
Keolis Danmark A/S

Naverland 4 1.sal, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2021

CVR No 13 39 94 33

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

31/5. 2022


Christian Bjørstorp Pedersen
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 2021.

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

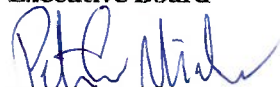
In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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, 31/5.2022

Executive Board

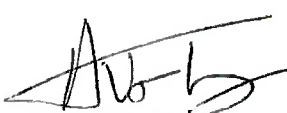


Peter Lannig Nielsen


Board of Directors



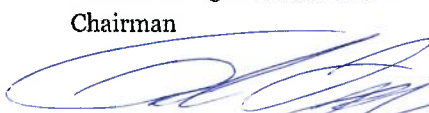
Frank Vestergaard Suhr Olesen
Chairman



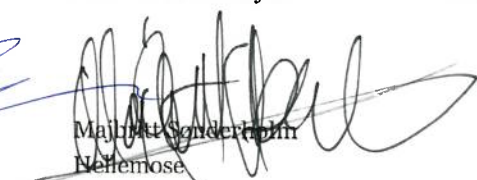
Arnaud Van Tröeyen



Alice Anne Chris Coppolani



Torben Tykskov
Staff Representative



Malene Sanderholm
Nohemose
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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 and the IESBA code.

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, 31/5. 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Birgit Morville Schrøder

statsaut. revisor

Mne21337

Majken Bech Larsen

statsaut. revisor

Mne46623

Company Information

The Company

Keolis Danmark A/S
Naverland 4, 1. sal
DK-2600 Glostrup

CVR No: 13 39 94 33
Financial period: 1 January - 31 December
Financial year: 32nd financial year
Municipality of reg. office: Albertslund

Board of Directors

Frank Vestergaard Suhr Olesen, Chairman
Arnaud Van Troeyen
Alice Anne Chris Coppolani
Torben Tykskov
Majbritt Sønderholm Hellemose

Executive Board

Peter Lanng Nielsen

Auditors

EY 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:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	1.014.465	899.721	902.238	882.373	873.308
Gross profit	164.307	139.563	122.307	115.962	119.035
Profit/loss before financial income and expenses	34.937	25.081	8.285	11.218	16.527
Net profit for the year	47.503	18.949	16.816	11.765	16.372
Balance sheet					
Balance sheet total	1.780.643	1.277.832	1.398.218	769.097	1.078.947
Equity	281.943	234.440	215.491	198.675	186.910
Ratios					
Gross margin	16,2%	15,5%	13,6%	13,1%	13,6%
Profit margin	3,4%	2,8%	0,9%	1,3%	1,9%
Return on assets	2,0%	2,0%	0,6%	1,5%	1,5%
Solvency ratio	15,8%	18,3%	15,4%	25,8%	17,3%
Return on equity	19,1%	8,4%	8,1%	6,1%	9,2%

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 carries out Light Rail passenger transport.

Development in the year

The income statement of the Company for 2021 shows a profit of TDKK 47.503, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 281.943.

The year has been significantly impacted by the fire on Naverland 20 and in the subsidiary Keolis Ejendomme ApS a gain of TDKK 23.584 was recorded. In Keolis Danmark A/S a gain of TDKK 3.526 was recorded. The reason for these gains are that buildings and other assets were significantly amortized. Operations have been carried out smoothly and have not been affected by the fire and loss of a depot. The extra costs for operations have been covered by the insurance and amounts to TDKK 8.464 for the Company.

Result of operations were very good. Several internal improvement projects have been initiated and resulted in operational and financial improvements.

The Company's green transformation has continued in 2021 as the Group took delivery of 55 electrical busses and 65 HVO busses. It is expected that this development will accelerate in the coming years as the climate agreement between government and regional authorities stipulates that the main part of the bus fleet should be green by 2025.

We are well poised to meet this challenge and finance the transformation with green financing options. As a result, we expect to be a frontrunner in the climate battle ahead and that we have a primarily green fleet according to won tenders, either with electrical or hydrogen busses. We are already involved in testing new hydrogen buses.

In the 2021 tender processes we lost the traffic in Aalborg, which we operate with Arriva. The contract will end on 6 August 2022. It was operated with about 57 buses at present of which 40 are part of a mandatory bus take over by the new operator. At the moment there is significant tender activity in Denmark and we are in a good position to win more traffic.

This year was still under impact from the ongoing Covid 19 pandemic. We have diligently followed all the

Management's Review

guidelines from authorities and have through it all operated according to timetables. Financially we have not been impacted adversely by the health crisis. We drive according to fixed contracts and are only to a limited extent dependent on passenger numbers.

The loan with Bayrischer Landesbank, that mature in December 2022 has been refinanced and the solution will be implemented at date of maturity.

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. We expect a turnover in line with this year, adjusted for effects of the fire. The expectation for 2022 is a turnover between TDKK 950.000 and TDKK 1.050.000 and a result before tax between TDKK 21.000 and TDK 23.000.

Policy for data ethics

The policy is based on the values that the Group stands for and that makes Keolis a trustworthy and competent business partner for PTA's and suppliers plus authorities and employees.

The collection of data is limited to what is needed to run the business and is not shared with or sold to other parties. Furthermore, data is kept securely using the appropriate tools with access to only staff that need data to run operations. Corporate Governance regulations are also applied to data obtained, saved and used.

The employees using systems are appropriately trained in using the systems and comply with regulations concerning safeguarding information of a personal nature. Such data is only kept for a limited period. The policy is approved by Management.

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 have attracted greatest attention. In our work with CSR, Keolis Danmark follow Keolis Group's policies on CSR. Keolis Danmark A/S statutory reporting on corporate responsibility, cf. § 99a in the Danish Financial Statements Act, can be found in the Keolis Group Annual Report. It is available at: <https://www.keolis.com/en/newsroom-en/news/2021-integrated-report>

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 2021 and thus we have still have 2 men and 1 women in the Board elected by the general meeting. The employee representatives consist of one 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 13 men and 2 women.

Subsequent events

One of the most significant events for 2021 was the fire in the Naverland depot on 1 April 2021. After the fire intensive work was carried out in relation to the claim for compensation for the building itself and the equipment, buses and improvements to the building that all were destroyed in the fire. Also, there were claims related to the extra costs incurred after the fire.

The claim was raised by Keolis Danmark A/S and 2 subsidiaries: Keolis Ejendomme ApS and Keolis Service Danmark ApS.

The insurance compensation for the building and operational equipment was settled by transfer 8 March 2022.

Contract concerning construction of the new building has been signed with a building contractor and a building permit has been obtained. Construction will commence in short time and workshop is expected to be completed in the autumn of 2022 and the administration building shortly before end of 2022.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Revenue	1	1.014.465	899.721
Other operating income	2	20.584	9.587
Bushoursdepending costs		-275.390	-228.946
Driver wages etc.	3	-552.568	-501.470
Other external expenses		<u>-42.784</u>	<u>-39.329</u>
Gross profit		164.307	139.563
Staff expenses	3	-36.420	-33.860
Depreciation, amortization and impairment of intangible assets and property plant and equipment	4	<u>-92.950</u>	<u>-80.622</u>
Profit before financial income and expenses		34.937	25.081
Income from investments in subsidiaries	5	31.871	13.130
Financial income	6	2.236	1.086
Financial expenses	7	<u>-17.273</u>	<u>-15.910</u>
Profit before tax		51.771	23.378
Tax on profit for the year	8	<u>-4.268</u>	<u>-4.429</u>
Net profit for the year		<u>47.503</u>	<u>18.949</u>

Distribution of profit

	<u>2021</u> TDKK	<u>2020</u> TDKK
Proposed distribution of profit		
Retained earnings	<u>47.503</u>	<u>18.949</u>
	<u>47.503</u>	<u>18.949</u>

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Software licenses		2.454	2.919
Driving contracts		<u>0</u>	<u>1.370</u>
Intangible assets	9	<u>2.454</u>	<u>4.289</u>
Other fixtures and fittings, tools and equipment		8.212	4.372
Buses		538.067	274.783
Leasehold improvements		<u>1.480</u>	<u>1.712</u>
Property, plant and equipment	10	<u>547.759</u>	<u>280.867</u>
Investments in subsidiaries	5	121.270	89.827
Other investments	11	5.861	5.036
Deposits	11	<u>814</u>	<u>522</u>
Financial assets		<u>127.945</u>	<u>95.385</u>
Fixed assets		<u>678.158</u>	<u>380.541</u>
Inventories		<u>8.185</u>	<u>4.602</u>
Inventories		<u>8.185</u>	<u>4.602</u>
Trade receivables		82.085	67.863
Receivables from group enterprises		535.040	221.880
Other receivables		12.581	243
Deferred tax asset	12	2.943	10.680
Corporation tax		1.000	0
Prepayments	13	<u>455.798</u>	<u>575.186</u>
Receivables		<u>1.089.447</u>	<u>875.852</u>
Cash at bank and in hand		<u>4.853</u>	<u>16.837</u>
Currents assets		<u>1.102.485</u>	<u>897.291</u>
Assets		<u>1.780.643</u>	<u>1.277.832</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital	14	1.800	1.800
Retained earnings		<u>280.143</u>	<u>232.640</u>
Equity		<u>281.943</u>	<u>234.440</u>
Other provisions	15	<u>7.515</u>	<u>10.383</u>
Provisions		<u>7.515</u>	<u>10.383</u>
Bank loans	16	267.581	200.000
Lease obligations to group enterprises	16	327.438	63.266
Other payables, holiday pay fund	16	<u>35.843</u>	<u>37.382</u>
Long-term debt		<u>630.862</u>	<u>300.648</u>
Trade payables		37.640	18.309
Bank loans, short term part	16	232.858	0
Payables to group enterprises	16	458.191	591.325
Lease obligations to group enterprises	16	29.881	7.518
Corporation tax		0	1.649
Other payables	16	<u>101.753</u>	<u>113.560</u>
Short-term debt		<u>860.323</u>	<u>732.361</u>
Debt		<u>1.491.185</u>	<u>1.033.009</u>
Liabilities and equity		<u>1.780.643</u>	<u>1.277.832</u>
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Group information	19		
Fee to auditors appointed at the general meeting	20		
Subsequent events	21		

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	232.640	234.440
Carried forward		<u>47.503</u>	<u>47.503</u>
Equity at 31 December	<u>1.800</u>	<u>280.143</u>	<u>281.943</u>

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
1 Revenue		
Domestic revenue related to passenger transportation	<u>1.014.465</u>	<u>899.721</u>
	<u>1.014.465</u>	<u>899.721</u>
2 Other operating income		
Revenue from advertisement on buses	5.478	5.221
Other sale with VAT	3.116	3.367
Repairs and other services	0	999
Gain on burned buses	984	0
Gain on fixtures and fittings burned	2.527	0
Gain on leasehold improvements burned	15	0
Compensation received for costs incurred due to fire	<u>8.464</u>	<u>0</u>
Total other operating income	<u>20.584</u>	<u>9.587</u>
Gain on burned asset relate to the fire on Naverland 20, and is the difference between insurance compensation and book value and amounts to TDKK 3.526. Total compensation and gain amounts to TDKK 11.990.		
3 Staff expenses		
Wages and salaries	506.181	457.471
Pensions	41.346	38.456
Other social security expenses	11.699	9.924
Other staff expenses	<u>29.762</u>	<u>29.479</u>
	<u>588.988</u>	<u>535.330</u>
Average number of employees	<u>1.254</u>	<u>1.173</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
4 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization of intangible assets	2.037	4.684
Depreciation of property, plant and equipment	86.946	76.054
Gain and loss on disposal	<u>3.967</u>	<u>-116</u>
	<u>92.950</u>	<u>80.622</u>
Which is specified as follows:		
Driving contracts	1.370	3.900
Software licenses	667	784
Other fixtures and fittings, tools and equipment	1.545	1.205
Buses	85.067	74.492
Leasehold improvements	334	357
Loss/(profit) on sale of property, plant and equipment	<u>3.967</u>	<u>-116</u>
	<u>92.950</u>	<u>80.622</u>
5 Investments in subsidiaries		
Cost at 1 January	59.487	59.447
Additions for the year	<u>40</u>	<u>40</u>
Cost at 31 December	<u>59.527</u>	<u>59.487</u>
Value adjustments at 1 January	29.990	16.860
Effect of mergers	-461	0
Net profit/loss for the year	<u>31.871</u>	<u>13.130</u>
Value adjustments at 31 December	<u>61.400</u>	<u>29.990</u>
Equity investments with negative net asset value amortized over receivables	<u>343</u>	<u>350</u>
Carrying amount at 31 December	<u>121.270</u>	<u>89.827</u>

Notes to the Financial Statements

5 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:		Share capital TDKK	Owner- ship
Keolis Letbaner A/S	Albertslund	500	100%
Keolis Ejendomme ApS	Albertslund	570	100%
Keolis Projekter ApS	Albertslund	50	100%
Keolis Leasing 2018 ApS	Albertslund	50	100%
Keolis Leasing 2019 ApS	Albertslund	50	100%
Keolis Leasing 2020 ApS	Albertslund	40	100%
Keolis Leasing 2021 ApS	Albertslund	40	100%
Keolis Service Danmark ApS	Albertslund	150	100%

6 Financial income

	<u>2021</u> TDKK	<u>2020</u> TDKK
Interest received from group enterprises	2.149	1.015
Other financial income	<u>87</u>	<u>71</u>
	<u>2.236</u>	<u>1.086</u>

7 Financial expenses

Interest paid to group enterprises	9.697	11.138
Other financial expenses	<u>7.576</u>	<u>4.781</u>
	<u>17.273</u>	<u>15.919</u>

8 Tax on profit for the year

Current tax for the year	0	-946
Deferred tax for the year	-7.741	-3.483
Adjustment tax prior years	2.155	0
Deferred tax mergers 2 February reversed	<u>1.318</u>	<u>0</u>
	<u>-4.268</u>	<u>-4.429</u>

Notes to the Financial Statements

9 Intangible assets

	<u>Software licenses</u> TDKK	<u>Driving contracts</u> TDKK	<u>Total</u> TDKK
Cost at 1 January	6.215	25.745	31.960
Additions for the year	<u>202</u>	<u>0</u>	<u>202</u>
Cost at 31 December	<u>6.417</u>	<u>25.745</u>	<u>32.162</u>
Amortization at 1 January	3.296	24.375	27.671
Amortization for the year	<u>667</u>	<u>1.370</u>	<u>2.037</u>
Amortization at 31 December	<u>3.963</u>	<u>25.745</u>	<u>29.708</u>
Carrying amount at 31 December	<u>2.454</u>	<u>0</u>	<u>2.354</u>
Depreciated over	<u>5 years</u>	<u>4-12 years</u>	

10 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u> TDKK	<u>Buses</u> TDKK	<u>Leasehold improvements</u> TDKK	<u>Total</u> TDKK
Cost at 1 January	21.447	743.421	4.404	769.272
Additions for the year	5.647	357.648	112	363.407
Disposals for the year	<u>-4.839</u>	<u>-52.190</u>	<u>-67</u>	<u>-57.096</u>
Cost at 31 December	<u>22.255</u>	<u>1.048.879</u>	<u>4.449</u>	<u>1.975.583</u>
Depreciation at 1 January	17.075	468.638	2.692	488.405
Depreciation for the year	1.545	85.067	334	86.946
Reversal depreciation of sold and burned assets	<u>-4.577</u>	<u>-42.893</u>	<u>-57</u>	<u>-47.527</u>
Depreciation at 31 December	<u>14.043</u>	<u>510.812</u>	<u>2.969</u>	<u>527.824</u>
Carrying amount at 31 December	<u>8.212</u>	<u>538.067</u>	<u>1.480</u>	<u>547.759</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>1.650</u>	<u>380.786</u>	<u>0</u>	

Notes to the Financial Statements

11 Other financial assets	Other investments TDKK	Deposits TDKK
Cost at 1 January	249	522
Additions for the year	<u>0</u>	<u>292</u>
Cost at 31 December	<u>249</u>	<u>814</u>
Revaluations at 1 January	4.787	0
Revaluations for the year included in bushourdepending costs	<u>825</u>	<u>0</u>
Revaluations at 31 December	<u>5.612</u>	<u>0</u>
Carrying amount at 31 December	<u>5.861</u>	<u>814</u>
12 Deferred tax asset		
	2021 TDKK	2020 TDKK
Deferred tax		
Deferred tax 1 January	10.680	14.162
Variance 2020	4	0
Adjustment of deferred tax for the year	<u>-7.741</u>	<u>-3.482</u>
Deferred tax 31 December	<u>2.943</u>	<u>10.680</u>
The deferred tax relates to		
Goodwill	0	3.378
Driving contracts	0	-301
Intangible assets	-540	-642
Property plant and equipment	-90.857	-32.917
Financial assets	-1.091	-910
Provisions	1.653	2.600
Internal leasing	83.630	16.150
Value of carried forward losses	<u>10.148</u>	<u>23.322</u>
Deferred tax 31 December	<u>2.943</u>	<u>10.680</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 3,8 million (2020: DKK 2,9 million).

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
13 Prepayments		
Prepayments consists of prepaid expenses including rent, insurance and prepaid service fee.		
As per below:		
Ordinary prepayments under 1 year	7.194	6.452
Prepayments of service fee for under 1 year	80.480	105.853
Prepayments of service fee for over 1 year	<u>368.124</u>	<u>462.881</u>
Total prepayments	<u>455.798</u>	<u>575.186</u>

14 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:

	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK
Share capital at 1 January	<u>1.800</u>	<u>1.800</u>	<u>1.800</u>	<u>1.800</u>	<u>1.800</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>
				<u>2021</u> TDKK	<u>2020</u> TDKK

15 Other provisions

Onerous contracts	5.715	8.583
Other provisions	<u>1.800</u>	<u>1.800</u>
	<u>7.515</u>	<u>10.383</u>

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

Notes to the Financial Statements

16 Long-term debt

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

	<u>2021</u> TDKK	<u>2020</u> TDKK
Bank loans		
Bank loans after 5 years	135.937	0
Bank loans between 1 and 5 years	<u>131.644</u>	<u>200.000</u>
Long-term part of bank loans	<u>267.581</u>	<u>200.000</u>
Short-term part of bank loans	<u>232.858</u>	<u>0</u>
Total bank loans	<u>500.439</u>	<u>200.000</u>
Payables to group enterprises		
Within 1 year to parent company	1.423	1.383
Within 1 year to subsidiaries and related parties	<u>456.768</u>	<u>589.942</u>
Short-term part	<u>458.191</u>	<u>591.325</u>
Lease obligations to group enterprises, etc.		
Lease obligations after 5 years	205.959	35.178
Lease obligations between 1 and 5 years	<u>121.479</u>	<u>28.088</u>
Long-term part	<u>327.438</u>	<u>63.266</u>
Lease obligations within 1 year	<u>29.881</u>	<u>7.518</u>
Short-term part	<u>29.881</u>	<u>7.518</u>
	<u>357.319</u>	<u>70.784</u>
Other payables		
Over 5 years	29.598	31.758
Between 1 and 5 years	6.245	5.611
Within 1 year	<u>101.753</u>	<u>113.560</u>
	<u>137.597</u>	<u>150.929</u>

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations

Rental agreements and leases	<u>2021</u> TDKK	<u>2020</u> TDKK
Lease obligations, period of non-terminability over 3 months	54.634	48.103

Security

Nordania Finans A/S has a mortgage for loans provided with TDKK 269.202. The mortgaged busses have a book value of TDKK 322.850.

Contingent liabilities

The Company is liable for bank guarantees totaling DKK 41,4 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.

All performance guarantees are insured by third party.

The Group has signed a contract for building a new depot on Naverland 20. As part of the contract Keolis Danmark A/S has signed a guarantee of TDKK 37.000, which is reduced as payments to the building contract are conducted in 2022. The guarantee is expected to be zero end of 2022.

The Company is jointly taxed with wholly owned Danish subsidiaries and Danish entities ultimately owned by SNCF, France. The Danish group companies are jointly and severally liable for tax related to the joint taxation income. The Company is the administrative entity for the jointly taxed companies.

Notes to the Financial Statements

18 Related parties

Controlling interest

SNCF
Keolis SA, France

Ultimate parent
Controlling shareholder

Transactions with related parties

	2021 TDKK	2020 TDKK
Sale of vehicles to subsidiaries	312.510	6.865
Sale of services to subsidiaries	371	375
Purchase of service and rent premises from subsidiaries	-131.134	-125.425
Sale of service and rent premises to subsidiaries	8.183	12.371
Sale of service to parent company	145	34
Purchase of service from parent company	-422	-235
Purchase management service and similar services from parent company	-7.127	-7.022
Interest income from subsidiaries	2.149	1.015
Interest expense subsidiaries	-9.697	-9.763
Interest expense parent company	0	-1.375
Receivables from subsidiaries	395.683	82.523
Prepaid service fee to group companies	448.604	568.734
Payable to parent company	-1.423	-1.383
Payables to subsidiaries	-454.744	-586.192
Payables to related parties	-2.024	-3.749
Payable leasing debt to subsidiaries	-357.319	-70.784
Receivable from parent company	139.357	139.357

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

19 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

20 Fee to auditors appointed at the general meeting

	<u>2021</u> TDKK	<u>2020</u> TDKK
Statutory audit and audit of Reporting Package	577	686
Other assurance services	0	40
Other advisory service (tax and VAT)	<u>0</u>	<u>0</u>
	<u>577</u>	<u>726</u>

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

21 Subsequent events

One of the most significant events for 2021 was the fire in the Naverland depot on 1 April 2021. After the fire intensive work was carried out in relation to the claim for compensation for the building itself and the equipment, buses and improvements to the building that all were destroyed in the fire. Also, there were claims related to the extra costs incurred after the fire.

The claim was raised by Keolis Danmark A/S and 2 subsidiaries: Keolis Ejendomme ApS and Keolis Service Danmark ApS.

The insurance compensation for the building and operational equipment was settled by transfer 8 March 2022

Contract concerning construction of the new building has been signed with a building contractor and a building permit has been obtained. Construction will commence in short time and workshop is expected to be completed in the autumn of 2022 and the administration building shortly before end of 2022.

Accounting Policies

Basis of Preparation

The Annual Report of Keolis Danmark A/S for 2021 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 2021 are presented in TDKK.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership

Accounting Policies

(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;
- 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.

Accounting Policies

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.

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.

Accounting Policies

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 and Danish companies owned ultimately by SNCF, France. 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 30,700 are expensed in the year of acquisition.

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

Accounting Policies

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.

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.

Accounting Policies

Prepayments

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

Prepayments also include prepayments of service fee to group enterprises.

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 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.

Accounting Policies

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