

Knorr-Bremse Rail Systems Denmark ApS

Otto Busses Vej 27
2450 København SV
CVR No. 41777583

Annual report 2022

The Annual General Meeting adopted the
annual report on 14.07.2023

Christian Algreen-Ussing
Chairman of the General Meeting

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Entity details

Entity

Knorr-Bremse Rail Systems Denmark ApS

Otto Busses Vej 27

2450 København SV

Business Registration No.: 41777583

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Mario Bernd Beinert

Frank Gerhard Uder

Carsten Degn

Executive Board

Anders Vedsted Nørrelund

Auditors

KPMG P/S

Dampfærgevej 28

2100 København Ø

CVR No.: 25578198

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Knorr-Bremse Rail Systems Denmark ApS for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.07.2023

Executive Board

Anders Vedsted Nørrelund

Board of Directors

Mario Bernd Beinert

Frank Gerhard Uder

Carsten Degn

Independent auditor's report

To the shareholders of Knorr-Bremse Rail Systems Denmark ApS

Opinion

We have audited the financial statements of Knorr-Bremse Rail Systems Denmark ApS for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position 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 Standard on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control that 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 company 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 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Non-compliance with the provisions of the Danish Companies Act on Management's duties

The Company has failed to comply with its duties in accordance with the Danish Companies Act to prepare rules of procedures for the board of Directors and to establish and maintain records and minutes. The Company's Management may incur liability in this respect.

Copenhagen, 14.07.2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No. 25578198

David Olafsson

State Authorised Public Accountant

Identification No (MNE) mne19737

Sara Carstensen

State Authorised Public Accountant

Identification No (MNE) mne34191

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000
Key figures		
Revenue	676,410	0
Gross profit/loss	81,676	(10)
Operating profit/loss	(120,091)	(10)
Net financials	(78)	0
Profit/loss for the year	(93,732)	(8)
Total assets	444,122	42
Investments in property, plant and equipment	218,660	0
Equity	231,211	32
Average number of employees	393	0
Ratios		
Equity ratio (%)	52.06	76.19

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The company's purpose is to carry out repair, refurbishment and maintenance activities and other related activities at the board's discretion.

Development in activities and finances

The income statement for 2022 shows a loss of DKK 93,732 thousand against a loss of DKK 8 thousand last year, and the balance sheet on 31 December 2022 shows equity of DKK 231,211 thousand.

During the financial year, the Company acquired several component workshops with activities within revisions and repairs of rotables to rolling stock, supply of spare parts as well as certain ongoing refurbishment projects and damages repairs of rolling stock in a demerger from DSB Vedligehold A/S.

The revenue of DKK 676,410 thousand was less than expected with the main customer, being the DSB Group, delivering a lower volume.

Profit/loss for the year in relation to expected developments

Management considers the Company's financial performance in the year as below expectations.

Uncertainty relating to recognition and measurement

The preparation of the annual report requires Management to make assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses.

In the financial statements for 2022, the following assumptions and uncertainties are worth noting as they have significantly impacted the recognition of assets and liabilities in the financial statements:

The assessment of Net realizable value for inventories has changed to what we believe is a more realistic value. This has impacted the financial result with a value of DKK -99,894 thousand before tax.

Outlook

The Company expects to see a higher activity in 2023 from existing and new customers and delivering an improved but still negative result after investments in organizational development and new systems.

Use of financial instruments

The Company trades primarily in DKK and have loans in Euro and is consequently not exposed significantly to foreign exchange risk.

The parent company has expressed its financial support to meet future liabilities.

Knowledge resources

The Company is operating in a specialized industry where the knowledge resources primarily relate to skilled employees and related professional business partners. The Company focus continuously on maintaining and developing the employee competencies.

Environmental performance

The Company is focusing on reducing the energy consumption as well as the environmental impact on the surroundings of the workshops located in Copenhagen and Aarhus

Research and development activities

The Knorr-Bremse Group maintain investments in R&D activities, but the Company have no research and development activities on its own.

Events after the balance sheet date

No significant events have occurred after the balance sheet date until the day of signing of the Annual report, which would influence the evaluation of this.

Income statement for 2022

	Notes	2022 DKK'000	2021 DKK '000
Revenue		676,410	0
Cost of sales		(455,577)	0
Costs of raw materials and consumables		12	0
Other external expenses		(139,169)	(10)
Gross profit/loss		81,676	(10)
Staff costs	2	(191,318)	0
Depreciation, amortisation and impairment losses		(10,449)	0
Operating profit/loss		(120,091)	(10)
Other financial income	3	629	0
Other financial expenses	4	(707)	0
Profit/loss before tax		(120,169)	(10)
Tax on profit/loss for the year	5	26,437	2
Profit/loss for the year		(93,732)	(8)
Proposed distribution of profit and loss:			
Retained earnings		(93,732)	(8)
Proposed distribution of profit and loss		(93,732)	(8)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		1,642	0
Intangible assets	6	1,642	0
Other fixtures and fittings, tools and equipment		28,662	0
Property, plant and equipment	7	28,662	0
Deferred tax	9	26,437	0
Financial assets	8	26,437	0
Fixed assets		56,741	0
Raw materials and consumables		121,489	0
Work in progress		78,083	0
Inventories		199,572	0
Trade receivables		76,664	0
Receivables from group enterprises		1,336	2
Other receivables		65,109	0
Prepayments	10	1,139	0
Receivables		144,248	2
Cash		43,561	40
Current assets		387,381	42
Assets		444,122	42

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		40	40
Retained earnings		231,171	(8)
Equity		231,211	32
Other provisions	11	35	0
Provisions		35	0
Trade payables		68,161	0
Payables to group enterprises		117,157	0
Other payables		27,558	10
Current liabilities other than provisions		212,876	10
Liabilities other than provisions		212,876	10
Equity and liabilities		444,122	42
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	12		
Group relations	13		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	(8)	32
Other entries on equity	0	324,911	324,911
Profit/loss for the year	0	(93,732)	(93,732)
Equity end of year	40	231,171	231,211

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	162,224	0
Other social security costs	21,762	0
Other staff costs	7,332	0
	191,318	0
Number of employees at balance sheet date	393	0

3 Other financial income

	2022 DKK'000	2021 DKK'000
Other interest income	6	0
Exchange rate adjustments	623	0
	629	0

4 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	448	0
Other interest expenses	15	0
Exchange rate adjustments	244	0
	707	0

5 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	0	(2)
Change in deferred tax	(26,437)	0
	(26,437)	(2)

6 Intangible assets

	Acquired intangible assets DKK'000
Additions	1,642
Cost end of year	1,642
Carrying amount end of year	1,642

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Additions	218,660
Cost end of year	218,660
Impairment losses for the year	(189,998)
Depreciation and impairment losses end of year	(189,998)
Carrying amount end of year	28,662

8 Financial assets

	Deferred tax DKK'000
Additions	26,437
Cost end of year	26,437
Carrying amount end of year	26,437

9 Deferred tax

	2022 DKK'000
Property, plant and equipment	(1,004)
Inventories	22,998
Tax losses carried forward	4,443
Deferred tax	26,437

	2022 DKK'000
Changes during the year	DKK'000
Recognised in the income statement	26,437
End of year	26,437

10 Prepayments

Accruals relate to revenue after the cut-off date, related to the financial year.

11 Other provisions

Other provisions comprises of warranty provisions.

12 Unrecognised rental and lease commitments

	2022	2021
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	67,911	0

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Knorr-Bremse AG, Moosacher Strasse 80, 80809 München, Tyskland.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Knorr-Bremse System für Schienenfahrzeuge GmbH, Moosacher Strasse 80, 80809 München, Tyskland.

Copies of the consolidated financial statements of Knorr-Bremse System für Schienenfahrzeuge GmbH may be ordered at the following address:
Moosacher Strasse 80, 80809 München, Tyskland.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument.

Income statement

Revenue

Revenue from repair and maintenance of train equipment etc. is recognized as the production is carried out, whereby the turnover corresponds to the sales value of the work carried out for the year (the production cost).

Revenue from the provision of preparation services is recognized in net revenue at the time the preparation service is delivered.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises , interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3 - 15 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the moving average method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and

doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.