its work with CSR and, instead, we refer to Keolis Group's 2019 UN Communication on Progress report. The full Statutory Report on CSR, in accordance with Danish Financial Statements Act section 99a, can be accessed through the following link:

<https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/440080>

Environmental issues

Our focus has been on reducing emissions from our buses, leading to replacement of some of our older buses with newer more fuel efficient buses. Furthermore the Company operates one of the largest fleet of hybrid buses in Denmark. We operate according to the environmental standard ISO 14001 and strive to have the best standards in this area. We also work with substituting substances and materials with those that have a minimum environmental impact.

In 2019 we have won contracts and prolongation of contracts that means we will invest in 52 electric busses of which 45 will be delivered in 2021 and 7 in 2022. In addition to the hybrid buses we already have this will make us the operator with the biggest fleet of environmental friendly vehicles in Denmark.

Diversity

As part of Keolis's work with CSR, diversity has been among the paramount areas in which we aspire to provide fulfilling work to refugees in Denmark. Furthermore, Keolis Group has established an annual event called Keolife, which utilizes the best ideas and practices of employees' to be implemented in the rest of the Group.

Intellectual capital resources

Keolis Danmark A/S has always worked actively to attract and retain well qualified manpower at all levels of the organization. As part of these efforts, the qualifications of the employees are continuously upgraded through in house, but also to a high degree external, training.

Management's Review

Share of the underrepresented gender

Target figures for the Board of Directors

Keolis Danmark A/S had a target of having a representation by the underrepresented gender of 33,3% among the three members of the Board of Directors elected by the general meeting. The Board of Directors is unchanged in 2019 and thus we have still have 2 men and 1 women in the Board elected by the general meeting. The employee representatives consist of 1 man and one woman.

Thus we have achieved our original goal, but the Company will continue to seek better representation for women.

Equal opportunities at other management levels of Keolis Danmark A/S

Company Management has prepared an equal opportunities policy comprising all other management levels of the Company. The policy is part of Keolis Danmark A/S's staff and diversity policy and includes requirement for inviting female candidates to job interviews in connection with filling vacant executive positions as well as active encouragement of female employees to stand as candidates for the Board of Directors and other cooperation fora. There will be focus on this policy going forward and it is expected that further results will appear within the coming years.

On other management levels there are 12 men and 1 women.

Subsequent events

In March the Corona virus meant that Denmark went into a lock down as announced by the prime minister on 11 March 2020. It also affected our traffic as we went to a reduced schedule starting 30 March 2020. After Easter we went to a full schedule starting up 14. April 2020.

We are paid gross according to our contracts. An understanding has been reached with Public Transport Authorities, that any savings, due to reduced traffic, will be refunded to them.

Following the above the Corona virus lock down have not had any impact on results in 2020, which are in line with our expectations.

Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Revenue	1	902.238	882.373
Other operating income		15.717	17.374
Bushoursdepending costs		-208.481	-197.469
Driver wages etc.	2	-539.588	-533.868
Other external expenses		<u>-47.579</u>	<u>-52.448</u>
Gross profit		122.307	115.962
Staff expenses	2	-35.325	-31.321
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	3	<u>-78.697</u>	<u>-73.423</u>
Profit before financial income and expenses		8.285	11.218
Income from investments in subsidiaries	4	23.536	8.749
Financial income	5	1.984	3.494
Financial expenses	6	<u>-8.883</u>	<u>-10.717</u>
Profit before tax		24.922	12.744
Tax on profit for the year	7	<u>-8.106</u>	<u>-979</u>
Net profit for the year		<u>16.816</u>	<u>11.765</u>

Distribution of profit

	2019 TDKK	2018 TDKK
Proposed distribution of profit		
Retained earnings	<u>16.816</u>	<u>11.765</u>
	<u>16.816</u>	<u>11.765</u>

Balance Sheet 31 December

Assets

	Note	2019 TDKK	2018 TDKK
Software licenses		1.948	1.703
Driving contracts		<u>5.270</u>	<u>9.170</u>
Intangible assets	8	<u>7.218</u>	<u>10.873</u>
Other fixtures and fittings, tools and equipment		4.421	9.181
Buses		342.527	393.732
Leasehold improvements		<u>1.792</u>	<u>1.980</u>
Property, plant and equipment	9	<u>348.740</u>	<u>404.893</u>
Investments in subsidiaries	4	76.477	61.652
Prepaid service fees		687.921	0
Other investments	10	4.000	3.598
Deposits	10	<u>502</u>	<u>460</u>
Financial assets		<u>768.900</u>	<u>65.710</u>
Fixed assets		<u>1.124.858</u>	<u>481.476</u>
Inventories		<u>5.411</u>	<u>16.061</u>
Inventories		<u>5.411</u>	<u>16.061</u>
Trade receivables		75.535	66.968
Receivables from group enterprises		155.188	157.950
Other receivables		278	198
Deferred tax asset	11	9.710	19.426
Prepayments	12	<u>6.368</u>	<u>4.500</u>
Receivables		<u>247.079</u>	<u>249.042</u>
Cash at bank and in hand		<u>16.418</u>	<u>22.518</u>
Currents assets		<u>268.908</u>	<u>287.621</u>
Assets		<u>1.393.766</u>	<u>769.097</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital	13	1.800	1.800
Retained earnings		<u>213.691</u>	<u>196.875</u>
Equity		<u>215.491</u>	<u>198.675</u>
Other provisions	14	<u>13.251</u>	<u>16.119</u>
Provisions		<u>13.251</u>	<u>16.119</u>
Bank loans	15	200.000	200.000
Lease obligations to group enterprises	15	64.281	128.138
Loan payables to group enterprises	15	64.643	64.643
Other payables, holiday pay fund	15	<u>13.551</u>	<u>0</u>
Long-term debt		<u>342.475</u>	<u>392.781</u>
Trade payables		22.334	32.376
Payables to group enterprises	15	705.796	23.874
Lease obligations to group enterprises	15	6.609	16.028
Corporation tax		5.112	324
Other payables	15	<u>82.698</u>	<u>88.920</u>
Short-term debt		<u>822.549</u>	<u>161.522</u>
Debt		<u>1.165.024</u>	<u>554.303</u>
Liabilities and equity		<u>1.393.766</u>	<u>769.097</u>
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Group information	18		
Fee to auditors appointed at the general meeting	19		
Subsequent events	20		

Statement of changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	1.800	196.875	198.675
Carried forward		<u>16.816</u>	<u>16.816</u>
Equity at 31 December	<u>1.800</u>	<u>213.691</u>	<u>215.491</u>

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
1 Revenue		
Domestic revenue related to passenger transportation	<u>902.238</u>	<u>882.373</u>
	<u>902.238</u>	<u>882.373</u>
2 Staff expenses		
Wages and salaries	486.212	481.743
Pensions	40.579	41.175
Other social security expenses	11.975	11.566
Other staff expenses	<u>36.147</u>	<u>30.705</u>
	<u>574.913</u>	<u>565.189</u>
Average number of employees	<u>1.277</u>	<u>1.281</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization of intangible assets	4.712	4.731
Depreciation of property, plant and equipment	72.782	70.560
Variance value asset - income	0	-292
Gain and loss on disposal	<u>1.203</u>	<u>-1.576</u>
	<u>78.697</u>	<u>73.243</u>
Which is specified as follows:		
Driving contracts	3.900	3.900
Software licenses	812	831
Other fixtures and fittings, tools and equipment	2.342	2.844
Buses	70.045	67.350
Leasehold improvements	396	366
Variance value assets –income	0	-292
Loss/(profit) on sale of property, plant and equipment	<u>1.202</u>	<u>-1.576</u>
	<u>78.697</u>	<u>73.423</u>

Notes to the Financial Statements

	2019 TDKK	2018 TDKK
4 Investments in subsidiaries		
Cost at 1 January	59.542	60.592
Effects of mergers	-170	-150
Additions for the year	75	50
Disposals for the year	0	-950
Cost at 31 December	<u>59.447</u>	<u>59.542</u>
Value adjustments at 1 January	1.991	1.494
Non-cash contribution and sale of business net of tax	45.831	0
Write down to book value	-44.679	0
Effects of mergers	-9.819	-8.236
Adjustment value disposal	0	-16
Net profit/loss for the year	<u>23.536</u>	<u>8.749</u>
Value adjustments at 31 December	<u>16.860</u>	<u>1.991</u>
Equity investments with negative net asset value amortized over receivables	<u>170</u>	<u>119</u>
Carrying amount at 31 December	<u>76.477</u>	<u>61.652</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital (TDKK)</u>	<u>Votes and ownership</u>
Keolis Letbaner A/S	Albertslund	500	100%
Keolis Ejendomme ApS	Albertslund	570	100%
Keolis Projekter ApS	Albertslund	50	100%
Keolis Leasing 2016 ApS	Albertslund	50	100%
Keolis Leasing 2017 ApS	Albertslund	50	100%
Keolis Leasing 2018 ApS	Albertslund	50	100%
Keolis Leasing 2019 ApS	Albertslund	50	100%
Keolis Service Danmark ApS	Albertslund	150	100%

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK	
5 Financial income			
Interest received from group enterprises	1.923	3.462	
Other financial income	<u>61</u>	<u>32</u>	
	<u>1.984</u>	<u>3.494</u>	
6 Financial expenses			
Interest paid to group enterprises	4.437	6.109	
Other financial expenses	<u>4.446</u>	<u>4.608</u>	
	<u>8.883</u>	<u>10.717</u>	
7 Tax on profit for the year			
Current tax for the year	-701	-1.202	
Deferred tax for the year	-2.007	655	
Tax incurred by taxable mergers 1 January	10.814	1.117	
Adjustment tax prior year	<u>0</u>	<u>409</u>	
	<u>8.106</u>	<u>979</u>	
8 Intangible assets			
	<u>Software licenses</u> TDKK	<u>Driving contracts</u> TDKK	<u>Total</u> TDKK
Cost at 1 January	3.452	25.745	29.197
Additions for the year	1.450	0	1.450
Disposals for the year	<u>-442</u>	<u>0</u>	<u>-442</u>
Cost at 31 December	<u>4.460</u>	<u>25.745</u>	<u>30.205</u>
Amortization at 1 January	1.749	16.575	18.324
Amortization for the year	812	3.900	4.712
Reversal of depreciation of sold assets	<u>-49</u>	<u>0</u>	<u>-49</u>
Amortization at 31 December	<u>2.512</u>	<u>20.475</u>	<u>22.987</u>
Carrying amount at 31 December	<u>1.948</u>	<u>5.270</u>	<u>7.218</u>
Depreciated over	5 years	4-12 years	

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Buses TDKK	Leasehold improvements TDKK	Total TDKK
Cost at 1 January	36.110	734.831	6.722	777.663
Additions for the year	3.182	26.337	527	30.046
Disposals for the year	<u>-18.597</u>	<u>-17.858</u>	<u>-3.122</u>	<u>-39.577</u>
Cost at 31 December	<u>20.695</u>	<u>734.310</u>	<u>4.127</u>	<u>768.132</u>
Depreciation at 1 January	26.929	341.099	4.742	372.770
Depreciation for the year	2.342	70.045	396	72.783
Reversal of depreciation of sold assets	<u>-12.997</u>	<u>-10.361</u>	<u>-2.803</u>	<u>-26.161</u>
Depreciation at 31 December	<u>16.274</u>	<u>400.783</u>	<u>2.335</u>	<u>419.392</u>
Carrying amount at 31 December	<u>4.421</u>	<u>342.527</u>	<u>1.792</u>	<u>348.740</u>
Depreciated over	<u>5-12 years</u>	<u>4-12 years</u>	<u>5 years</u>	
Including assets under finance leases amounting to	<u>2.233</u>	<u>72.208</u>	<u>0</u>	

10 Other financial assets

	Other investments TDKK	Deposits TDKK
Cost at 1 January	249	460
Additions for the year	0	42
Disposals for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>249</u>	<u>502</u>
Revaluations at 1 January	3.349	0
Revaluations for the year	<u>402</u>	<u>0</u>
Revaluations at 31 December	<u>3.751</u>	<u>0</u>
Carrying amount at 31 December	<u>4.000</u>	<u>502</u>

Notes to the Financial Statements

11 Deferred tax asset

	2019 TDKK	2018 TDKK
Deferred tax		
Deferred tax 1 January	19.426	25.722
Adjustment of deferred tax due to merger	-11.723	-5.641
Adjustment of deferred tax for the year	<u>2.007</u>	<u>-655</u>
Deferred tax 31 December	<u>9.710</u>	<u>19.426</u>
 The deferred tax relates to		
Goodwill	6.779	10.188
Driving contracts	-1.159	-2.017
Intangible assets	-429	-375
Property plant and equipment	-38.899	-56.914
Financial assets	-682	-593
Provisions	3.231	3.546
Internal leasing	16.416	32.478
Value of carried forward losses	<u>24.453</u>	<u>33.113</u>
Deferred tax 31 December	<u>9.710</u>	<u>19.426</u>

The recognition of deferred tax asset is based on expected utilization through future taxable profits based on a 6-year forecast period. The Company has an un-recognized deferred tax asset of DKK 0,5 million (2018: DKK 6,4 million).

12 Prepayments

Prepayments consist of prepaid expenses including rent and insurance.

13 Equity

The share capital consists of 1,800,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Share capital at 1 January	1.800	1.800	1.800	1.800	1.800
Capital increase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Share capital at 31 December	<u>1.800</u>	<u>1.800</u>	<u>1.800</u>	<u>1.800</u>	<u>1.800</u>

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
14 Other provisions		
Onerous contracts	11.451	14.319
Other provisions	<u>1.800</u>	<u>1.800</u>
	<u>13.251</u>	<u>16.119</u>

Onerous contract provision concerns rental contract entered on above market terms.

15 Long-term debt

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

The debt falls due for payment as specified below:

	<u>2019</u> TDKK	<u>2018</u> TDKK
Bank loans		
Long-term part between 1 and 5 years	<u>200.000</u>	<u>200.000</u>
	<u>200.000</u>	<u>200.000</u>
Payables to group enterprises		
Within 1 year to parent company	6.433	7.345
Within 1 year to subsidiaries	<u>699.363</u>	<u>16.529</u>
Short-term part	<u>705.796</u>	<u>23.874</u>
Lease obligations to group enterprises, etc.		
Lease obligations after 5 years	38.925	68.857
Lease obligations between 1 and 5 years	<u>25.356</u>	<u>59.281</u>
Long-term part	<u>64.281</u>	<u>128.138</u>
Lease obligations within 1 year	<u>6.609</u>	<u>16.028</u>
Short-term part	<u>6.609</u>	<u>16.028</u>
	<u>70.890</u>	<u>144.166</u>
Payables to group enterprises		
Between 1 and 5 years	<u>64.643</u>	<u>64.643</u>
Long-term part	64.643	64.643
Within 1 year	<u>0</u>	<u>0</u>
	<u>64.643</u>	<u>64.643</u>
Other payables		
Between 1 and 5 years	13.551	0
Within 1 year	<u>82.698</u>	<u>88.920</u>
	<u>96.249</u>	<u>88.920</u>

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
16 Contingent assets, liabilities and other financial obligations		

Rental agreements and leases

Lease obligations, period of non-terminability over 3 months	57.246	35.997
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Security

None

Contingent liabilities

The Company is liable for bank guarantees totaling DKK 37,4 million provided to local Public Transport Authorities.

The Company is jointly and severally liable for VAT and Payroll TAX related to the joint registration with certain subsidiaries.

The Danish group companies are jointly and severally liable for tax related to the joint taxation income.

The Company has issued a "Letter of Financial Support" regarding certain subsidiaries' going concern, hereunder subordination in favor of the subsidiaries other creditors. The letters apply until 31 May 2021.

A leasing partner has presented a claim of DKK 7 million. The Company and its legal advisor consider the claims unjustified and do not perceive that the Company will incur any losses as a result.

Notes to the Financial Statements

17 Related parties

Controlling interest

SNCF	Ultimate parent
Keolis SA, France	Controlling shareholder

Transactions with related parties

	2019 TDKK	2018 TDKK
Sale of vehicles to subsidiaries	23.908	39.791
Sale of services to subsidiaries	574	0
Purchase of service and rent premises from subsidiaries	-25.630	-5.065
Sale of light rail contract to subsidiary	12.280	0
Sale of workshop activity to subsidiary	45.002	0
Sale of service and rent premises to subsidiaries	1.309	0
Sale of service to parent company	347	777
Purchase of service from parent company	-58	-706
Purchase management service and similar services from parent company	-7.314	-8.075
Interest income from subsidiaries	1.923	3.462
Interest expense subsidiaries	-3.046	-339
Interest expense parent company	-1.391	-2.685
Receivables from subsidiaries	103.839	157.950
Payables to subsidiaries	-699.363	-16.529
Payable leasing debt to subsidiaries	-70.890	-144.166
Receivable from parent company	50.000	0
Payable to parent company	-6.433	-7.345
Payable loan to parent company	-64.643	-64.643

Where applicable VAT is included in above figures, as the Company cannot recover VAT due to Public Transportation activity.

18 Group information

The Company's direct parent is Keolis S.A., France, who prepares Consolidated Financial Statements, into which the Company is incorporated as a subsidiary. The Company's ultimate parent is SNCF, France. Consolidated Financial Statements for Keolis S.A. and SNCF may be obtained at the following addresses:

Keolis S.A.
20 rue Le Peletier
75320 PARIS CEDEX 09
France

SNCF
1-7 place aux Etoiles
93212 LA PLAINE ST DENIS CEDEX
France

Notes to the Financial Statements

19 Fee to auditors appointed at the general meeting	<u>2019</u> TDKK	<u>2018</u> TDKK
Statutory audit and audit of Reporting Package	543	565
Other assurance services	279	105
Other advisory service (tax and VAT)	<u>408</u>	<u>440</u>
	<u>1.230</u>	<u>1.110</u>

VAT is included in above figures, as the Company cannot recover VAT due to Public Transportation activity.

20 Subsequent events

In March the Corona virus meant that Denmark went into a lock down as announced by the prime minister on 11 March 2020. It also affected our traffic as we went to a reduced schedule starting 30 March 2020. After Easter we went to a full schedule starting up 14. April 2020.

We are paid gross according to our contracts. An understanding has been reached with Public Transport Authorities, that any savings, due to reduced traffic, will be refunded to them.

Following the above the Corona virus lock down have not had any impact on results in 2020, which are in line with our expectations.

Accounting Policies

Basis of Preparation

The Annual Report of Keolis Danmark A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Financial Statements for 2019 are presented in TDKK.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Keolis SA, France, the Company has not prepared consolidated financial statements.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Accounting Policies

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognized in equity.

Income Statement

Revenue

Revenue comprise passenger transport, which is recognised in the income statement when delivery and transfer of risk have been made before year-end. The sale is considered effected based on the following criteria:

- driving has been made before year-end;
- a binding agreement has been made;

Accounting Policies

- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Segment information

Segment information is presented in respect of revenue distributed on business segment based on the Company's risks and returns and its internal financial reporting system. The Company has only one geographical market as the Company only operates in Denmark.

Bus hours depending costs

Bus hours depending costs comprise costs for operating lease of busses, fuel, insurance and maintenance of busses, etc.

Other external expenses

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

Driver wages and staff expenses

The item comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

The item comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the onaccount taxation scheme.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Driving contracts are measured at cost less accumulated depreciations and less any accumulated impairment losses. Depreciation based on cost is calculated on a straight-line basis contract by contract over the remaining contract period, which are 4-12 years.

Software licenses are measured at cost less accumulated depreciations and less any accumulated impairment losses. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are 5 years.

Property, plant and equipment

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

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

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

Buses	4-12 years
Other fixtures and fittings, tools and equipment	5-12 years
Leasehold improvements	5 years

Residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Accounting Policies

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised as an impairment of receivables from subsidiaries, if any, or in provisions.

Other financial assets

Other financial assets, which consist of other investments in unlisted shares etc, are measured at their fair values at the balance sheet date, and deposits measured at amortised cost, which substantially corresponds to nominal value.

Accounting Policies

Inventories

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

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

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning operating leases, insurance premiums, subscriptions and interest.

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments

Accounting Policies

and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

In accordance with section 86 in the Danish Financial Statements Act, the Company has not presented a cash flow statement as the cash flow statement is included in the cash flow statement of the Parent Company Keolis S.A.

Financial Highlights

Explanation of financial ratios

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