Keolis Danmark A/S

Naverland 20 2.sal, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2022

CVR No 13 39 94 33

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

13/6 2023

Christian Bjørstorp Pedersen

Chairman of Annual General Meeting

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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 2022.

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

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

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

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

Glostrup, 13/6. 2023

Executive Board

Peter Lanng Nielsen

Board of Directors

Frank Vestergaard Suhr Olesen
Chairman

Arnaud Van Troeyen

Alice Anne Chris Coppolani

Jannik Nielsen
Staff Representative

Thomas Kruuse Andersen
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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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.

- 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, 13/6. 2023
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 20, 2. sal DK-2600 Glostrup CVR No: 13 39 94 33 Financial period: 1 January - 31 December Financial year: 33rd financial year Municipality of reg. office: Albertslund
Board of Directors	Frank Vestergaard Suhr Olesen, Chairman Arnaud Van Troeyen Alice Anne Chris Coppolani Jannik Nielsen Thomas Kruuse-Andersen
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:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.062.976	1.014.465	899.721	902.238	882.373
Gross profit	132.547	164.307	139.563	122.307	115.962
Profit/loss before financial income and expenses	12.624	34.937	25.081	8.285	11.218
Net profit for the year	13.852	47.503	18.949	16.816	11.765
Balance sheet					
Balance sheet total	1.473.129	1.780.643	1.277.832	1.398.218	769.097
Equity	295.795	281.943	234.440	215.491	198.675
Ratios					
Gross margin	12,5%	16,2%	15,5%	13,6%	13,1%
Profit margin	1,1%	3,4%	2,8%	0,9%	1,3%
Return on assets	0,8%	2,0%	2,0%	0,6%	1,5%
Solvency ratio	20,1%	15,8%	18,3%	15,4%	25,8%
Return on equity	4,8%	18,4%	8,4%	8,1%	6,1%

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 carries out Light Rail passenger transport.

Development in the year

The income statement of the Company for 2022 shows a profit of TDKK 13.852, and as at 31 December 2022 the balance sheet of the Company shows equity of TDKK 295.995.

The year was marked by organizing and planning construction of the new building on Naverland 20 to replace the building that burned in 2021. Towards the end the year the building was completed in all material aspects. It was taken into use straight in the beginning of 2023. The construction cost has been kept within our budget.

2022 has been a satisfying year from a tender perspective. We managed to win and defend 173.000 commercial hours losing 27.000 resulting in net growth of 66.000 commercial hours and increasing market shares long term. The contractual wins were 100% electrical and we therefore have 51 electric busses under order for delivery in 2023 as well as we are deploying a wide span of charging infrastructure on various locations in Northern Jutland and at Industriholmen in Copenhagen.

The year was also impacted by closing the operations in Aalborg and hand over of traffic to Tide Bus, as a result of the tender in 2021. As part of the agreement 39 buses were sold to the new operator on 6. August 2022. Our workshop in Aalborg is now used in connection with our increased activity in North Jutland for NT 26.4 and NT 28.2.

In North Jutland we commenced operation in August under contract NT 28.2 with 34 buses. We have rented 20 buses and use other of our own buses until we can take delivery in 2023 of 34 Ebusco 3.0 electric buses. This will significantly increase our fleet of electric buses. We expect to start operation with these buses in mid of 2023.

In the contract concerning S500 we have agreed a prolongation and will introduce 17 new electric buses on this route. It further enhances our green profile.

Following the electrical wins in 2023 we target 50% of all KM travelled in 2023 with bus and light rail to be with alternative energy, other than diesel.

Management's Review

Towards the end of year, we stopped our operations in Skibby and Helsinge and handed over to the new operator Dito Bus as we lost the bid to renew our contracts in 2021. The buildings, consisting of depot and workshops have been sold.

Generally

In 2022 we restructured our loan portfolios and linked our external loans to a green underlying sustainable bond. The Green transition we are undertaking has been illustrated in Danske Bank Green Report 2022 as a showcase for Global capital Markets. We believe we are in a very good position to be spearheading the change to green and clean transport and we have primarily added electric busses through tenders won.

In connection with the refinancing at the end of 2022 our loan with Bayrischer Landesbank was repaid fully in December 2022.

The year has been challenging considering general economic conditions with rising prices of electricity, fuel and financing costs, however the indexation model included in our contracts demonstrate robustness to compensate for the volatility.

Finally, we have spent significant internal resources establishing our new depot in Naverland 20.

Considering all this, we believe the result of the year is 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 and a result marginally lower than in 2022 following decline in commercial portfolio in 2021. The expectation for 2023 is a turnover between TDKK 950.000 and TDKK 1.050.000 and a result before tax between TDKK 5.000 and TDKK 10.000.

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.

Management's Review

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 Group Keolis – Statement of Non-Financial Performance 2022. It is available at: 1685537264-dpef_en_2022.pdf (datocms-assets.com)

Share of the underrepresented gender in Management cf. § 99b

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 two men.

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 in Keolis Danmark A/S there are 22 men and 10 women.

The other managerial positions are people with direct report to Company Management.

Management's Review

When possible, the Company makes sure that both genders are represented in the final stages of the recruitment process.

Subsequent events

There have been no subsequent events that could have impact on the company's results and financial standing.

Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue	1	**1.062.976**	**1.014.465**
Other operating income	2	8.511	20.584
Bushoursdepending costs		-340.755	-275.390
Driver wages etc.	3	-545.688	-552.568
Other external expenses		-52.497	-42.784
Gross profit		**132.547**	**164.307**
Staff expenses	3	-38.552	-36.420
Depreciation, amortization and impairment of intangible assets and property plant and equipment	4	-81.861	-92.950
Profit before financial income and expenses		**12.134**	**34.937**
Income from investments in subsidiaries	5	19.078	31.871
Financial income	6	6.020	2.236
Financial expenses	7	-24.608	-17.273
Profit before tax		**12.624**	**51.771**
Tax on profit for the year	8	1.228	-4.268
Net profit for the year		**13.852**	**47.503**

Distribution of profit

	2022 TDKK	2021 TDKK
Proposed distribution of profit		
Retained earnings	3.712	47.503
Transfer to Net Revaluation reserve	10.140	0
	13.852	**47.503**

Balance Sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Software licenses		1.786	2.454
Driving contracts		0	0
Intangible assets	9	**1.786**	**2.454**
Other fixtures and fittings, tools and equipment		9.317	8.212
Buses		464.331	538.067
Leasehold improvements		1.168	1.480
Property, plant and equipment	10	**474.816**	**547.759**
Investments in subsidiaries	5	131.887	121.270
Other investments	11	6.861	5.861
Deposits	11	856	814
Financial assets		**139.604**	**127.945**
Fixed assets		**616.206**	**678.158**
Inventories		7.810	8.185
Inventories		**7.810**	**8.185**
Trade receivables		72.140	82.085
Receivables from group enterprises		347.137	535.040
Other receivables		921	12.581
Deferred tax asset	12	3.582	2.943
Corporation tax		0	1.000
Prepayments	13	341.893	455.798
Receivables		**765.673**	**1.089.447**
Cash at bank and in hand		**83.440**	**4.853**
Currents assets		**856.923**	**1.102.485**
Assets		**1.473.129**	**1.780.643**

Balance Sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital	14	1.800	1.800
Net revaluation reserve		33.330	0
Retained earnings		260.665	280.143
Equity		**295.795**	**281.943**
Other provisions	15	5.147	7.515
Provisions		**5.147**	**7.515**
Bank loans	16	255.332	267.581
Lease obligations to group enterprises	16	302.987	327.438
Loan payable to group enterprises	16	80.210	0
Other payables, holiday pay fund	16	34.260	35.843
Long-term debt		**672.789**	**630.862**
Trade payables		39.590	37.640
Bank loans, short term part	16	35.539	232.858
Payables to group enterprises	16	297.875	458.191
Lease obligations to group enterprises	16	24.741	29.881
Corporation tax		8.693	0
Other payables	16	92.960	101.753
Short-term debt		**499.398**	**860.323**
Debt		**1.172.187**	**1.491.185**
Liabilities and equity		**1.473.129**	**1.780.643**
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Statement of changes in Equity

	Share capital TDKK	Net revaluation reserve TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	1.800	0	280.143	281.943
Correction at 1 January	0	23.190	-23.190	0
Carried forward	0	10.140	3.712	13.852
Equity at 31 December	**1.800**	**33.330**	**260.665**	**295.795**

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
1 Revenue		
Domestic revenue related to passenger transportation	1.062.976	1.014.465
	1.062.976	**1.014.465**
2 Other operating income		
Revenue from advertisement on buses	4.895	5.478
Other sale with VAT	3.509	3.116
Other sale of cars	107	0
Gain on burned buses	0	984
Gain on fixtures and fittings burned	0	2.527
Gain on leasehold improvements burned	0	15
Compensation received for costs incurred due to fire	0	8.464
Total other operating income	8.511	20.584
3 Staff expenses		
Wages and salaries	502.169	506.181
Pensions	40.320	41.346
Other social security expenses	12.022	11.699
Other staff expenses	29.729	29.762
	584.240	**588.988**
Average number of employees	**1.218**	**1.254**

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

	2022 TDKK	2021 TDKK
4 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization of intangible assets	667	2.037
Depreciation of property, plant and equipment	81.293	86.946
Gain and loss on disposal	-99	3.967
	81.861	**92.950**
Which is specified as follows:		
Driving contracts	0	1.370
Software licenses	667	667
Other fixtures and fittings, tools and equipment	1.855	1.545
Buses	79.126	85.067
Leasehold improvements	312	334
Loss/(profit) on sale of property, plant and equipment	-99	3.967
	81.861	**92.950**
5 Investments in subsidiaries		
Cost at 1 January	59.527	59.487
Adjustment prior years	38.010	0
Additions for the year	40	40
Disposals for the year	-50	0
Cost at 31 December	97.527	59.527
Value adjustments at 1 January	61.400	29.990
Adjustment prior years	-38.010	0
Dividend paid	-10.000	0
Other adjustments	1.062	-461
Net profit/loss for the year	19.078	31.871
Value adjustments at 31 December	33.530	61.400
Equity investments with negative net asset value amortized over receivables	830	343
Carrying amount at 31 December	**131.887**	**121.270**

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 2019 ApS *)	Albertslund	50	100%
Keolis Leasing 2020 ApS	Albertslund	40	100%
Keolis Leasing 2021 ApS	Albertslund	40	100%
Keolis Leasing 2022 ApS	Albertslund	40	100%
Keolis Service Danmark ApS	Albertslund	150	100%

*) This company has been merged with Keolis Danmark A/S 19 April 2023 by vertical merger.

	2022 TDKK	2021 TDKK
6 Financial income		
Interest received from group enterprises	5.916	2.149
Other financial income	104	87
	6.020	**2.236**
7 Financial expenses		
Interest paid to group enterprises	15.479	9.697
Other financial expenses	9.129	7.576
	24.608	**17.273**
8 Tax on profit for the year		
Current tax for the year	-1.643	0
Deferred tax for the year	-146	-7.741
Adjustment tax prior years	-535	2.155
Deferred tax mergers 2 February reversed	3.552	1.318
	1.228	**-4.268**

Notes to the Financial Statements

9 Intangible assets

	Software licenses TDKK	Driving contracts TDKK	Total TDKK
Cost at 1 January	6.417	25.745	32.162
Additions for the year	0	0	0
Disposals for the year	0	-15.512	-15.512
Cost at 31 December	6.417	10.233	16.650
Amortization at 1 January	3.964	25.745	29.709
Amortization for the year	667	0	667
Reversal depreciation	0	-15.512	-15.512
Amortization at 31 December	4.631	10.233	14.864
Carrying amount at 31 December	**1.786**	**0**	**1.786**
Depreciated over	5 years	4-12 years	

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Buses TDKK	Leasehold improvements TDKK	Total TDKK
Cost at 1 January	22.255	1.048.879	4.449	1.075.583
Additions for the year	2.964	35.608	0	38.572
Disposals for the year	-2.153	-160.502	0	-162.655
Cost at 31 December	23.066	923.985	4.449	951.500
Depreciation at 1 January	14.043	510.812	2.969	527.824
Write down busses prior years	0	-3.767	0	-3.767
Depreciation for the year	1.855	79.125	312	81.292
Reversal depreciation of sold assets	-2.149	-126.516	0	-128.665
Depreciation at 31 December	13.749	459.654	3.281	476.684
Carrying amount at 31 December	**9.317**	**464.331**	**1.168**	**474.816**
Depreciated over	5-12 years	4-12 years	5 years	
Including assets under finance leases amounting to	1.368	345.679	0	

Notes to the Financial Statements

11 Other financial assets

	Other investments TDKK	Deposits TDKK
Cost at 1 January	249	814
Additions for the year	0	42
Cost at 31 December	249	856
Revaluations at 1 January	5.612	0
Revaluations for the year included in bushourdepending costs	1.000	0
Revaluations at 31 December	6.612	0
Carrying amount at 31 December	**6.861**	**856**

Other investment is share in Cooperative company OK a.m.b.a. This cooperative company supply fuel and electricity to Keolis Danmark A/S and provide certificates as bonus.

12 Deferred tax asset

	2022 TDKK	2021 TDKK
Deferred tax		
Deferred tax 1 January	2.943	10.680
Adjustment prior years	785	4
Adjustment of deferred tax for the year	-146	-7.741
Deferred tax 31 December	**3.582**	**2.943**
The deferred tax relates to		
Intangible assets	-393	-540
Property plant and equipment	-76.921	-90.857
Financial assets	-1.311	-1.091
Provisions	1.132	1.653
Internal leasing	75.756	83.630
Value of carried forward losses	5.319	10.148
Deferred tax 31 December	**3.582**	**2.943**

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 3,5 million (2021: DKK 3,8 million).

Notes to the Financial Statements

	2022 TDKK	2021 TDKK

13 Prepayments

Prepayments consists of prepaid expenses including rent, insurance and prepaid service fee.

As per below:

Ordinary prepayments under 1 year	8.638	7.194
Prepayments of service fee for under 1 year	62.749	80.480
Prepayments of service fee for over 1 year	270.506	368.124
Total prepayments	**341.893**	**455.798**

Primarily concerns prepayments of service fee for vehicles. The contracts are entered with a related party and are on market terms.

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:

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Share capital at 1 January	1.800	1.800	1.800	1.800	1.800
Share capital at 31 December	**1.800**	**1.800**	**1.800**	**1.800**	**1.800**

	2022 TDKK	2021 TDKK

15 Other provisions

Onerous contracts	2.847	5.715
Other provisions	2.300	1.800
	5.147	**7.515**

Onerous contract provision concerns rental contract entered on above market terms. The rental contract expires 31 December 2023 and has not been prolonged. There are not further obligations.

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:

	2022 TDKK	2021 TDKK
Bank loans to external parties		
Bank loans after 5 years	91.539	135.937
Bank loans between 1 and 5 years	163.793	131.644
Long-term part of bank loans	255.332	267.581
Short-term part of bank loans	35.539	232.858
Total bank loans	**290.871**	**500.439**
Bank loans from parent company		
Bank loan between 1-5 years	80.210	0
Long term bank loan from parent company	**80.210**	**0**
Payables to group enterprises		
Within 1 year to parent company	0	1.423
Within 1 year to subsidiaries and related parties	297.875	456.768
Short-term part	**297.875**	**458.191**
Lease obligations to group enterprises, etc.		
Lease obligations after 5 years	190.281	205.959
Lease obligations between 1 and 5 years	112.706	121.479
Long-term part	302.987	327.438
Lease obligations within 1 year	24.741	29.881
Short-term part	24.741	29.881
	327.728	**357.319**
Other payables		
Over 5 years	27.642	29.598
Between 1 and 5 years	6.618	6.245
Within 1 year	92.960	101.753
	127.220	**137.596**

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations

Rental agreements and leases	2022 TDKK	2021 TDKK
Lease obligations, period of non-terminability over 3 months	49.562	54.634

Security

Nordania Finans A/S has a mortgage for loans provided with TDKK 290.081. The mortgaged busses have a book value of TDKK 343.367.

Contingent liabilities

The Company is liable for bank guarantees totaling DKK 41,8 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 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	Ultimate parent
Keolis SA, France	Controlling shareholder

Transactions with related parties	2022 TDKK	2021 TDKK
Sale of vehicles to subsidiaries	25.523	312.510
Sale of services to subsidiaries	495	371
Purchase of service and rent premises from subsidiaries	-129.711	-131.134
Sale of service and rent premises to subsidiaries	7.764	8.183
Sale of service to parent company	1.064	145
Purchase of service from parent company	-550	-422
Purchase management service and similar services from parent company	-9.233	-7.127
Interest income from subsidiaries	5.484	2.149
Interest income from parent company	432	0
Interest expense subsidiaries	-15.479	-9.697
Interest expense parent company	-100	0
Receivables from subsidiaries	343.934	395.683
Receivable from parent company	1.209	139.357
Receivables from related parties	1.993	0
Prepaid service fee to group companies	333.255	448.604
Payable to parent company	-1.374	-1.423
Loan from parent company	-80.210	0
Payables to subsidiaries	-296.501	-454.744
Payables to related parties	0	-2.024
Payable leasing debt to subsidiaries	-327.821	-357.319

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.	SNCF
34 Avenue Léonard De Vinci	1-7 place aux Etoiles
92400 in Courbevoire	93212 LA PLAINE ST DENIS CEDEX
France	France

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

	2022 TDKK	2021 TDKK
Statutory audit and audit of Reporting Package	752	577
Other assurance services	0	0
Other advisory service (tax and VAT)	0	0
	752	**577**

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

21 Subsequent events

There are no subsequent events with impact on result or equity.

Accounting Policies

Basis of Preparation

The Annual Report of Keolis Danmark A/S for 2022 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 2022 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 (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

Accounting Policies

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

The company has chosen IAS 11/18 as interpretation for revenue recognition.

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 comprises wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

The item comprises 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 un-realised 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.

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

Accounting Policies

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 depriciations 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 depriciations 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.

Individual components of property, plant and equipment that have different useful lives and where the individual component accounts for a significant part of total costs are accounted for as separate items, which are depreciated separately.

For electric buses the cost is divided into battery pack and bus chassis. Battery pack is valued at market price.

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
Batteries in buses	7 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 31,000 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 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.

For electric busses the cost is divided into battery pack and bus chassis. Battery pack is valued at market price.

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.

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

Accounting Policies

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.

Accounting Policies

Financial Highlights

Explanation of financial ratios

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