
Keolis Letbaner A/S

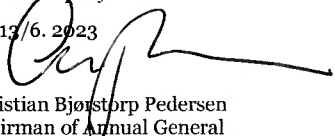
Naverland 20 2.sal, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2022

CVR No 18 51 80 90

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

13/6. 2023



Christian Bjoerstorpe 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 Letbaner 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



Thomas Friis Brændstrup

Board of Directors



Peter Lannig Nielsen
Chairman



Arnaud Van Troeyen



Alice Anne Chris Coppolani

Independent Auditor's Report

To the shareholders of Keolis Letbaner A/S

Opinion

We have audited the financial statements of Keolis Letbaner 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.

Independent Auditor's Report

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.

Independent auditor's report

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.

Independent Auditor's Report

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

Statement on the Management'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 Statements 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 Letbaner A/S
Naverland 20, 2. sal
DK-2600 Glostrup

CVR No: 18 51 80 90
Financial period: 1 January - 31 December
Financial year: 27th financial year
Municipality of reg. office: Albertslund

Board of Directors

Peter Lanng Nielsen, Chairman
Arnaud Van Troeyen
Alice Anne Chris Coppolani

Executive Board

Thomas Friis Brændstrup

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:

	<u>2022</u> DKK	<u>2021</u> DKK	<u>2020</u> DKK	<u>2019</u> DKK	<u>2018</u> DKK
Key figures					
Profit/loss					
Revenue	92.196.379	63.680.730	63.650.012	61.363.817	53.544.798
Gross profit	22.221.072	22.245.253	21.277.366	17.201.925	14.949.992
Profit/loss before financial income and expenses	8.339.258	9.445.287	9.150.780	9.118.840	9.369.643
Net profit for the year	7.579.339	6.960.077	6.492.905	6.457.206	6.856.605
Balance sheet					
Balance sheet total	64.818.275	55.523.231	55.856.671	46.623.285	48.650.092
Equity	39.371.289	41.774.464	34.814.387	28.321.482	31.442.676
Ratios					
Gross margin	24,1%	34,9%	33,4%	28,0%	27,9%
Profit margin	9,0%	14,8%	14,4%	14,9%	17,5%
Return on assets	12,9%	17,0%	16,4%	19,6%	19,3%
Solvency ratio	60,7%	75,3%	62,3%	60,7%	64,8%
Return on equity	18,7%	18,2%	20,6%	21,6%	24,5%

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 main activity is operation and maintenance of light rail networks under contract with transport authorities.

Development in the year and economic situation

The income statement of the Company for 2022 shows a profit of DKK 7,579,339 and at 31 December 2022 the balance sheet of the Company shows equity of DKK 39,371,289. The Board of Directors has proposed that a dividend of DKK 15,000,000 should be declared.

The mobilization of the contract in Odense was finalized in May and the light rail started operations on 28 May. The operations have gone well, albeit there have been issues with wheel noise. We are working with Odense Light Rail P/S to resolve the issues.

Our Light Rail operation in Aarhus showed good operational results and is performing according to schedules and plans and has demonstrated record PAX volumes. In November a part of the Tango vehicle fleet was grounded due to a missing maintenance inspection by the maintenance subcontractor. The inspections were quickly carried out and the implicated vehicles was put back into service on December 1st.

Expected development

The Company expects good results in the coming year and feel well positioned as the preferred Light Rail operator in Denmark. It is expected that 2023 will bring positive results. The expectation for 2023 is a turnover between TDKK 125,000 and TDKK 135,000 and a result before tax between TDKK 8,000 and TDK 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.

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.

Management's Review

The policy is approved by Management.

Environment

We have a goal of reducing waste and energy consumption, and generally minimize our environmental impact. We also have a goal of having a good working environment for our staff.

We work diligently with both areas and have received "Krone smiley" for our work environment and we are ISO certified for our Management System (ISO 45001 and ISO 14.001).

We have been operating Light Rail in Aarhus and Odense during the year. In Odense we have responsibility for the maintenance of the LRT system including the workshop. The workshop and general maintenance in Odense is outsourced and together with these partners we have all necessary certifications.

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 DKK	2021 DKK
Revenue	1	92.196.379	63.680.730
Other operating income	2	1.764.897	977.280
Direct operating costs		-3.755.554	-1.404.739
Driver wages etc.	3	-65.182.382	-39.724.622
Other external expenses		<u>-2.802.268</u>	<u>-1.283.396</u>
Gross profit		22.221.072	22.245.253
Staff expenses	3	-13.632.152	-12.561.158
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	4	<u>-249.662</u>	<u>-238.809</u>
Profit before financial income and expenses		8.339.258	9.445.286
Income from investment in subsidiaries	5	1.524.336	-56.560
Financial income	6	5.441	159.622
Financial expenses	7	<u>-578.998</u>	<u>-638.100</u>
Profit before tax		9.290.037	8.910.248
Tax on profit for the year	8	<u>-1.710.698</u>	<u>-1.950.171</u>
Net profit for the year		<u>7.579.339</u>	<u>6.960.077</u>

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Dividend for the year	15.000.000	10.000.000
Net valuation reserve	1.487.230	0
Retained earnings	<u>-8.907.891</u>	<u>-3.039.923</u>
	<u>7.579.339</u>	<u>6.960.077</u>

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Mobilization Odense contract		0	2.724.036
Software licenses		0	13.253
Intangible assets	9	0	2.737.289
Other fixtures and fittings, tools and equipment		1.287.544	1.393.328
Property, plant and equipment	10	1.287.544	1.393.328
Investment in subsidiaries	5	2.452.956	888.133
Financial assets		2.452.956	888.133
Fixed assets		3.740.500	5.018.750
Inventories		0	57.210
Inventories		0	57.210
Trade receivables		28.658.597	10.411.007
Receivables from group enterprises	11	1.158.263	1.276.698
Other receivables		1.109.694	1.369.558
Prepayments		660.890	165.457
Deferred tax asset	12	1.120.532	926.023
Receivables		32.707.976	14.148.743
Cash at bank and in hand		28.369.799	36.298.528
Currents assets		61.077.775	50.504.481
Assets		64.818.275	55.523.231

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Share capital	13	500.000	500.000
Proposed dividend		15.000.000	10.000.000
Net revaluation reserve		1.487.230	0
Retained earnings		<u>22.384.059</u>	<u>31.274.464</u>
Equity		<u>39.371.289</u>	<u>41.774.464</u>
Trade payables		5.327.542	6.096.427
Payables to related parties		8.532.881	304.593
Corporation tax		1.905.206	0
Other payables		<u>9.681.357</u>	<u>7.347.747</u>
Short-term debt		<u>25.446.986</u>	<u>13.748.767</u>
Debt		<u>25.446.986</u>	<u>13.748.767</u>
Liabilities and equity		<u>64.818.275</u>	<u>55.523.231</u>
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Statement of changes in Equity

	<u>Share capital</u> DKK	<u>Proposed dividend</u> DKK	<u>Net revaluation reserve</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	500.000	10.000.000	0	31.274.464	41.774.464
Correction at 1 January	0	0	0	17.486	17.486
Paid dividend	0	-10.000.000	0	0	-10.000.000
Carried forward	<u>0</u>	<u>15.000.000</u>	<u>1.487.230</u>	<u>-8.907.891</u>	<u>7.579.339</u>
Equity at 31 December	<u>500.000</u>	<u>15.000.000</u>	<u>1.487.230</u>	<u>22.384.059</u>	<u>39.371.289</u>

Notes to the Financial Statements

	<u>2022</u> DKK	<u>2021</u> DKK
1 Revenue		
Domestic revenue related to passenger transportation	<u>92.196.379</u>	<u>63.680.730</u>
	<u>92.196.379</u>	<u>63.680.730</u>
2 Other operating income		
Consultancy fee to external customers	<u>1.764.897</u>	<u>977.280</u>
	<u>1.764.897</u>	<u>977.280</u>
3 Staff expenses		
Wages and salaries	65.527.780	41.473.338
Pensions	6.622.199	5.294.080
Other social security expenses	1.523.343	1.282.294
Other staff expenses	<u>5.141.212</u>	<u>4.236.068</u>
	<u>78.814.534</u>	<u>52.285.780</u>
Average number of employees	<u>177</u>	<u>151</u>
<p>Wages and salaries, pensions and other social security expenses of DKK 16.690.653. (2021 DKK 23.603.515) has been capitalized as mobilization of Odense Light Rail. The costs have been fully compensated by Odense Letbaner P/S.</p> <p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
4 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization of intangible assets	13.253	79.520
Amortization of property, plant and equipment	<u>236.409</u>	<u>159.289</u>
	<u>249.662</u>	<u>238.809</u>

Notes to the Financial Statements

	<u>2022</u> DKK	<u>2021</u> DKK
5 Investments in subsidiaries		
Cost at 1 January	965.726	965.726
Additions for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>965.726</u>	<u>965.726</u>
Value adjustment at 1 January	-77.593	-21.033
Adjustment prior years	40.487	0
Result for the year	<u>1.524.336</u>	<u>-56.560</u>
Value adjustment at 31 December	<u>1.487.230</u>	<u>-77.593</u>
Carrying value 31 December	<u>2.452.956</u>	<u>888.133</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital (TDKK)</u>	<u>Votes and ownership</u>
Keolis Odense Infrastruktur ApS	Albertslund	125	100%

	<u>2022</u> DKK	<u>2021</u> DKK
6 Financial income		
Interest received from Group companies	<u>5.441</u>	<u>159.622</u>
	<u>5.441</u>	<u>159.622</u>

	<u>2022</u> DKK	<u>2021</u> DKK
7 Financial expenses		
Bank interest	93.958	157.788
Interest financial leasing	2.332	2.425
Interest holiday pay fund	0	25.920
Interest paid to Group companies	58.401	0
Guarantee fee	421.283	450.001
Other financial costs	<u>3.024</u>	<u>1.966</u>
	<u>578.998</u>	<u>638.100</u>

	<u>2022</u> DKK	<u>2021</u> DKK
8 Tax on profit for the year		
Current tax for the year	1.905.206	0
Deferred tax adjustment	<u>-194.508</u>	<u>1.950.171</u>
	<u>1.710.698</u>	<u>1.950.171</u>

Notes to the Financial Statements

9 Intangible assets

	<u>Mobilization Odense LR</u> DKK	<u>Software licenses</u> DKK
Cost at 1 January	2.724.036	1.147.450
Disposals for the year	<u>-2.724.036</u>	<u>-752.490</u>
Cost at 31 December	<u>0</u>	<u>394.960</u>
Amortization at 1 January	0	1.134.197
Amortization on disposed assets	0	-752.490
Amortization for the year	<u>0</u>	<u>13.253</u>
Amortization at 31 December	<u>0</u>	<u>394.960</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>
Depreciated over		<u>5 years</u>

10 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u> DKK
Cost at 1 January	2.257.514
Additions for the year	<u>130.625</u>
Cost at 31 December	<u>2.388.139</u>
Depreciation at 1 January	864.186
Depreciations for the year	<u>236.409</u>
Depreciation at 31 December	<u>1.100.595</u>
Carrying amount at 31 December	<u>1.287.544</u>
Depreciated over	<u>3-8 years</u>
Including assets under finance leases	<u>73.535</u>

11 Receivable from group enterprises

Short term receivable. The loans are interest bearing and can be called upon demand.

Notes to the Financial Statements

12 Deferred tax asset	<u>2022</u> DKK	<u>2021</u> DKK
Deferred tax		
Deferred tax 1 January	926.023	2.876.194
Adjustment of deferred tax for the year	<u>194.509</u>	<u>-1.950.171</u>
Deferred tax 31 December	<u>1.120.532</u>	<u>926.023</u>

Deferred tax relates to

Contract right Odense	1.157.829	1.543.771
Property plant and equipment	-73.196	-58.101
Internal leasing	35.899	39.641
Mobilization expensed for tax purposes and taxable prepayments	<u>0</u>	<u>-599.288</u>
Deferred tax 31 December	<u>1.120.532</u>	<u>926.023</u>

The recognition of deferred tax asset is based on an expected utilization through future taxable profits.

13 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	<u>2022</u> DKK	<u>2021</u> DKK	<u>2020</u> DKK	<u>2019</u> DKK	<u>2018</u> DKK
Share capital at 1. January	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>
Share capital at 31 December	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>	<u>500.000</u>

Notes to the Financial Statements

14 Contingent assets, liabilities and other financial obligations

Rental agreements and leases	<u>2022</u> DKK	<u>2021</u> DKK
Lease obligations, period of non-terminability over 3 months	396.490	482.430

Contingent liabilities

A guarantee of DKK 40.000.000 has been issued in favour of Aarhus Letbane I/S. The guarantee is made to cover claims that Aarhus Letbane I/S may have against Keolis Letbaner A/S.

A performance guarantee of DKK 50.000.000 has been issued in the favour of Odense Letbane P/S.

Furthermore a maintenance guarantee of DKK 4.300.000 has been issued in the favour of Odense Letbane P/S.

The Company is jointly taxed with Danish Group companies and Danish entities ultimately owned by SNCF. The Danish group companies are jointly and severally liable for tax related to the joint taxation income.

15 Related parties

Controlling interest

SNCF	Ultimate parent
Keolis Danmark A/S	Controlling shareholder

Transactions with related parties	<u>2022</u> DKK	<u>2021</u> DKK
Sale of services to related parties	3.721.533	2.628.349
Purchase of service from parent company	-315.176	-181.232
Purchase of guarantee from Keolis S.A.	-25.000	-250.000
Interest income from parent company	5.441	159.622
Interest expense parent company	-58.401	0
Interest expense parent company - leasing	-2.332	-2.425
Receivables from parent company	319.356	668.471
Receivables from other related parties	772.240	608.227
Receivable from parent company	66.667	0
Payables to parent company	0	-11.539
Other payables to related parties	-8.463.171	-116.670
Payable leasing debt to related parties	-69.711	-176.384

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

Notes to the Financial Statements

16 Group information

The Group's direct parent is Keolis Danmark A/S. The ultimate parent is Keolis S.A. who prepares Consolidated Financial Statements, into which the Company is incorporated as a subsidiary.

Consolidated Financial Statements for Keolis S.A. may be obtained at the following address:

Keolis S.A.
34 Avenue Léonard De Vinci
92400 in Courbevoie
France

17 Subsequent events

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

Accounting Policies

Basis of Preparation

The Annual Report of Keolis Letbaner A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C.

Financial Statements for 2022 are presented in DKK.

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

Accounting Policies

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

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

Revenue comprises 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
- the 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

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.

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.

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

The Company is jointly taxed with other Group companies. The tax effect of the joint taxation with the companies 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

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.

Mobilization of contract

Mobilization costs in connection with Light Rail contracts are capitalized. Cost include salary and preparatory costs to meet the contractual requirements. It includes getting the acquired safety approvals, which are a condition to start

Accounting Policies

operations and necessary training/certification of the drivers. The capitalized amounts are reduced with accrued prepayments related to the mobilization. Mobilization will be amortized over the duration of the contract from the date of start of operations.

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:

Other fixtures and fittings, tools and equipment	3-8 years
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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.

Investment 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

Accounting Policies

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.

Inventories

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

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

Receivables

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

Prepayments

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

Dividend

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

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

Accounting Policies

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

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