Moving Together

DFDS A/S Annual Report 2023

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Moving together

Our network combines ferry, road, and rail transport with complementary logistics solutions.

The ferry network carries both freight and passengers, and we leverage the ferry network by combining road, ferry, and contract logistics to provide end-to-end solutions in and around Europe.

Our logistics solutions include contract logistics, customs services, freight forwarding, packaging, and control tower solutions.

We strive to create strong partnerships with our customers by serving them with care and passion, listening before making decisions, doing what we say we'll do, and by learning, developing, and improving every day – in short, by moving together.

Following a period with significant expansion of the network, our new strategy sets us on a path to unlock the value of the expanded network through organic growth and focus on cash flow generation. We are also moving to green. On land, we deploy one of the largest fleet of e-trucks in Europe, and we aim to have six green ferries on the water by 2030.

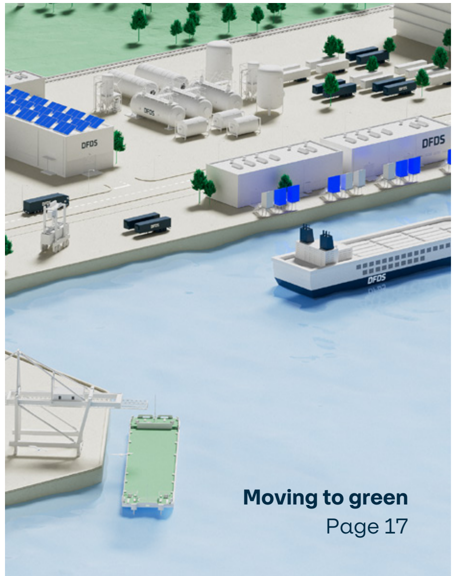
In this report you can learn more about what we do, business trends, financial performance, progress on our green transition, as well as on safety and our efforts to support diversity and inclusion. And many, many other matters.

Welcome to our Annual Report 2023.

Management review

ESG review
Page 54

This report constitutes DFDS' Communication on Progress to the UN Global Compact. It covers the DFDS Group's ESG activities for the financial year 1 Jan to 31 Dec 2023.



Moving to green
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Ferry Division
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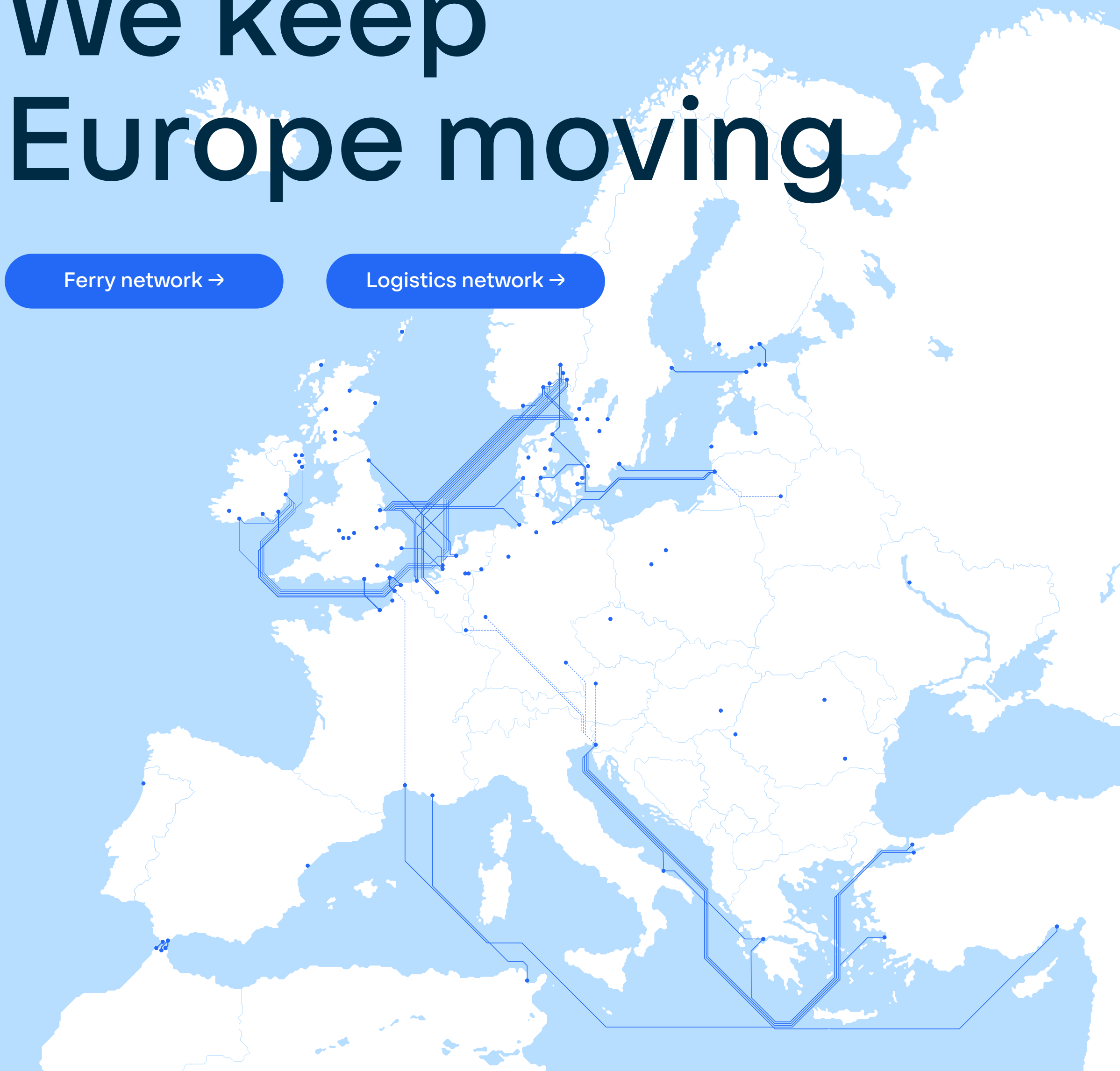
Financial statements

Introduction

We keep Europe moving

Ferry network →

Logistics network →



13,200

People

66

Logistics locations
including 35 warehouses

66

Ferries

30

Ferry routes
18 carry only freight
12 carry freight & passengers

We move goods in trailers* by ferry, road & rail

... and people in cars & on foot

*and trailer equivalents

We are Moving Together Towards ...

A reliable, efficient
ferry & logistics network
for our customers

A great place
to work
for our people

A green
transition leader
for the planet

Value creation
and stable returns
for our shareholders

From left to right
Claus V. Hemmingsen, Chair
Torben Carlsen, CEO

Moving Together Towards 2030 from Win23

We will unlock value from the expanded network through a shift in focus to primarily organic growth underpinned by our enhanced network capabilities

Joint letter from Chair and CEO

We successfully completed our Win23 strategy in 2023 having significantly expanded and strengthened our network over the past five years. We also met the strategy's financial ambitions despite the challenging market conditions, once again demonstrating the importance of being able to adapt to changes in macro, operating, and financial environments.

The shift in economic fundamentals that began in 2022 continued in 2023 as growth was held back by high inflation and rising interest rates. The geopolitical tensions that emerged in 2022 persisted in 2023, and unfortunately look set to remain elevated in 2024.

Moreover, 2023 was the warmest year on record so far for our planet, a poignant sign of the need to reduce and ultimately eliminate greenhouse gas emissions.

Throughout 2023 we adapted our operations to the changing market conditions to deliver on our promises to customers and to optimise earnings as well as shareholder value.

We expanded resources devoted to decarbonisation in our organisation, fulfilled our short-term emission reduction targets, and further developed our green transition pathway as part of the strategy update Moving Together Towards 2030 launched in December 2023.

Strategic perception is shifting

Priorities have shifted in the last two years. Rising interest rates have in combination with elevated uncertainty about future growth levels increased focus on cash flow generation and financial strength.

Transport market priorities have also developed in response to various disruptions as well as the rising inflation and interest rates. Although 2023 provided more normalised conditions, supply chain resilience and security remain important purchase criteria. Large freight customers have growing preferences for partnering with fewer and larger transport and logistics providers. Simultaneously, price remains an important purchase criterion which underscores the need to pursue continuous operating efficiency improvements and optimising capacity utilisation.

Win23 strategy ambitions delivered

In the final year of the Win23 strategy, we continued our network expansion strategy and delivered EBITDA of DKK 5bn – the financial ambition set in 2019 for 2023. The ambition was achieved despite significant macro headwinds demonstrating the resilience of our combined ferry and logistics business model.

Our network now offers a scale and depth that has increased our relevance for large industrial customers and through the Win23 strategy period we have increased our presence in high-growth areas like Türkiye and latest North Africa. Our financials are solid with leverage within our set policy of a NIBD/EBITDA-multiple between 2.0-3.0x.

Moving Together Towards 2030 – strategy update

In 2023, we reviewed and adapted our strategy to our current position and to the significant external changes. In December, we launched our updated strategy – Moving Together Towards 2030 containing a roadmap for unlocking the value from our expanded network. 'Moving Together' reflects the importance we attach to collaborating and partnering. Not least when it comes to succeeding with the green energy transition.

We will unlock value from the expanded network through a shift in focus to primarily organic growth underpinned by our enhanced network capabilities, higher relevance for freight customers requiring bundled transport and logistics solutions, and our increased presence in high-growth markets.

The strategy is supported by five routes to unlock value: Protect & Grow Profits, Standardise to Simplify, Digitise to Transform, Moving to Green, and Be a Great Place to Work. These are detailed on page 19 in the annual report.

The strategy update also includes our financial ambitions for the coming three years, 2024-2026. We will increase our focus on cash flow generation through an annual DKK 1.5bn adjusted free cash flow target. We aim to raise return on invested capital to around 10%, and to deleverage the capital structure to 2.5x by 2026.

Stable financial performance and cash flow growth

In 2023, EBITDA increased 1% to DKK 5.0bn. A successful recovery of passenger earnings and a positive impact from logistics acquisitions offset lower freight earnings that were reduced by challenging market conditions and the impact of the normalised oil price spread. Demand, and hence volumes, declined in most markets throughout the year due to the high inflation and the rise in interest rates. Moreover, freight ferry earnings were negatively impacted by an overcapacity situation on the Dover Strait and the war in Ukraine that lowered utilisation in our Baltic route network. The return on invested capital (ROIC) was 7.6% at year-end compared to 8.7% in 2022. The decrease was driven by the lower level of freight earnings. The Adjusted free cash flow increased to DKK 2.8bn, including a cash inflow of DKK 1.5bn from the sale and leaseback of three freight ferries.

Financial leverage, NIBD/EBITDA, was at 2.9x. A total of DKK 581m was distributed to shareholders in 2023 consisting of a dividend of DKK 281m and a share buyback of DKK 300m.

We are committed to returning excess capital to shareholders as stated in our distribution policy and propose a total shareholder distribution of DKK 600m in 2024 comprising a dividend of DKK 169m and a share buyback of DKK 431m.

Moving forward in 2024

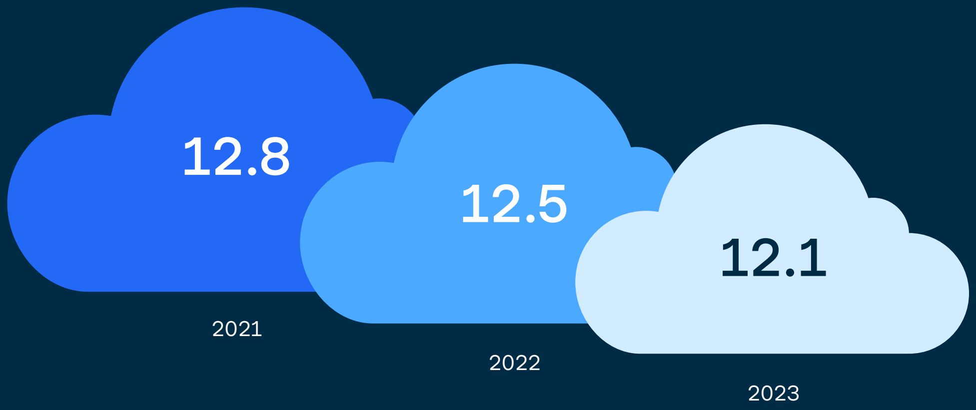
We approach the outlook for 2024 with caution for particularly two reasons: Geopolitical tensions remain elevated, and it is still uncertain whether Europe's transition to lower inflation levels will entail a hard or a soft landing for the economy. Our base case for 2024 is therefore a relatively flat market environment for both freight and passengers. Regardless of the adverse macro environment, we will focus on delivering reliable and efficient services and solutions to our customers, monitoring and adapting to market changes, and particularly on unlocking the value of our expanded network and capabilities as we start to execute on our new strategic and financial ambitions.

Thank you very much to all our colleagues in DFDS. Challenges have been overcome and adaptations have been numerous. Your dedication and contributions delivered the progress we achieved in 2023.

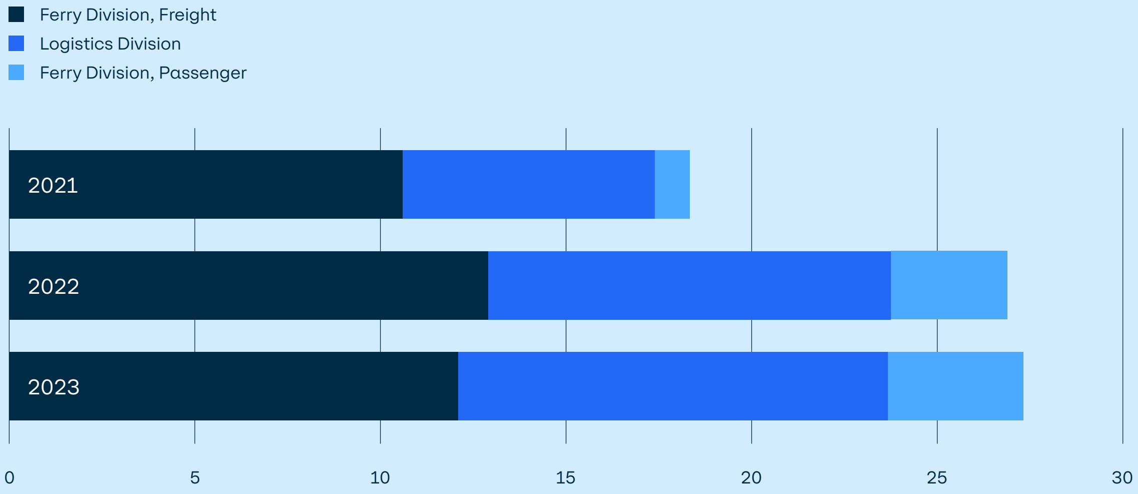
We would also like to extend our gratitude to all our customers, partners, and stakeholders for continued collaboration. Together with you, and with the support of our shareholders, we are excited to embark on a new strategy period of which 2024 will be the first year. Firm targets are set for 2026 as well as a clear pathway towards 2030.

Key results 2023

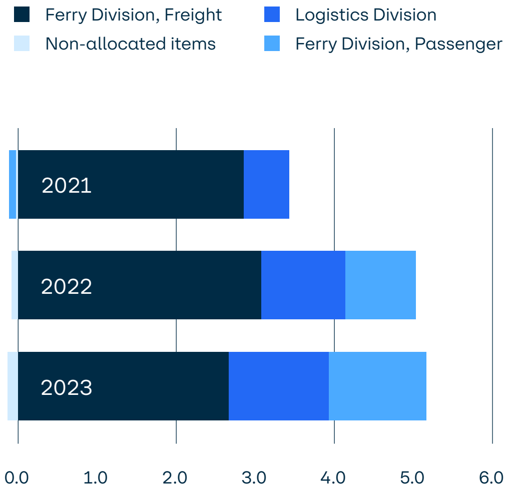
CO_2 emissions own fleet
g CO_2 / GT mile



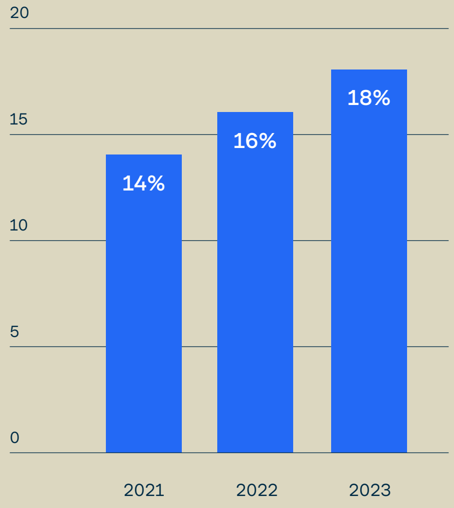
Revenue per division
DKK bn



EBITDA per division
DKK bn



Female ratio of managers
%



Key figures

DKK m	2023[1] EUR m	2023	2022[2]	2021[2]	2020[2]	2019[2]
Income statement						
Revenue[4]	3,665	27,304	26,873	18,279	14,310	16,798
– Ferry Division[3 4]	2,214	16,493	16,831	12,216	9,784	12,403
– Logistics Division[3]	1,623	12,096	11,423	7,155	5,301	5,116
– Non-allocated items and eliminations[3]	-172	-1,285	-1,382	-1,092	-776	-722
Operating profit before depreciation and amortisation (EBITDA)	676	5,034	4,974	3,322	2,633	3,509
– Ferry Division[3]	524	3,907	3,984	2,790	2,236	3,215
– Logistics Division[3]	171	1,273	1,066	564	450	415
– Non-allocated items	-20	-146	-76	-32	-53	-121
Operating profit before amortisation (EBITA)	336	2,504	2,603	1,446	835	1,736
Operating profit (EBIT)	312	2,326	2,468	1,348	741	1,650
Financial items, net	-90	-673	-329	-278	-275	-278
Profit for the year	202	1,505	2,019	976	442	1,313
Capital						
Total assets	4,679	34,873	34,084	30,721	27,006	26,863
Equity	1,867	13,918	13,135	11,554	10,600	10,356
Net-interest-bearing debt	1,971	14,689	14,109	13,481	11,361	11,954
Invested capital, end of period	3,891	28,996	27,554	25,369	22,121	22,476
Cash flows						
Cash flows from operating activities	511	3,811	4,480	3,208	2,499	3,016
Cash flows from investing activities	-154	-1,149	-2,989	-3,210	-1,618	-2,670
Free cash flow	357	2,662	1,491	-1	882	346
Adjusted free cash flow	111	2,773	825	1,000	294	-228

	Unit	2023	2022[2]	2021[2]	2020[2]	2019[2]
Key operating and return ratios						
Average number of employees	FTE	13,191	11,510	8,874	8,213	8,367
Revenue growth	%	1.6	47.0	27.7	-14.8	6.6
EBITDA margin	%	18.4	18.5	18.2	18.4	20.9
EBIT margin	%	8.5	9.2	7.4	5.2	9.8
Return on invested capital (ROIC)	%	7.6	8.7	6.0	3.3	7.4
ROIC before acquisition intagibles (ROIC BAI)	%	10.4	11.7	8.0	4.5	9.7
Return on equity	%	11.1	16.4	8.7	4.2	13.5
Key capital and per share ratios						
Financial leverage	times	2.9	2.8	3.8	4.3	3.4
Equity ratio	%	39.9	38.5	37.6	39.3	38.6
Earnings per share (EPS)	DKK	26.64	35.09	16.69	7.56	22.88
Dividend paid per share	DKK	5.00	8.00	0	0	4.00
Number of shares, end of period	'000	58,632	58,632	58,632	58,632	58,632
Share price	DKK	223	256	349	275	325
ESG key figures						
Scope 1 emissions (CO_2e)	1,000 tonnes	2,556	2,697	2,544	2,014	2,253
Scope 2 emissions - location based (CO_2e)	1,000 tonnes	12.1	7.9	6.9	6.0	7.3
Direct CO_2e emissions (Scope 1+2)	1,000 tonnes	2,568	2,705	2,551	2,020	2,260
CO_2e intensity	$kgCO_2e$/MDKK	94.4	100.7	139.5	141.2	134.6
Emissions per GT mile - Own fleet (CO_2)	gCO_2	12.1	12.5	12.8	13.4	13.9
Lost-time injury frequency (LTIF) - Sea	Incidents/mio. hrs.	3.8	4.5	4.3	4.1	4.5
Lost-time injury frequency (LTIF) - Land	Incidents/mio. hrs.	8.1	7.9	7.4	5.9	6.7
Women ratio - Total workforce	%	23	24	24	23	25
Women ratio - Board of Directors	%	33	33	33	33	33

1 Applied exchange rate for Euro as of 31 December 2023: 7.4510 (Average) and 7.4529 (End).

2 As from 2023 special items are not presented separately in the income statement and accordingly, the comparative figures for 2019-2022 have been restated.

3 North Sea port logistics activities have been transferred from the Ferry Division to the Logistics Division per 1 January 2021. 2020 comparative figures have been restated accordingly, whereas 2019 comparative numbers are not restated.

4 Accounting of rail activities in Türkiye have changed in 2022 due to shift in the agent principal relationship for the customers. The comparative figures have been restated accordingly.

Definitions on page 176-177.

Performance and outlook

Solid result achieved for 2023

- **Win23 EBITDA target of DKK 5bn achieved**
- **Freight earnings reduced** by lower volumes
- **Passenger earnings improved** by volume recovery and higher spending
- **Green transition** ahead of short-term targets
- **Network expanded and strengthened** by Logistics acquisitions
- **New strategy and financial ambitions** launched

We continued to expand and strengthen the capabilities of our network in 2023 through both acquisitions and investments in people, digitisation, equipment, and warehousing capacity. We also expanded our collaboration with longstanding freight customers and gained important new customer relationships.

2023 EBITDA of DKK 5.0bn was in line with the Win23 strategy's key financial ambition of an EBITDA of DKK 5.0bn despite headwinds in some of our markets. The recovery in passenger volumes and higher spending led to a strong passenger result. Freight volumes and earnings were on the other hand more exposed to Europe's economic slowdown in 2023 and consequently decreased.

We emerged from 2023 ahead of the year's short-term green transition targets. This was achieved by a new ferry schedule optimisation program and deployment of 90 e-trucks during the year.

Financial performance as measured by the return on invested capital, ROIC, decreased to 7.6% in 2023 reflecting market headwinds as well as the significant network investments to expand and strengthen the network in line with the Win23 strategy. A key short-term focus area of the new strategy launched in December 2023 is to unlock value over the next three years. This includes a financial ambition to raise ROIC to around 10% by 2026 and to annually generate an Adjusted free cash flow of around DKK 1.5bn. The new strategy and financial ambitions are described in more detail on page 18-19.

Macro events continued to impact transport markets

In 2023, freight volumes remained robust in many trade lanes or corridors even though transport markets in general continued to be adversely impacted by external macro events:

Continued impact from the war in Ukraine
The war in Ukraine continued to depress activity levels in the Baltic Sea region, especially freight volumes on both sea and land. This also lowered ferry capacity utilisation levels and increased competition in certain ferry corridors of the Baltic Sea.

Economic slowdown triggered by higher inflation and interest rates
Inflation was boosted by among other things the spike in energy prices in 2022 caused by the war in Ukraine. Through 2023, the overall EU inflation decreased from around 9% to 3% while interest rates increased through the year. This combination decreased demand from both consumers and businesses in key European markets which led to a stagnating market environment, especially in the second half of 2023. Passenger ferry demand was in general less impacted than freight demand and recovered well through the year.

The lower freight demand led to overcapacity in European haulage markets towards mid-year and margin pressure in the transport sector intensified through the second half-year as freight customers increased tender activity.

Trade volumes between Türkiye and Europe faced headwind from the Turkish earth-

Passenger volumes were boosted by the continued recovery in travel markets

quake in Q1 2023 and from the Turkish election in Q2 2023 that lowered activity. The economic slowdown in Europe, particularly in Germany that is a key market for Turkish trade, also lowered volumes. In the second half-year of 2023, Türkiye introduced interest rate increases to curb inflation, which as intended dampened domestic demand.

Oil price spreads began approaching historical levels at the end of Q1 2023 following a considerable widening in the second half-year of 2022. The financial return on scrubber installations thus normalised in 2023.

Nearshoring trend underpinned by geopolitical events

The nearshoring trend continued to be underpinned by elevated global and regional geopolitical tensions in 2023. Nearshoring of supply chains closer to end markets to improve stability is done in mainly two ways: by raising inventory levels in locations close to end markets, and by moving more manufacturing to facilities closer to end markets.

Demand for warehousing solutions in Europe is therefore expected to remain firm going forward, and cost competitive regions or countries such as northern Africa, Türkiye, and eastern Europe, are forecast to gain market share in the coming years.

Duty-free mitigated Dover Strait overcapacity

Duty-free sales continued to grow in 2023 as passenger volumes recovered and awareness of duty-free cost savings increased. This mitigated a continued negative impact from overcapacity on the Dover Strait caused by the entry of a third ferry operator from mid-2021.

Passenger recovery almost complete

Passenger volumes in the first half-year of 2023 were boosted compared to 2022 as Covid-19 travel restrictions were gradually removed in Europe towards the end of Q1 and the first part of Q2 in 2022. Overseas ferry passengers started to return to Europe in 2022 but a more complete recovery is only expected to take place in 2024. For DFDS, this will primarily entail higher passenger volumes on the route between Norway and Denmark.

Key financial results of 2023

Revenue increased 1.6% to DKK 27,304m compared to 2022 which was slightly above the revenue outlook for 2023, announced 9 February 2023, to remain on level with 2022. The revenue increase was driven by higher passenger revenue and a positive impact from acquisitions as freight revenue was lowered by declining volumes and a considerable decrease in revenue from bunker surcharges and other energy related surcharges compared to 2022.

The operating profit (EBITDA) increased 1.2% to DKK 5,034m in 2023 compared to 2022 as higher passenger earnings and a positive impact from logistics acquisitions were partly offset by lower freight earnings. The latter was reduced by a decline in volumes, including impacts from overcapacity situations on the Dover Strait and the Baltic Sea, as well as a negative impact from lower oil price spreads compared to 2022.

The outlook for EBITDA developed as follows during 2023:

- 9 February: Outlook range of DKK 4.5-5.0bn announced
- 14 August: Outlook range raised to DKK 4.8-5.2bn following better than expected first half-year financial performance
- 15 November: Outlook firmed up to DKK 4.9-5.2bn by mainly higher than expected passenger earnings.

On a divisional level, the Ferry Division's EBITDA of DKK 3,907m was 1.9% below 2022 as higher passenger earnings were offset by lower freight earnings. The Logistics Division's EBITDA increased 19.5% to DKK 1,273m driven by the strategic acquisition of McBurney Transport Group and several bolt-on acquisitions.

The adjusted free cash flow (FCFE) in 2023 was DKK 2,773m which included DKK 115m of net investments comprising operating investments of DKK 1,581m and a net cash inflow of DKK 1,466m from the sale and leaseback of three freight ferries.

Financial leverage, measured by the ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA), was increased slightly to 2.9 from 2.8 in 2022. The equity ratio was 40% at year-end 2023 up from 39% in 2022.

The average number of full-time employees (FTE) increased 14.6% to 13,191 in 2023 mainly due to acquisitions. The total headcount was 13,546 at the end of 2023.

DFDS Group, key financial figures

DKK m	**2023**	2022	2021
Revenue	27,304	26,873	18,279
EBITDA	5,034	4,974	3,322
EBIT	2,326	2,468	1,348
Profit before tax	1,652	2,139	1,035
Profit for the period	1,505	2,019	976
Adjusted free cash flow, FCFE	2,773	825	1,000
Invested capital, end of year	28,996	27,554	25,369
Net interest-bearing debt/EBITDA, times	2.9	2.8	3.8
Return on invested capital (ROIC), %	7.6	8.7	6.0
Average number of employees, FTE	13,191	11,510	8,874

Major events in 2023

A quarterly overview of the year's major events is provided on page 16. The most important of these actions were:

Turkish competition clearance obtained for possible transaction
On 28 July 2023, DFDS obtained competition clearance for a possible acquisition of Ekol Logistics' international road haulage activities. The filing was submitted to the Turkish Competition Authority (TCA) in October 2022. The filing was made as part of a strategic dialogue between DFDS and Ekol Logistics, a major Turkish transport and logistics company. Such a combination of ferry and logistics activities in the Mediterranean network would mirror DFDS' proven northern European business model.

Asset ownership lowered by sale and leaseback of three freight ferries
On 17 October 2023, DFDS entered into an agreement with Navigare Capital to sell and leaseback three freight ferries for a total sales price of DKK 1.5bn.

Reliability and customer service levels are upheld by retaining control of the assets. The leasing period is five years starting

2%
Revenue up
to DKK 27.3bn

1%
EBITDA up
to DKK 5.0bn

7.6%
ROIC

40%
Equity ratio

from the day of delivery. The agreement includes a right of first refusal to purchase the ferries during the leasing period. The three ferries are Flandria Seaways, Humbria Seaways, and Scandia Seaways built in 2020/2020/2021, respectively.

The transaction entailed a net reduction of invested capital by DKK 0.6bn and a decrease of net interest-bearing debt (NIBD) by DKK 0.7bn. Financial leverage as measured by NIBD/EBITDA decreased 0.15x. The financial gain from the sale was DKK 95m.

CFO steps down
Karina Deacon is stepping down from her position as CFO and member of DFDS' Executive Board to pursue a non-executive career. Karina Deacon will remain in her position until no later than end of June 2024 to ensure continuity and a smooth transition to the new CFO.

Acquisitions expanded customer offerings and scale
In 2023, five acquisitions were completed or agreed:

- McBurney Transport Group: Transport of cold chain and dry goods in trailers by road and ferry between the island of Ireland and the UK. Warehousing, distribution, and other logistics services are also provided. Complements and expands existing networks in above regions. Annual revenue 2022: DKK 1.3bn. Consolidation date: 28 February 2023
- D.R. MacLeod: Scottish provider of road transport for primarily cold chain goods. Expands existing Scottish transport network to Western Scotland. Annual revenue 2022: DKK 100m. Consolidation date: 22 May 2023
- Lundby Åkeriet: Swedish provider of road transport around mainly Gothenburg. Complements existing network. Annual revenue 2022: DKK 55m. Consolidation date: 1 September 2023
- Estron Group: Dutch provider of road transport and warehousing based in Rotterdam. Expands part-load capabilities and increases trailer ferry to the UK. Annual revenue DKK 370m. Consolidation date: 11 September 2023

Strait of Gibraltar became a new ferry business area through the acquisition of FRS Iberia/Maroc agreed in 2023

- FRS Iberia/Maroc: Short-sea ferry operator on the Strait of Gibraltar with three routes connecting Spain and Morocco. Expands network to high-growth region. Annual revenue 2023: DKK 1.0bn. Consolidation date: 10 January 2024

Major events 2024

On 10 January 2024, DFDS announced the closing of the acquisition of FRS Iberia/Maroc.

On 9 February 2024, a share buyback of up to DKK 431m under the Safe Harbour rules was announced. The buyback started on 12 February 2023 and runs until 31 December 2024.

On 16 February 2024, DFDS awarded 103,780 restricted stock units (RSU) and 444,804 share options to the Executive Board and a number of key employees. The theoretical value of the awards is DKK 37.2m calculated according to the Black-Scholes model.

2023 major events

Q1

- Acquisition of McBurney Transport Group completed
- Nordic logistics partner for Miele
- Issue of NOK 1.5bn senior unsecured bonds
- DKK 300m share buyback completed

Q2

- Scottish haulier D.R. MacLeod acquired
- 5-year partnership agreement entered into with Danish Crown
- First biofuel trial on freight ferry Acacia Seaways completed
- Freight ferry route Izmir-Sète replaces Istanbul-Tarragona
- Implementation of actions to protect sperm whales in waters off Southern Greece

Q3

- Acquisition of Estron Group completed
- Competition clearance obtained in Türkiye ahead of possible acquisition of Ekol Logistics
- Agreement to acquire FRS Iberia/Maroc announced
- Swedish haulier Lundby Åkeriet acquired
- Partnership with Volvo Trucks and Copenhagen Pride making the 2023 parade 100% electric
- Decision to launch the DFDS Female Cadet Program to increase gender diversity across the sea-based organisation

Q4

- Moving Together Towards 2030 strategy launched at Capital Markets Day in Copenhagen
- Karina Deacon, CFO to step down in 2024 announced
- Sale and leaseback of three freight ferries lowers asset ownership share and investment outlook
- Bruges logistics location closed; activities moved to other locations
- Calais-Tilbury and Izmir-Sète freight ferry (RoRo) routes closed
- 90 e-trucks deployed during 2023

Moving Together Towards 2030
→ Moving to Green

Moving to electrification of terminals & warehousing

DFDS has the ambition to decarbonise its operations as soon as it is feasible and has set minimum targets for decarbonisation of vessel operations, road transport and warehousing.

For vessel operations, we have targets as follows:

By 2030	By 2050
45% intensity reduction in CO_2	Net zero GHG

For road transport and warehousing, we have targets as follows:

By 2030	By 2050
50% absolute reduction in CO_2e	Net zero GHG
75% intensity reduction in CO_2e	Net zero GHG

Moving Together Towards 2030

- **Organic growth focus to unlock value** from expanded network
- **Green transition ambition** of six green ferries on the water by 2030
- **Financial ambitions 2024-2026**
  - Increase ROIC to around 10% by 2026
  - Annual Adjusted Free Cash Flow of around DKK 1.5bn
  - Financial leverage, NIBD/ EBITDA, of 2.5x by 2026

Following a period with significant expansion of the ferry and logistics network driven by the Win23 strategy launched in 2019, the strategic focus is shifting to unlocking value through organic growth and to the green transition.

Network significantly expanded by Win23

A key objective of the Win23 strategy was to expand geographical coverage of the network as well as the range of offered logistics solutions.

The expansion was achieved through both acquisitions and asset investments, primarily in ferry new-buildings and warehouse facilities. In addition, organisational capabilities to provide logistics solutions have been strengthened and developed, including the creation of a customs organisation from the ground with more than 200 employees.

The expanded network and capability upgrades have enhanced our customer relevance and ability to engage in more extensive customer partnerships with manufacturing companies, food producers, and retailers.

Win23's key financial ambitions were achieved already in 2022, and again in 2023, as the revenue of DKK 27bn exceeded the ambition of DKK 25bn and the EBITDA of DKK 5.0bn was in line with the ambition.

Unlocking value

Today, our network combines ferry, road, and rail transport with complementary and related logistics solutions.

Distribution policy is unchanged to return excess capital to shareholders through a mix of dividend and share buybacks

The ferry network carries both freight and passengers, operates own port terminals in our most important hubs, and provides rail transport from select ports.

We leverage the ferry network by combining road and ferry transport to provide door-door transports (FTL/LTL) across Europe.

The most important logistics products now offered are contract logistics, including dry and cold warehousing, customs services, freight forwarding, packaging, and control tower solutions.

Towards 2030, focus will shift to unlocking the value of the expanded network by accelerating organic growth through increased presence to high-growth markets, enhanced network capabilities, and increased relevance for freight customers demanding bundled transport and logistics solutions.

Green transition

The green transition pathway has been firmed up with the ambition to have six green ferries in operation by the end of 2030. The newbuilding program for green ferries is expected to commence in 2026. The newbuilding program is contingent on availability of green fuels and timing is therefore subject to some uncertainty.

The 2030 target of a 45% reduction in ferry emission intensity for the existing fleet is unchanged. The baseline for the emission reduction target is 2008.

The target for reduction of land emission intensity is 75% which will be achieved through electrification of trucks, port terminals, and warehouses supported by biofuel and hydrogen trucks. The baseline for the emission reduction target is 2022 due to insufficient data in previous years.

The ambition to become a net zero company by 2050 is unchanged.

Five strategy routes

Five routes will be pursued to drive strategy execution and reach financial targets.

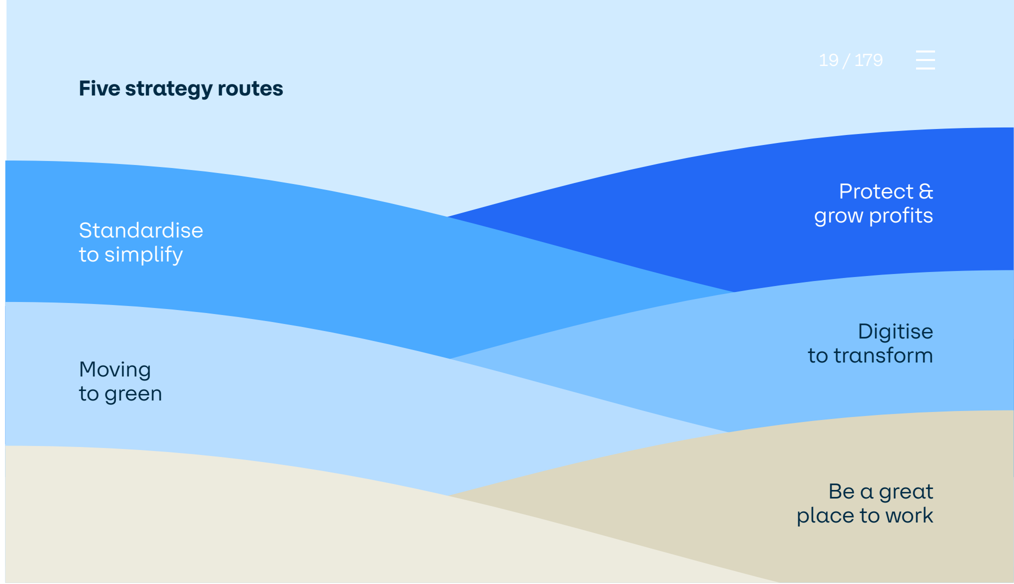
Protect & Grow Profits: Organic growth focus driven by expanded product range and bundling of products to meet customer demand. Benefit from broader geographical network and access to high-growth markets. Enhance competitive cost base and capacity utilisation focus.

Standardise to Simplify: Standardise operating procedures across our network to reduce complexity, enable growth and faster response to market developments. Reduce cost to serve through higher operating efficiency.

Digitise to Transform: Further develop and grow self-service customer options. Provide more transparency and green data to enable flow optimisations. Automate port terminal operations, deploy AI to amongst other things enhance planning and prediction capabilities for sea and land transport.

Future-proof tech platform to adopt new technologies faster and offer easier connectivity.

Moving to Green: Achieve short-term climate plan targets through the Every Minute Counts ferry scheduling program and technical upgrades. Electrification of port terminal and warehouse operations. Decarbonise trucking by switching to biofuel and battery driven trucks. Prepare green ferry newbuilding program and continue to develop partnerships to increase supply of green fuels.



Be a Great Place to Work: Safety First program rollout. Adapt to new expectations among employees and provide engaging leadership. Promote diversity, equity, and inclusion among managers as well as office and non-office colleagues.

Target ambitions towards 2026 and 2030

Target ambitions have been set for a three-year period as follows:

Free Cash Flow: The ambition is to annually generate an Adjusted free cash flow of around DKK 1.5bn.

Capex: Operating capex is expected to amount to DKK 1.5-2.0bn annually through 2024-2026, including green capex for ferry and land installations to reduce emissions.

In 2026, the newbuilding program for green ferries is expected to commence with capex investments of around DKK 0.5bn. In the following years, 2027-2030, green ferry capex is expected to amount to around DKK 1.75bn annually.

ROIC: The ambition is to raise the return on invested capital (ROIC) to around 10% by 2026 from the current level of just below 8%.

Financial leverage: The ambition is to lower financial leverage, NIBD/EBITDA, to 2.5x by the end of 2026. This will be supported by the focus on organic growth and reductions in the asset ownership share. The overall target range of 2-3x is unchanged.

Capital distribution: Distribution policy is unchanged to return excess capital to shareholders through a mix of dividend and share buybacks. The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage, NIBD/EBITDA.

Business model

Resources

People

- Truck drivers and warehouse staff
- Seafarers and port terminal staff
- Digital impacters
- Office challengers

Transport equipment and facilities

- Ferries
- Trucks and trailers
- Warehouses and distribution centres

Energy – fossil and sustainable fuels

Financing – equity and loans

We do ferry, road & rail transport and complementary logistics solutions

Ferry

Freight routes

Combined freight and passenger routes

Port terminal operations

Road & Rail

Full-loads, FTL

Part-loads, LTL

Rail

Logistics Solutions

Contract logistics / warehousing

Customs

Freight forwarding

Packaging

Control towers

Value creation

- Facilitating business and trade by transporting goods
- Connecting people in countries and regions separated by sea
- Provider of a vital infrastructure of ferry routes
- Creation of stable jobs and safe workplaces
- Proactive driver of green transformation
- Capital distribution to shareholders

Our greenhouse gas reduction strategy

2030 targets

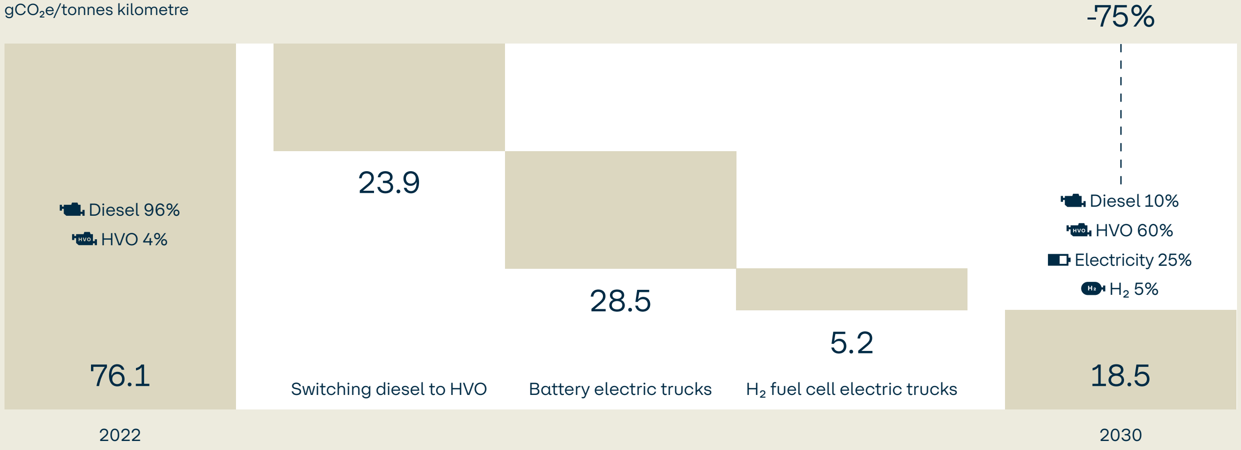
75% reduction in CO_2e intensity from road transport, terminals & warehousing[1]

45% reduction in CO_2 intensity from ferries[2]

2050 = Net zero

2030 pathway for road transport

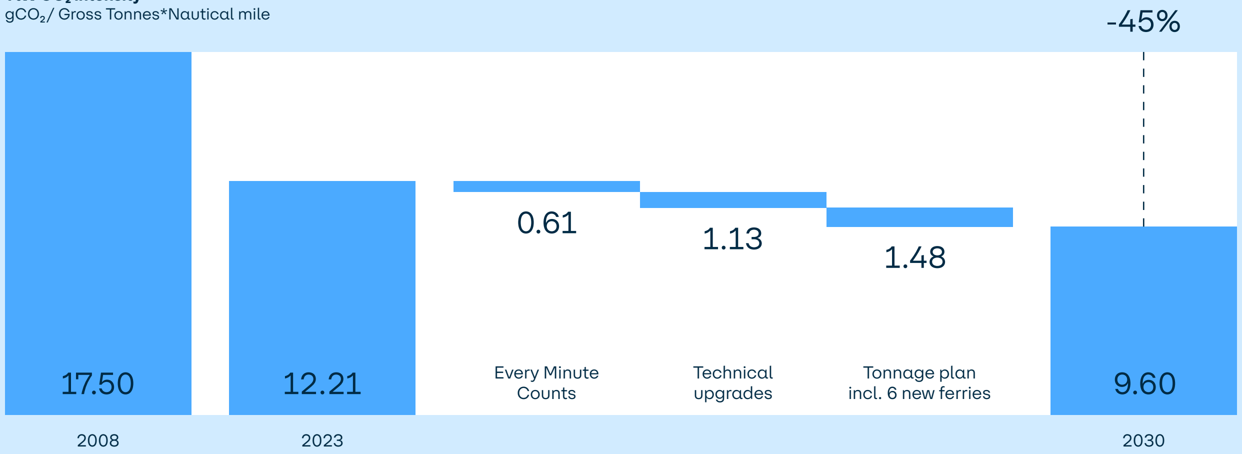
WtW CO_2e intensity
gCO_2e/tonnes kilometre



Indicative breakdown of engine types and fuels.
Actual percentages will vary depending on availability of fuels, technologies and subsidies in different markets.

2030 pathway for vessels

TtW CO_2 intensity
gCO_2/ Gross Tonnes*Nautical mile



The liquid fuel green vessels all run on 30% MDO/MGO as pilot fuel. The electric RoPax are calculated as 100% electric.
Not including newly acquired FRS vessels.

1 Scopes 1 & 2, WtW CO_2e reduction from 2022 baseline. Percentage intensity depends on growth rate
2 Scope 1, TtW CO_2 reduction from 2008 baseline

Driving the ESG transformation

Sustainable and responsible business conduct is an integral part of DFDS' overall Moving Together Towards 2030 strategy. It provides the foundation for our sustainability commitments to our people, our customers, society and the planet.

We are committed to leading the green transition and driving environmental transformation within shipping and logistics based on ambitious climate targets and investments in innovative services and technologies, green ferries, biofuel and battery driven trucks. We are committed to addressing key environmental high-impact areas and providing zero-emission products and services that will support our customers in their transition from black to green.

We are committed to being a great place to work and act as a responsible and caring employer by creating a safe and inclusive workplace focused on the well-being of all our employees and by supporting their physical and mental health.

We are committed to ensuring responsible business practices and good corporate citizenship across our business areas and geographical locations. We support and report in line with recognised ESG disclosure frameworks to be transparent about our impact on society, customers, and the environment.

Our climate ambitions have been outlined in a Climate Action Plan and are incorporated in our Moving Together Towards 2030 strategy.

DFDS has been a proud signatory of UN Global Compact since 2015. We are especially focused on the Sustainable Development Goals (SDGs) related to Climate Action, Life below Water, Good Health and Wellbeing, Gender Equality, and Partnerships for the Goals.

ESG Materiality Assessment

Our strategic ESG priorities are based on a double materiality assessment where we have identified the sustainability matters that are financially material for DFDS as a business, and the sustainability matters that have a material impact on environment, society, and people within DFDS and in our value chain.

During 2023, we have performed a preliminary double materiality assessment to align our approach with the EU's Corporate Sustainability Reporting Directive (CSRD) which will be finalised in due course and applied in our 2024 reporting. This updated approach has strengthened our understanding of our impacts on our surroundings and has provided a more detailed oversight across the value chain. Coupled with a financial impact assessment, we have ensured a thorough double view combining an inside-out view with an outside-in view on materiality. The outcome in terms of material topics has not changed significantly compared to the materiality assessment in the 2022 report, yet it allows us to increase the transparency in our reporting and we look forward to sharing the results in next year's annual report.

For the 2023 report, we have continued the materiality assessment practices from previous years. The assessment is based on a stakeholder analysis including customers, employees, investors, NGOs, ESG ratings, regulators, etc. The assessment has resulted in a shortlisting of material ESG topics in relation to ESG and each of the elements have been addressed and risk.

Five UN Sustainable Development Goals are material to our ESG strategy

Environment	13 Climate Action; 14 Life Below Water
Social	3 Good Health and Well-Being; 5 Gender Equality
Governance	17 Partnerships for the Goals

Materiality assessment

The materiality assessment is validated by the Executive Management Team and the Board of Directors.

Input

Customer engagement

Employee feedback

Interaction with investors

Regulators

Dialogue with NGOs

ESG analysts

Climate reports

Market monitoring

Expectations

Customers
We have an impact on our customers and they are expecting us to provide reliable and efficient services. Simultaneously, new expectations regarding both environmental and social elements are growing.

Employees
As a business, we have large impact on our employees. DFDS is expected to provide a safe working environment, ensuring wellbeing and a fair living wage.

Investors
Our investors' expectations are growing, concerning financial, social, and environmental elements.

Regulators
DFDS has a broad geographical reach, and we are expected to follow all regulatory requirements

Civil Society
Our activities have an impact on civil society. The expectations from civil society regarding business ethics are growing, and we as a company are expected to operate in a responsible way.

Assessment

Social & Environmental materiality
DFDS has a responsibility to reduce all significant negative aspects related to our operations, and to further increase positive impacts on all stakeholders.

Financial Materiality
Environmental, social, and governmental elements can have significant impact on DFDS' activities and strategies.

Output

Environmental

GHG emissions

Climate governance management

Local environmental impact & circularity

Social

Health, safety and injury prevention

Diversity and inclusion

Responsible employer

Governance

Citizenship

Responsible sourcing

Incentives management

Business ethics

Data ethics

Environment: Moving to Green

Our Environmental Strategy supports UN Sustainable Development Goals #13 Climate Action and #14 Life below water. Our climate related initiatives are embedded in our Climate Action Plan and incorporated in our overall corporate strategy.

Our primary environmental focus is on minimising the risk and impact of energy consumption and greenhouse gas emissions (GHG) and on limiting local air pollution of SO_2 and NOx, oil spills, discharges, underwater noise, and vibrations from vessels.

We aim to be a responsible neighbour, who reduces pollution, waste, and noise in the communities in which we operate.

Our carbon footprint

As a ferry and logistics operator, DFDS is operating within sectors contributing significantly to global CO_2 emissions. Both sectors are vital to the global economy but are also among the hardest to decarbonise.

Decarbonising the shipping and road freight industries will not only require significant investments from operators in new vessels and vehicles that are powered by zero-emission fuels. It will require even bigger investments from the entire society in infrastructure and production of zero-emission fuels at sufficient scale. DFDS is committed to playing an active role in bringing public authorities, infrastructure companies, utility providers, customers, and suppliers together in order to push for investments in zero-emission electricity and fuels. In general, we prioritise decarbonisation initiatives based on their long-term CO_2 impact per dollar invested.

The major and long-term transition towards zero-emission transport requires our industry to replace today's fossil-fuel dependent fleet with a new generation of vessels and vehicles that run on sustainable fuels created entirely from renewable energy. By 2050, our target is to replace fossil fuels with zero-emission fuels like green electricity, ammonia, hydrogen, or methanol. Storing, handling, and using these new fuels differs vastly from how fossil fuel works.

Numerous complex uncertainties still hold back the commercial viability of renewable fuels. Their demand depends on price differentials between black and green energy, availability, bunker infrastructure, and public incentives and regulations. Closing the price gap between fossil and renewable fuels will be critical to driving zero-emission vessels' adoption, construction, and use. To find zero-emission fuel alternatives, we partner with other companies and organisations who share our need and desire to transform the transport industry into one that runs on sustainable fuel. We openly share information about which sustainable fuels we are investigating and the volumes we estimate to be required to fuel a business of our size.

We are part of a project to develop a hydrogen factory in Copenhagen, a green ammonia production facility in Esbjerg, and an e-methanol facility in Sweden, to better understand the production of green fuels and contribute to their availability. With projects such as these, we aim to reduce the price gap between black and green fuels, sustain our commercial competitiveness, and provide customers with zero-emission transport options that reduce their Scope 3 emissions.

Our Climate Action Plan

We are targeting a reduction of 45% GHG emissions from our fleet of ferries by 2030 (compared to our 2008-baseline) and carbon neutrality in 2050. This includes an ambition to have six zero-emission ferries in operation by the end of 2030.

In 2026, we expect to initiate a newbuilding program for zero-emission ferries. The program covers six planned new-buildings which will be fuelled by methanol, ammonia or electricity, and the total green investments are expected to be around DKK 7.3bn (DKK 0.5bn in 2026, DKK 1.5bn each year in 2027 and 2028, DKK 1.7bn in 2029, and DKK 2.1bn in 2030). The investments and the timing is contingent on availability of green fuels.

For road transport and warehousing, we are targeting a 75% reduction in CO_2e intensity in 2030 (compared to our 2022-baseline) and carbon neutrality in 2050. This will be achieved predominantly through electrification of trucks, port terminals, and warehouses, just as green hydrogen will play an important part for decarbonisation of truck transportation in future.

Our short-term climate plan is centred around technical upgrades and our ferry route optimisation program Every Minute Counts. They are the drivers of our current and realised CO_2 reductions. Technical upgrades include but are not limited to; optimising the ferries' hydro-dynamic

Every Minute Counts

DFDS' schedule optimisation program enables lower speeds and reduced fuel consumption:

- Reduced turnaround time in port terminals through efficiency tracking
- Dynamic schedule optimisation via data models
- Optimisation models for tonnage allocation to routes

Technical upgrades

DFDS' tonnage plan includes ferry specific upgrades to reduce fuel consumption:

- Sensor data
- Anti fouling
- Air lubrication
- Excessive energy usage
- Hull and propeller projects
- Exploration of wind assistance

performance to reduce friction in the water and improving decision support systems to help crews and shore-side support teams operate in a more fuel-efficient way as well as continuous improvements to energy consumption. We also actively develop and test new means of propulsion and energy generation.

A vital part of our Climate Action Plan is to secure financing for the planned and anticipated green capex investments. This includes securing EU and national funding and subsidies for key projects, from sources such as EU Innovation Fund, EU Hydrogen Bank, Innovate UK, and French Fund for Innovation in Development (FID).

The green capex level is contingent on availability of green fuels and a vital part of our Climate Action Plan is therefore to continue to develop partnerships to increase the supply of green fuels.

From a commercial perspective, we will increasingly offer decarbonised solutions to our customers. This includes 'green corridors' and transport solutions based on biofueled ships and electrified road transportation. Reductions can be achieved via indirect emission savings or as direct emission savings through specific transport solutions.

Indirect emission savings are based on our CO_2e reduction bank. Reductions are calculated by comparing the actual fuel used against a traditional fossil fuel, using emissions intensity factors from the GLEC framework, and our independent external auditor is issuing limited assurance on the reporting. The reductions are stored in our CO_2e reduction bank and customers can buy certificates to claim reductions in their Scope 3 emissions.

Direct emission savings are based on specific zero-emission transport routes and solutions. With our direct solution, the emissions reductions are made directly within the customer's own transportation flow, through the use of biofuel on ferries and electricity on trucks.

As an example, we have teamed up with Arla and Danish Crown in a new green corridor partnership to develop a climate-neutral transport corridor between Denmark and the UK. The ambition for the partnership is to transport Arla's and Danish Crown's products from farms in Denmark to consumers in the UK with zero emission impact.

To improve industry collaboration and create a more sustainable direction for our industry, we are actively engaged in a range of organisations and frameworks such as European Sustainable Shipping Forum (ESSF), IMO's Marine Environment Protection Committee (MEPC), as well as relevant national shipowners' organisations. A DFDS representative is currently chairing 'Green Ship of the Future', which is an independent non-profit organisation exploring the path towards emission free maritime transport.

Biodiversity

The resilience of ecosystems is key focus areas for DFDS. Conventional fossil fuelled ferries emit noise and vibrations into the water, which has a negative impact on marine life. The transition to new fuel types and new ferry designs are bound to reduce the negative impacts on life below water. The transition to sustainable fuels will also lead to cleaner air which will have an immediate positive impact on all forms of life above water.

Biodiversity has been included in our updated Code of Conduct and in 2024, we will develop and adopt a Biodiversity Policy, that will set the direction and outline our commitments with respect to Biodiversity.

Biodiversity
Focus areas for 2024

1
Understand and map impact across the value chain

2
Define a Group Biodiversity Strategy and...

3
...introduce biodiversity considerations in key business decisions

4
Drive awareness internally and across the industry

Next step is to improve our understanding of our main impact areas and how our operations intersect with potentially sensitive areas. Our focus is on how data and technology can help to minimize any adverse impact.

We will continue our efforts to protect ocean life and biodiversity by supporting research and education that focuses on the marine environment.

Our projects include monitoring and protecting whales and dolphins with ORCA, long-term measurement of the ecological health of marine plankton with the Continuous Plankton Recorder Survey, and monitoring and researching cetacean and seabirds with MARINElife.

Responsible ship recycling

An inherent part of our business model is to ensure that our vessels are properly maintained and renewed in due time before they become inefficient and worn out. Consequently, we aim to resell for longer time use, and hardly ever recycle ships. In the rare case that a ship must be recycled in the future, we will use an approved yard and carry out the work in line with EU ship recycling regulations and the principles of

Green transition partnerships

- Clean Shipping Alliance
- Copenhagen Infrastructure Partners (CIP)
- European Clean Trucking Alliance (ECTA)
- European Sustainable Shipping Forum
- Getting to Zero Coalition
- Green Corridor DK-UK
- Green Ship of the Future
- Hydrogen Europe
- Interferry
- Mærsk McKinney Møller Centre for Zero Carbon Shipping
- Smart Freight Centre (SFC)

the International Maritime Organisation's (IMO) Hong Kong International Convention.

Adaptation to new regulatory requirements
We continue to adapt to and comply with new IMO, EU and other relevant regulation.

Our fleet is compliant with IMO's current CII, EEXI and EEDI current certification requirements. In 2023, IMO has adopted new, more ambitious long term environmental targets for the maritime industry. The 2023 IMO GHG Strategy provides a more ambitious reduction pathway towards net zero in 2050, by reducing emissions by at least 20%, striving for 30%, by 2030, and by at least 70%, striving for 80% by 2040 compared to a 2008-baseline.

The Science-Based Targets initiative (SBTi) is another target setting standard for carbon reductions that we follow closely. At this point in time, we have not committed to the SBTi. With the current landscape of technologies, regulation, and fuel availability, the carbon reductions required already by 2040 can only be achieved by replacing or retrofitting a fully functioning fleet ahead of time. This will be challenging seen from both a life-cycle-analysis perspective and a capital investment perspective.

We are in the process of analysing the path forward and the pertinence of the SBTi or potential other science-based options. At the same time, we are investigating how to incorporate IMOs new ambitions into our Climate Action Plan.

We are actively targeting GHG intensity reduction in line with the FuelEU maritime regulation just as we embrace EU's Emissions Trading System (ETS) which has been extended to Maritime from 1 January 2024 (ETS I). Under this extension, shipping companies are required to monitor and report their emissions and to purchase and surrender ETS emission allowances for each tonne of reported CO_2 emissions in scope. In 2027, road transport will be included as well as part of the launch of ETS II.

We expect to pass ETS charges on to our customers, and we expect that the implementation of ETS will increase our customers' incentive and interest in buying decarbonised products and services as an alternative to their traditional transport product.

We measure our environmental performance using widely recognised metrics related to energy consumption, GHG emissions, waste, water, and oil spills. These metrics enable us to track our progress and respond to risks and opportunities related to climate risks, environment, and biodiversity.

Please see page 67 for more information about financial impact of climate risks related to both transition and physical risk.

Social: Great Place to Work

Our people approach supports UN Sustainable Development Goals #3 Good Health and Wellbeing, and #5 Gender equality.

We measure our social performance using metrics related to labour practices & human rights, diversity & inclusion, occupational health & safety, and employee engagement. These metrics enable us to track our progress and respond to risks and opportunities related to talent attraction, employee retention, and business development.

Sustainable business is about people. We want to ensure the well-being of all our employees and support their physical and mental health. All employees should be seen and recognised for who they are and we want them to have a strong sense of belonging - both when they go to work and when they go home again. We strive to be an inclusive and diverse workplace and believe that diverse groups and teams make better decisions.

We believe that putting people first is a way to attract and retain the diverse workforce. We need to successfully perform and transform our company and industry. We need people with different perspectives and experiences for the company to develop sustainably. The diversity perspective is included in recruitment, promotion, and talent processes. We prioritise building an inclusive culture, where people know that they are valued for who they are and the competencies and experiences they bring with them.

We want DFDS to be a company where all employees subscribe to our values and where we can rely on our colleagues' knowledge and expertise as well as their ability to act with agility and solve problems as they arise.

As our business and organisation grow, we need to secure a pipeline of talented people to step up and fill positions - realising the opportunities. We do this by offering formal and informal training programmes for leaders and employees, as well as group-wide mentoring initiatives. We also want to help our employees grow personally. Performance management is structured by a recurrent annual appraisal process for all employees. The process supports the engagement, performance and development of the employee and is in line with DFDS' overall strategy and business goals.

Employee wellbeing and motivation is an important factor in DFDS and we monitor sickness absence and other indicators in concern of mental wellbeing.

To measure engagement, diversity and inclusion, and employee satisfaction, we conduct annual employee engagement surveys. By tailoring them to specific issues, we measure what employees deem important and where to focus.

We also support individual employees and groups of colleagues at DFDS in taking initiatives to do good in the local communities where we operate

We respect Human Rights
As a responsible employer, we are fully committed to respecting human rights as defined by the UN Guiding Principles on Business and Human Rights and OECD guidelines for Multinational Enterprises. We have recently formalised our commitment and processes in a Human Rights Policy which was adopted by the Board of Directors in February 2024. During 2023, we performed a human rights impact assessment which serves as the foundation for our continued work with human rights and our efforts to create transparency. We have articulated responsible employer standards for topics like wages, working hours, discrimination, and child labour in our Labour Code of Conduct (LCOC). We have included Human Rights in our internal code of conduct as well as in our supplier code of conduct. We use the supplier assessment tool EcoVadis to perform level screening of suppliers from a human rights risk/performance perspective.

In our updated Human Rights Policy we have become more explicit about our commitments in relation to Human Rights with respect to our own employees and employees in our value chain.

We believe in the importance of equal treatment of all employees regardless of their background. All employees should feel respected and be treated with dignity. We show zero tolerance towards any harassment or bullying. No employee should ever face humiliation, physical or mental abuse,

Moving Together Towards 2030
→ A Great Place to Work

People centred culture to drive engagement

Engaging leaders

We see leaders as role models. They are key in bringing our corporate values to life and in setting the strategic direction for our people.

We want leaders to cultivate a safe and inclusive workplace. We support this through clear safety procedures, our code of conduct and our feedback culture.

We empower leaders with tools and training to drive performance and engagement and ensure personal development plans with the people in their teams.

We expect leaders to support, promote and collaborate on the digitalisation and transformation of DFDS, to ensure a strong position in the future – for DFDS and for our people.

A Great Place to Work

Safe and healthy workplace

Diverse and inclusive workplace

Workplace with engaging leaders

Engaged employees

We believe our employees are our most important asset. When our employees are engaged and feel as a part of something bigger they will prosper – and so will DFDS.

We foster a supportive and inclusive workplace, where diverse teams and engaging leaders secure high innovation and motivation for all employees.

We enable employees to be their best – a best that is nurtured through feedback, personal development plans and an inclusive culture.

We encourage employees to play their part - to be proactive, speak up and take ownership of their personal growth and the culture in DFDS.






sexual harassment, or any other form of mistreatment.

Since 2015, DFDS has also provided the possibility of anonymously reporting any concerns over breaches of acceptable behaviour by or within the company through a whistleblower hotline hosted by a third party. It is open for reporting by employees as well as third parties and can be easily accessed through our website www.dfds.com. Alongside the whistleblower hotline, we encourage employees to report incidents or unacceptable behaviour to their local manager, HR or to a member of the Executive Management Team.

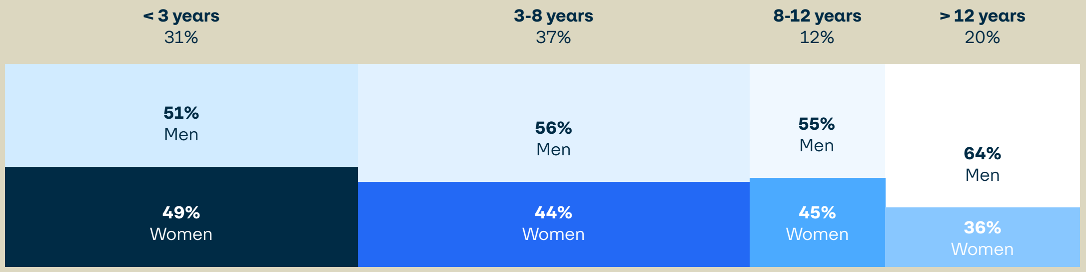
Within the whistleblower system reports can be raised anonymously, and whistleblowers are safeguarded against potential retaliation. All cases are handled and treated confidentially and appropriate consequences are applied case by case, reflecting the severity of the issue. The Board of Directors receives regular updates on reports and findings from the whistleblower hotline.

We promote Diversity & Inclusion

DFDS works to promote and change the gender distribution in the industry, which has historically been dominated by men, through a dedicated and structured approach to diversity and inclusion. We are committed to ensuring equal opportunities and avoiding discrimination based on e.g. ethnicity, religion, gender, disabilities, or age. We believe that greater diversity leads to a stronger company. Our Diversity, Equity & Inclusion policy details how we work to secure equal opportunities at DFDS.

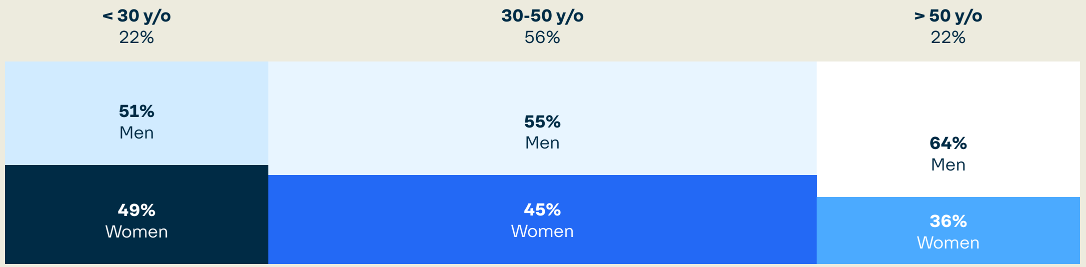
We apply a dedicated and structured approach to diversity and inclusion. This includes target setting, financial incentives via bonus schemes, engagement surveys, management conferences, training sessions, toolboxes, and efforts to raise awareness and to make more bias neutral decisions.

As a result of our work with diversity and inclusion we have intensified the focus on manager accountability and inclusive leadership by engaging managers and by being explicit about requirements and expectations to the individual manager, and how to drive a cultural change. This applies to all managerial levels, including executive management and the Board of Directors, as stated in the Corporate Governance section.



Diversity lens - Seniority

Office based employees divided by seniority and gender



Diversity lens - Age

Office based employees divided by age and gender

The monitoring and measures implemented to improve diversity in DFDS cover all layers of the organisation including Board of Directors and the Executive Management Team. Both being diverse in terms of gender, nationality, age and seniority.

One of our primary priorities on the diversity agenda has been to increase the number of women in the entire business and across all organisational layers. Except for in the People and Finance divisions, women leaders are still a minority in DFDS.

We are focused on increasing the number of women non-office workers on both land and sea and have signed Danish Shipping's Charter for more women at sea. During last year women in management positions onboard the vessels has increased from 7% in 2022 to 9% in 2023. The non-office workforce has a female ratio of 11% whereas the office-based workforce is more diverse with a female ratio of 44%. Our ambition is to have at least 30% women at all organisational levels by 2028.

We want to ensure equal pay for equal work and are monitoring any unintended pay gaps across the business. In 2024, we will implement a new group wide HR system which will enable us to increase transparency on HR matters.

We emphasize the importance of Health & Safety
DFDS is responsible for many people and their working conditions. Operating a business where more than 65% of employees work in high-risk environments means that health & safety has very high priority. Establishing a strong safety culture across the entire business and all organisational layers is therefore of utmost importance.

The safety and wellbeing of our employees always come first. We aim to ensure that robust safety processes, equipment, tools, and training are fully integrated into the way we work. At sea, we use SERTICA on all DFDS vessels to manage and measure our H&S performance. It is a system widely used by companies worldwide to optimise internal processes concerning maintenance, procurement, HSQE, performance and to make decisions based on data.

On land, we operate within our Safety First programme, which is a group-wide initiative to improve the knowledge of procedures regarding safety. A group wide H&S performance system EcoOnline is being implemented across all land-based location to ensure standardised reporting and data.

The local H&S organisations and Marine Standards are responsible for implementing and integrating Safety-First into existing procedures and processes on both land and sea.

Governance: Responsible business practices

DFDS is committed to conducting business in a responsible, ethical, and transparent manner to meet stakeholders' expectations of high business integrity standards. Our approach to business integrity is embedded in our corporate values, policies, and procedures.

Our Governance setup supports UN Sustainable Development Goals #17 Partnership for the Goals. Please see page 26 for more information about partnerships.

Transparency and incentives to management
We believe in transparency, and we voluntarily verify and disclose ESG data to customers and stakeholders. We have thorough processes in place to help reduce our environmental footprint and continuously strengthen our position as a responsible employer. We assess risks, analyse, and investigate relevant initiatives and adjust our actions as needed to stay on track with our commitments. DFDS' short term incentive programme includes minimum 20% ESG related metrics for all managers, and in some cases even higher. Thus, ESG related metrics account for 30% of the CEO's short term incentive programme.

For more information, please refer to Remuneration Report 2023.

Business Ethics
Providing maritime transport and logistics services mean we are in close contact with many people throughout our value chain. It is a priority for us to respecting human rights, and we have clear policies designed to influence and determine all major decisions, actions, and activities, as we do not tolerate any form of discrimination or harassment. Corruption is an inherent risk to our business, but we consider it as unacceptable. We mitigate this by having clear policies for employees and suppliers on how to act.

While we actively engage in dialogues with governments and authorities with respect to infrastructure issues of common interest, we do not support or provide donations to individual political parties or politicians. We believe that engaging in partnerships and industry organisations, and taking an industry perspective serves the company and our stakeholders best, just as we actively share knowledge and data to move the industry forward.

DFDS has policies and processes in place to ensure that human rights are respected within our own operations and throughout the value chain, including third-party workers, hauliers, and seafarers. The policies include topics like health, safety, accommodation, labour, and human rights. Please see page 27 for more information on Human rights.

Our Code of Conduct is our internal guideline for how employees act responsibly, treat each other with respect, and respond to ethical issues. It is directly linked to the UN Global Compact's ten guiding principles and covers topics like human rights, diversity & inclusion, anti-harassment and discrimination, environmental protection, anti-corruption, and bribery.

During 2023 the Code of Conduct has been reviewed and updated. Existing topics have been strengthened and Well-being, Anti-money laundering and Cyber security have been added. In 2024 a global campaign focussing on awareness and reporting will be rolled out.

All employees can report breaches to the Code of Conduct through our anonymous whistleblower line.

Responsible supply chain
Supply chain sustainability is an integral part of DFDS' Responsible Procurement Program. We impact our supply chain through promoting human rights, environmental care, good labour practices, and high ethical standards.

Our Supplier Code of Conduct incorporates the IMPA ACT fundamentals and is based on the UN Global Compact and Guiding Principles on Environment, labour Practices, Business Ethic and Human Rights. DFDS' Supplier Code of Conduct sets the standard for our supply chain to operate in accordance with ethical business principles and conform to all applicable international laws, rules, and local regulation. We expect our suppliers to adhere to our principles and standards and to develop and implement relevant management systems appropriate for a company of their size in line with our Supplier Code of Conduct.

We use a dedicated management system, EcoVadis to assess and identify sustainability risks within the supply chain based on the suppliers' country and industry risk profile. Suppliers are scored according to our engagement and post-assessment policy, and plans for corrective actions are requested from suppliers with a low EcoVadis score. Suppliers with a high-risk profile are targets for further evaluation. This is conducted in synergy with our ESG supplier evaluation program, which enables us to better address weak areas in our supply chain and engage in a constructive dialogue with our suppliers to develop more innovative and sustainable products and services.

In parallel, we perform audits of third-party transport suppliers to ensure they live up to our Supplier Code of Conduct.

Responsible tax
DFDS is committed to responsible tax practices as outlined in our Group Tax Policy, approved by the Board of Directors. We aim to comply with tax legislation of the countries in which we operate and pay the correct amount of tax when due.

We structure the DFDS Group based on business rational and substance, and any tax planning is based on reasonable interpretation of applicable law and is aligned with the substance of the economic and commercial activity of our business. The DFDS Group will not engage in aggressive tax planning, and we will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of a reasonable interpretation of relevant tax rules. The DFDS Group participates in tax incentive schemes designed to advance shipping activities where appropriate and in line with our Code of Conduct as well as our business and operational objectives.

Data Ethics
As a transport and logistics provider, we use data to maintain and improve customer experience and operational efficiency. We are committed to ensuring that employees, customers, and business partners can entrust us with their data. We are determined to handle data sustainably and with great care. We recognise that digital development entails responsibility and transparency.

Our Data Ethics policy sets out the overall guidelines and principles for how data ethics are considered and included in the use of data, including personally identifiable data, and the design and implementation of technologies.

The Data Ethics policy supplements our Privacy Policy, which sets out the overall requirements for our handling of personal data, and our Information Security Policy, which describes how we look after DFDS' data, including relevant security standards for data storage, access management and data transport.

We adhere to three principles of data ethics: Security, Confidentiality, and Integrity. Our data ethics principles are further elaborated in the DFDS's Data Ethics Policy. The purpose of our data ethics policy is to ensure a fair balance between, on the one hand the many benefits that the use of data and new technology offers, and on the other hand, the consequences that the use of data can have for the individual and for society in both the short and long term.

Our Code of Conduct has been updated to include a section on cybersecurity to elevate awareness and preparedness at all levels of the organisation, and in general, a lot of measures have been taken to secure a safe IT environment.

Our key policies include

→ Code of Conduct

→ Labour Code of Conduct

→ Diversity, Equity & Inclusion Policy

→ Health & Safety Policy

→ Data Ethics Policy

→ Supplier Code of Conduct

→ Climate & Environment Policy

→ Anti-Slavery and Human Trafficking Statement

→ Group Tax Policy

→ Human Rights Policy

Outlook

Outlook visibility for 2024 is clouded by an elevated level of financial uncertainty owing to continued high inflation and interest rates as well as geopolitical tensions that may or may not result in events which could further impact economic activity levels in and around Europe.

The outlook for 2024 builds on multiple assumptions and may therefore change significantly as the year progresses.

General market growth prospects

The current consensus 2024 outlook for Europe's and Türkiye's GDP-growth (Gross Domestic Product) is 0.5% and 2.9%, respectively (Source: Thomson Reuters).

Europe's economic growth in 2024 is expected to only rebound slightly as the cost of living remains elevated by the increase in interest rates. Inflation is expected to ease during the year and employment levels are resilient which could support growth in consumption. The slight rebound is expected to pick up through the year and activity levels are likely to be weaker in the first half-year than in the second half-year. Growth in northern Europe, including Germany and the UK, is expected to be lower than in southern Europe. Türkiye's expected economic growth is expected to be supported by a rebound in exports as measures to curb inflation are likely to hold back domestic demand.

Key freight outlook assumptions for 2024

Freight market volumes are in northern Europe overall expected to be flattish with a possible volume decrease in the first half-year balanced by higher volumes in the second half-year. Rates are targeted to reflect inflation and cost levels, but demand levels and competitive dynamics are also likely to impact rate levels.

Mediterranean freight volumes are expected to regain some growth momentum in 2024 following disruptions in 2023 from an earthquake and a prolonged election period.

Nearshoring of supply chains closer to European end markets is also expected to support volume growth.

The war in Ukraine is assumed to continue to stall freight volume growth in the Baltic region in 2024.

Mediterranean freight volumes are expected to regain some growth momentum in 2024

Outlook 2024

DKK m	Outlook 2024	2023
Revenue growth	5-8%	27,304
EBIT	2,000-2,400	2,326
Per division:		
Ferry Division	1,675-1,975	2,094
Logistics Division	525-625	474
Non-allocated items	-200	-242
Capital expenditure (Capex)	-1,750	-115
Types:		
Operating	-1,750	-1,581
Ferries: sale & purchase and new-buildings	0	1,466
Adjusted free cash flow	Around 1,500	2,773

Margin pressure in transport markets is expected to continue in 2024 driven by over-capacity in haulage markets, especially in the first half-year.

Key passenger outlook assumptions for 2024
Due to FRS Iberia/Maroc's overweight of passenger revenue, the new activity will be reported as part of the Ferry Division's passenger result that includes three other business areas with passenger activities – Passenger, Channel, and Baltic Sea.

Organic passenger volume growth is expected to be positive in 2024 driven by mainly higher Channel volumes and a smaller positive impact from a continued recovery in the number of overseas passengers. The integration of FRS Iberia/Maroc is in addition expected to add around 1.3m passengers in 2024.

Revenue outlook
The Group's revenue is expected to grow by 5-8% compared to 2023 driven by a mix of organic growth and revenue from acquisitions completed during 2023 and in the beginning of 2024.

The Ferry Division's revenue is expected to be increased by primarily the addition of FRS Iberia/Maroc and the introduction of ETS surcharges that will be passed through to both freight customers and passengers. Organic volume and price growth is expected to be offset by lower revenue from bunker surcharges.

The Logistics Division's revenue is expected to be increased by a full-year impact of acquisitions completed in 2023 and organic growth.

Earnings outlook - EBIT
Based on the above assumptions, the Group's EBIT is expected to be within a range of DKK 2.0-2.4bn (2023: DKK 2.3bn).

In comparison to 2023, EBIT will in 2024 be negatively impacted by several one-off items reported in 2023. The net bunker cost will be higher in the first half-year due to a positive earnings impact in 2023 from elevated oil price spreads and related hedging. Passenger earnings were in Q3 increased by the reversal of a provision related to Covid-19. The sale and leaseback of three freight ferries in Q4 2023 entailed a one-off gain of DKK 95m and will moreover increase depreciation in 2024. The total EBIT impact of the above items is around DKK -300m.

See outlook table for divisional split.

Capital expenditure (Capex)
Operating capex, i.e. excluding acquisitions and other transactions, is expected to amount to around DKK 1.75bn in 2024. No purchases of new or second-hand ferries are expected.

Adjusted free cash flow
The Adjusted free cash flow is expected to be around DKK 1.5bn in 2024.

Acquisitions
The acquisition of FRS Iberia/Maroc was completed on 10 January 2024.

Various risks and uncertainties pertain to the outlook
The most important among these are possible major changes in the demand for ferry services – freight and passengers – and logistics solutions.

Such demand is to a large extent linked to the level of economic activity and trade in primarily Europe, especially northern Europe, and in particular the UK, as well as adjacent regions, particularly Türkiye and northern Africa.

Demand can also be impacted by competitor actions, supply chain disruptions, and extraordinary events such as virus outbreaks and geopolitical instability.

The outlook can moreover be impacted by political changes, first and foremost within the EU and Türkiye. Brexit, the trade agreement that came into effect on 1 January 2021 between the EU and the UK, is yet to be fully implemented and its possible impact on trade therefore still constitutes a risk.

Changes in economic variables, especially oil prices, inflation, interest rates, and exchange rates, can furthermore impact earnings.

Future financial results may therefore differ significantly from outlook expectations.

Divisions

Ferry Division

- **Passenger earnings lifted** by continued travel recovery
- **Freight earnings lowered** by economic slowdown
- **Competition increased** by overcapacity on the Dover Strait and the Baltic Sea
- **Negative earnings impact** from decline in oil price spreads from spike in 2022
- **Emission intensity reduced 5%** as short-term actions take effect

The operating performance in 2023 of the route network, including port terminals, continued to deliver on reliability, frequency, and capacity that are crucial for our freight customers: forwarders, hauliers, and industrials.

The two largest freight ferry business areas, North Sea and Mediterranean, delivered results on level with 2022 despite challenging market conditions as freight volumes were overall decreased in 2023 by the economic slowdown in Europe. Another highlight of 2023 was a record result for the passenger activities achieved on the back of a continued recovery in travel markets.

Market conditions in the Baltic Sea continued to be negatively impacted by the war in Ukraine and the overcapacity situation on the Dover Strait likewise continued. Results for both areas were lowered by the circumstances.

Ferry emission intensity was further reduced by 5.4% in 2023 driven by incremental vessel upgrades and the schedule optimisation program Every Minute Counts focused on reducing turnaround time in port terminals and updated schedules enabling lower speed, and reduced fuel consumption. The first commercial products were launched allowing customers to purchase a certified Scope 3 CO_2e reductions.

Financial performance

The Ferry Division's revenue decreased 2.0% to DKK 16,493m but increased 6.1% adjusted for bunker surcharges compared

16.5bn

Revenue
decreased 2% to DKK

3.9bn

EBITDA
decreased 2% to DKK

6,546

Ferry people
(FTE)

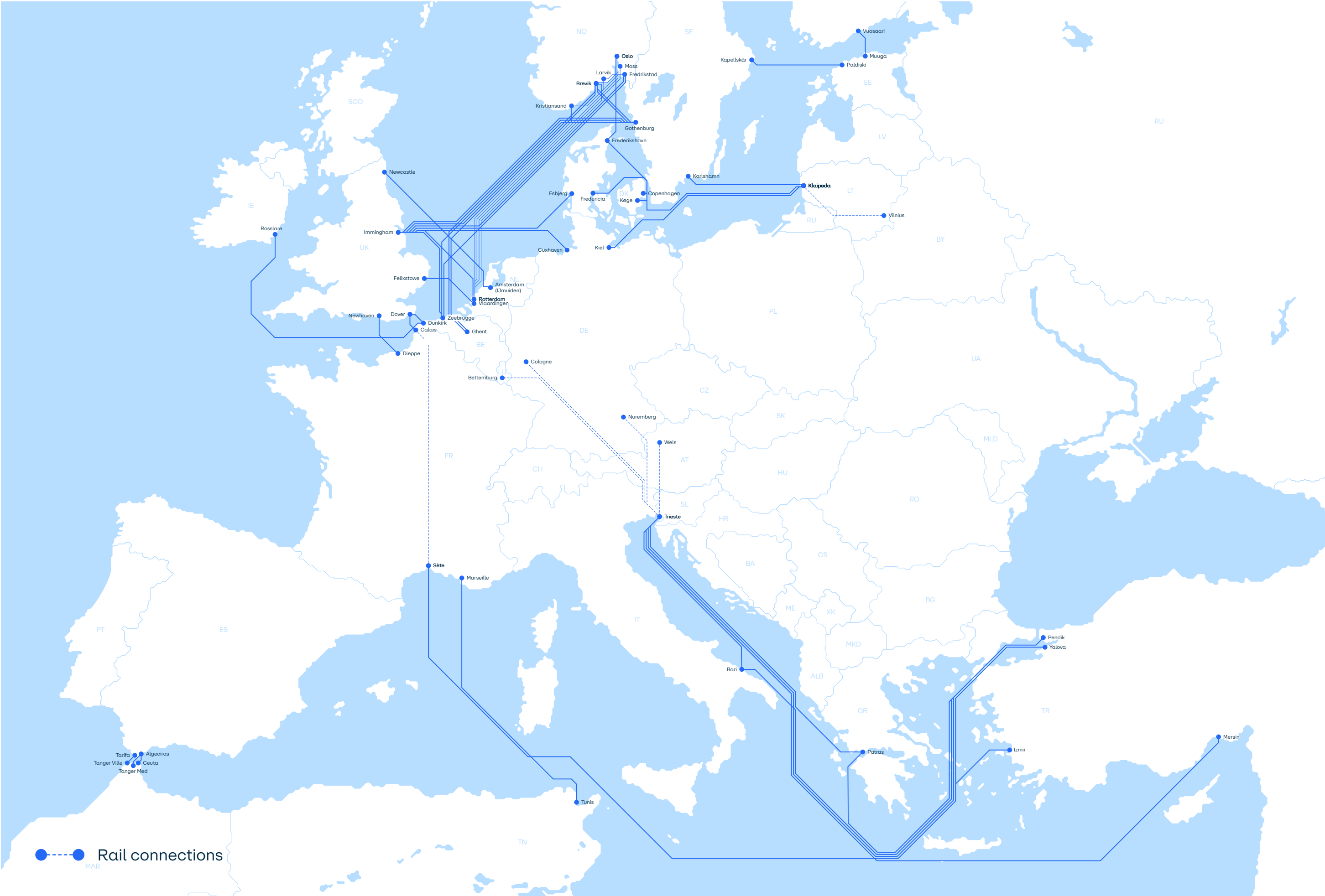
Head of division
Mathieu Girardin

Business areas
North Sea / Mediterranean / Channel / Baltic Sea / Passenger / Strait of Gibraltar*

*Part of DFDS from January 2024

Ferry network

Ferry business model
Reliable and efficient ferry services driven by



Frequency and network scale

→ 29,231 annual departures
→ 18 freight-only routes (RoRo)
→ 12 combined freight and passenger routes (RoPax)
→ 38.4m lane metres transported
→ 4.5m passengers

Ferry capacity

→ 66 ferries
→ 80 sailings per day

Port terminal access

→ 48 ports of call
→ 8 ports with own operations and/or owned

Key freight customers are forwarders and hauliers for port-to-port transport of trailers w/o the driver accompanying the trailer.

Heavy industrial goods are also transported directly for manufacturers using trailer equivalents, e.g. cassettes to transport paper and steel. Finished vehicles are also transported as they can be driven on and off the ferries.

Trailers are transported further on by rail from select ports.

Passengers can bring own cars and most routes also transport foot passengers.

The passenger routes are a mix of overnight routes and short-sea routes with a crossing time of a couple of hours.

to 2022. The adjusted increase was driven by higher passenger revenue that increased 16.3% to DKK 3,810m as passenger travel recovered from Covid-19.

Freight ferry revenue, adjusted, was up 2.8% despite a volume decline of 7.9% as higher rates, in some market areas, and growth in ancillary revenue offset the negative impact of the volume decrease.

EBITDA decreased 1.9% to DKK 3,907m. The passenger EBITDA increased 36.7% or DKK 331m to DKK 1,232m driven by the increase in the number of passengers, higher revenue per passenger, bunker cost savings, and a one-off positive impact from reversal of a provision related to Covid-19.

The freight ferry EBITDA decreased 13.3% or DKK 409m to DKK 2,675m driven by lower results for the Baltic Sea and Channel networks while the North Sea and Mediterranean achieved results on level with 2022. A reduction in oil price spreads in 2023 compared to the spike in spreads in 2022 lowered the return on scrubber installations.

In connection with the sale and leaseback of three freight ferries, a one-off gain of DKK 95m was reported. EBIT decreased 2.9% to DKK 2,094m.

The return on invested capital, ROIC, decreased slightly to 9.5% in 2023 from 9.8% in 2022 due to the lower freight result.

Invested capital – ferry fleet and port terminals

The invested capital was DKK 21.3bn at year-end 2023, of which ferries amounted to DKK 14.0bn and port terminals to DKK 3.0bn. Intangible assets accounted for DKK 4.4bn of which DKK 3.8bn was related to the Mediterranean business unit.

At the end of 2023, the ferry route network deployed 66 ferries, including two side-port and container ships, of which 76%, or 50 ferries, were owned and 16 were chartered in for varying periods. Two ferries were not assigned to a route at the end of the year but were assigned to the Strait of Gibraltar in the beginning of 2024.

There are currently no plans to order or purchase ferries in the period 2024-2026 as the current capacity is assessed to be sufficient to meet forecast customer requirements. In addition, green ferry engine and fuel technologies as well as port infrastructures are

Ferry Division

		2023			2023		2022			2022
DKK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Revenue	3,820	4,176	4,506	3,990	16,493	3,482	4,544	4,753	4,052	16,831
Freight	3,269	3,184	2,994	3,235	12,683	3,125	3,680	3,428	3,322	13,555
Passenger	551	992	1,512	755	3,810	357	864	1,325	730	3,276
Operating costs	-2,248	-2,188	-2,275	-2,306	-9,017	-2,130	-2,520	-2,541	-2,349	-9,541
Ferry operations	-527	-495	-510	-514	-2,046	-457	-397	-505	-528	-1,886
Bunker	-752	-713	-791	-865	-3,120	-817	-1,135	-1,135	-942	-4,030
Port terminal operations	-793	-796	-809	-755	-3,153	-722	-814	-765	-690	-2,991
Transport and warehouse solutions	-176	-184	-165	-173	-698	-134	-174	-137	-190	-634
Employee costs	-630	-639	-668	-666	-2,603	-544	-601	-609	-609	-2,363
Sales, general and administration	-216	-246	-268	-235	-965	-209	-306	-293	-235	-943
EBITDA	727	1,103	1,294	783	3,907	598	1,218	1,310	859	3,984
Freight	717	754	535	669	2,675	689	944	722	728	3,083
Passenger	9	350	758	115	1,232	-91	274	587	131	901
Other income/costs, net	-4	-8	-14	90	65	-2	-2	-5	-3	-12
Depreciation and impairment	-430	-445	-457	-509	-1,841	-435	-456	-442	-445	-1,778
EBITA	293	651	823	365	2,131	161	760	863	411	2,194
Amortisation	-9	-9	-9	-9	-38	-10	-10	-10	-9	-38
EBIT	283	642	813	356	2,094	151	750	854	401	2,156
Invested capital, end of period	21,689	21,609	21,912	21,263	21,263	21,325	20,864	21,411	21,716	21,716
EBITDA-margin, %	19.0	26.4	28.7	19.6	23.7	17.2	26.8	27.6	21.2	23.7
EBITA-margin, %	7.7	15.6	18.3	9.2	12.9	4.6	16.7	18.2	10.1	13.0
EBIT-margin, %	7.4	15.4	18.1	8.9	12.7	4.3	16.5	18.0	9.9	12.8
Gross Capex (excel. acquisitions and leases)	438	150	264	281	1,132	836	328	621	247	2,031
ROIC before acquisition intangibles, % LTM	-	-	-	-	12.1	-	-	-	-	12.6
ROIC, %, LTM	-	-	-	-	9.5	-	-	-	-	9.8
Average number of employees	-	-	-	-	6,546	-	-	-	-	6,138
Number of ships	-	-	-	-	66	-	-	-	-	64
Lane metres, '000	9,647	9,795	9,455	9,545	38,443	10,613	11,528	9,900	9,705	41,748
North Sea*	3,508	3,600	3,408	3,327	13,843	3,625	3,701	3,465	3,421	14,212
Mediterranean	1,345	1,375	1,274	1,412	5,407	1,360	1,431	1,315	1,462	5,568
Channel	3,993	4,026	3,953	3,979	15,950	4,629	5,410	4,220	3,904	18,164
Baltic Sea	802	794	820	827	3,243	999	986	900	918	3,804
Capacity utilisation freight, %	59	56	53	60	57	66	68	56	57	61
Number of cars, '000	152	301	495	206	1,154	100	309	508	208	1,124
Passengers, '000	619	1,205	1,812	866	4,502	283	984	1,704	801	3,772
Scope 1+2 emissions, 1,000 tonnes CO_2e	-	-	-	-	2,369	-	-	-	-	2,556
CO_2 intensity (kg CO_2/MDKK)	-	-	-	-	143.6	-	-	-	-	151.9
Representation of women - Land; %	30	31	30	30	30	29	30	30	30	30
Representation of women - Sea, %	19	20	20	19	19	18	19	20	19	19
Lost-time injury frequency (LTIF) - Sea, Incidents/mill. Hours	4.3	4.0	3.7	4.0	3.8	3.8	4.8	5.2	3.4	4.5
Lost-time injury frequency (LTIF) - Land, Incidents/mill. Hours	14.9	14.1	4.1	11.7	11.3	14.2	7.7	13.6	8.1	11.1

still maturing. The announced green ferry new-building program is therefore planned to start in 2026 with delivery of six ferries in the period 2027-2030.

The lifespan of freight and passenger ferries is estimated at 35 years and 45 years for passenger cruise ferries. The duration of port terminal leases is typically between 10 and 40 years.

Port terminals are owned and/or operated in eight strategic locations.

Decarbonisation activities and results

The key environmental challenge is to decarbonise ferry operations by continually increasing efficiency and later replacing fossil fuels with sustainable fuels. DFDS' Climate Action Plan includes short-term actions to reduce emissions from the existing fleet and transformative long-term actions to decarbonise.

In 2023, we completed a detailed analysis across the network leading to the launch of the Every Minute Counts, program - a combination of speed reduction and schedule optimisation. This increased focus on efficiency, plus technical optimisations, resulted in the tank-to-wake CO_2 emissions intensity across the ferry network falling by 5% overall from 13.0 gCO_2/GT per nautical mile in 2022 to 12.3 gCO_2/GT per nautical mile in 2023. This includes chartered ferries.

Own fleet emissions intensity decreased 3% from 12.5 gCO_2/GT per nautical mile in 2022 to 12.1 gCO_2/GT per nautical mile, while chartered fleet emissions intensity decreased 12.7% from 17.1 gCO_2/GT per nautical mile to 15.0gCO_2/GT per nautical mile.

Shore power installations are now completed on six ferries, and shore power is operational at three ports. In 2023 the use of shorepower generated a saving of close to 2,900 tonnes of CO_2. The pace of shore power installations is being ramped up and 4-5 new installations per year are expected for the next 5 years.

Based on a positive outcome of biofuel trials on Acacia Seaways in 2022, sourcing of ISCC and RED II compliant biofuel on a spot basis continued in 2023. In 2023, 242 tonnes of 100% biofuel and 1,922 tonnes of 30% biofuel were consumed, avoiding 2,448 tonnes CO_2 emissions. Customers have responded favourably to the opportunity to reduce their emissions at sea via our independently reviewed mass balance products launched as 'Decarbonised Solutions' in June 2023.

In 2023, an ambitious target to reduce emissions from land-based activity by 75% by 2030 was announced. This includes activity at port terminals, where emissions continue to be reduced by electrification, energy efficiency improvements, and increasing use of HVO (Hydrogenated Vegetable Oil) by terminal equipment such as tug-masters and reach-stackers.

Ferry fleet overview, year-end 2023

	Total fleet	Freight ferries (RoRo)	Freight & passenger ferries (RoPax)	Cruise ferries	Sideport ships	Ownership share, %	Average age of owned ships, yrs
Ferry Division	66	44	16	4	2	-	-
North Sea	20	18	-	-	2	78	16
Mediterranean	21	21	-	-	-	67	15
Channel	11	1	10	-	-	73	19
Baltic Sea	6	1	5	-	-	83	12
Passenger	4	-	-	4	-	100	34
Chartered out/not-allocated ferries	4	3	1	-	-	75	26

Based on a positive outcome of biofuel trials on Acacia Seaways in 2022, sourcing of ISCC and RED II compliant biofuel on a spot basis continued in 2023

Great Place to Work

The DFDS target for women representation in the total workforce is 30%. At the end of 2023, this ratio was 24% (unchanged) in the Ferry division across both land and sea. From a gender ratio perspective, the ferry division can be grouped into three different employee groups who each has a different gender profile on employee and manager levels, respectively: Sea-based women (24%/9%), Land-based non-office women

(10%/0%) and Land-based office women (46%/33%). There has been a general improvement of one to three percentage points across the different employee groups. The main improvement since 2022 has been an increase in the women representation within the sea-based employees.

Focus for 2024 will continue to be on improving the women representation in general and in non-office management positions, and to continue efforts to ensure an inclusive culture in order to promote diversity in our workforce. In January 2024 the Female Cadet Program was launched in Türkiye aiming to increase the representation of women onboard DFDS' vessels.

During 2023, the Crewing organisation continued to facilitate ship/shore seminars for crew members including managers. The seminars include workshops on engagement survey, safety and fuel efficiency and trainings on how to handle bullying and harassment, cultural awareness and situational leadership.

The engagement score for the Ferry division is on par with the DFDS score and external benchmark. In 2023, there has been an increase compared to 2022 in a number of parameters, and especially Autonomy and Peer relationship have improved. All managers in the Ferry division have personal goals related to their engagement scores.

Health & safety

Health & Safety procedures are critical in the operation of ferries and port terminals, not least the loading and unloading of large, heavy freight units by tugmasters driven by port terminal staff. This interaction between ferries and port terminals is identified as a high-risk activity and is therefore also a high priority area.

In 2023, the Lost Time Injury Frequency (LTIF) increased to 11.3 compared to 11.1 in 2022, which was primarily related to terminals in Northern Europe. The root causes have been identified as slips, trips and fall accidents as well as accidents caused by operation of terminal vehicles. We have had several serious near-miss situations in 2023 related to our cargo operations, which calls for intensified focus on fortifying our Safety First culture in all port terminals through our newly established Terminal Excellence function.

The LTIF for our fleet was 3.8 in 2023 (2022: 4.5). In 2023, an e-learning awareness module for safety on RoRo cargo decks was

Moving Together Towards 2030
➔ Digitise to Transform

A digitised terminal solution that brings higher margins, reduced emissions, and better safety

The implementation of our new mobile Group Terminal Management System (GTMS) means that an app is now keeping track of all vehicles at our terminals; planning for efficient loading of our vessels and keeping special procedures in mind. As the system creates the most efficient loading plan, it also sends loading tasks and directions to each driver directly on their tablet, making the loading much more efficient. Before GTMS, this was all handled manually, which was a time-consuming task. Now, these processes are digitalised with a new digital solution which is expected to save us time and money.

With this fully integrated terminal management system, we can provide an accurate stowage plan for drivers to follow. This includes consideration for units with attributes such as hazardous or temperature-controlled units. With the click of a button, vessel planners can change a unit's planned position on board when the circumstances call for it. This change can then instantly be seen by the drivers who can then adapt the loading order.

The system gives us complete transparency in which vehicles are approaching the port or are on the vessel and which units are being loaded. This transparency also helps the drivers, as they get a much better understanding of what is going on. This has also added a health and safety benefit, as everyone has a much better understanding of what is happening around them.

As Mobile GTMS improves efficiency at every stage in the terminal – from optimal placement for vehicles entering the terminal to improved loading and

offloading flow – it minimises the traffic at the ports, making the terminals safer and reducing our greenhouse gas emissions.

Mobile GTMS has been implemented in our ports in Vlaardingen (March), Immingham (August) & Gothenburg (November) in 2023 and is already showing positive results. After the first 90 days of GTMS being introduced, our terminal in Vlaardingen reported that for 40% of their vessels, they had seen an average gain of 2.5% in units loaded per hour.

In 2024 we plan to implement GTMS in our terminals at Trieste, Pendik and Ghent.

rolled-out and we implemented additional fire-fighting measures on the DFDS fleet as well as camera-based pedestrian detection equipment for heavy machinery in own terminals. In 2024, we will rollout a Safety First e-learning across the fleet.

Digitisation

In line with the “Digitise to transform” strategy, digitisation is focused on how we connect with our ferry customers and how we improve operating efficiency of the ferry fleet and port terminals.

New freight ferry operations software was launched in the port terminals of Vlaardingen, Immingham, and Gothenburg. The software enhances the precision of deck plans for discharging as it enables tug drivers to load trailers to exact locations on the ferries as well as in the ports. Rollout continues in 2024 to other port terminals with own operations.

To improve the customer experience for digital booking, tracking, and self-service, a new customer booking platform MyFreight 2 was implemented across the network during 2023.

Development of the digital booking experience for passengers continued in 2023 and the customer conversion rate was increased, and the user satisfaction rate was likewise further enhanced.

Another key focus area in 2023 was development of a system to enable the Dover-Calais space charter agreement, that currently covers freight, to be extended to cover passengers as well. Moreover, the commercial onboard passenger system was updated with new features and implemented on three cruise ferries with rollout continuing in 2024.

To improve the customer experience for digital booking, tracking, and self-service, a new customer booking platform MyFreight 2 was implemented across the network during 2023

Ferry industry and market trends

A number of external factors has strategic relevance for the ferry industry and its growth prospects.

Brexit
Implementation of the Brexit trade agreement between the EU and the UK is not finalised in the UK as veterinary controls plus safety and security checks have yet to be implemented during 2024.

Since the beginning of 2021, duty-free sales and customs clearance services were introduced for activities linked to the UK. Awareness among UK consumers of the benefits of duty-free sales is still low and the market has potential to grow further in the coming years. In 2023, growth flattened in customs markets from the high levels of the previous two years.

Competition
The competitive landscape in most regions was overall unchanged in 2023. In the Baltic Sea region, the reduction in volumes by the war in Ukraine has created overcapacity in the ferry market and competition intensified on some routes.

The Dover Strait market continues to be negatively impacted by overcapacity due to a third operator’s addition of three ferries to the market. Moreover, total freight market volumes continued to decrease in 2023 with a further 2.6%. Passenger car volumes increased 13.8% in 2023 but remain 16.9% below pre-Covid-19 levels.

Nearshoring of manufacturing to Europe and adjacent countries
Nearshoring remains a focus area for manufacturers to ensure reliable supply chains. Allocation of more manufacturing to Europe and adjacent regions, such as Türkiye and northern Africa, is expected to continue to underpin the future growth of freight volumes on ferry routes carrying intra-European trade as well as trade between Europe and adjacent countries.

Ferry vessel market
The markets for chartering and sale/purchase of ferries used for transporting freight remained tight in 2023 with limited available and idle capacity.

Freight ferries (RoRo): The high demand for freight ferries continued in 2023 and charter rates remained on level with 2022 as the market focused on extensions of existing charters. Selling activity was limited, and mostly of smaller vessels. European operators took delivery of four large ferries while only a few older ferries were scrapped. The orderbook up to 2026 comprises only eight ferries. The demand for freight ferries is expected to remain high in 2024.

Combined freight and passenger ferries (RoPax): The demand for combined ferries with an overweight of freight capacity was also high in 2023. The ferry sales in 2023 were completed at the same price levels as in 2022. Charter activity was limited as only few ferries were open for renewal.

Although seven new-buildings were delivered in 2023, the orderbook remains substantial at around 42k LM up to 2026.

1 Revenue shares do not add up to 100% as Non-allocated items are not included in the table.

	North Sea	Mediterranean	Channel	Baltic Sea	Passenger
Head of business area	Kell Robdrup	Lars Hoffmann	Filip Hermann	Filip Hermann	Kasper Moos
Share of Division's revenue 2023[1]	29%	28%	21%	8%	11%
Routes	– Gothenburg-Brevik/Immingham – Gothenburg-Brevik/Ghent – Gothenburg-Zeebrugge – Esbjerg-Immingham – Cuxhaven-Immingham – Vlaardingen-Felixstowe – Vlaardingen-Immingham – Oslo Fjord-Zeebrugge-Immingham	– Istanbul (Pendik)-Trieste – Istanbul (Pendik)-Patras-Trieste – Istanbul (Pendik)-Bari-Trieste – Istanbul (Yalova)-Sète – Mersin-Trieste – Izmir-Sète (closed end of 2023) – Marseille-Tunis	– Dover-Dunkirk – Dover-Calais – Newhaven-Dieppe – Rosslare-Dunkirk – Tilbury-Calais (closed end of 2023)	– Fredericia/Copenhagen-Klaipeda – Karlshamn-Klaipeda – Kiel-Klaipeda – Kapellskär-Paldiski – Muuga-Vuosaari (freight agreement)	– Oslo-Frederikshavn-Copenhagen – Amsterdam-Newcastle
Ferries	– 18 RoRo and 2 side-port/container ships	– 21 RoRo	– 10 RoPax – 1 RoRo	– 5 RoPax – 1 RoRo	– 4 passenger cruise ferries
Port terminals (owned and/or own operations)	– Brevik – Ghent – Gothenburg – Immingham – Vlaardingen	– Istanbul, Pendik – Trieste	– Dunkirk		– Copenhagen
Main customer segments	– Forwarders & hauliers – Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals) – RDF (refuse derived fuel)	– Forwarders & hauliers	– Forwarders & hauliers – Car passengers – Coach operators	– Forwarders & hauliers – Manufacturers of heavy industrial goods (automotive, forest products, metals) – Car passengers	– Mini Cruise passengers – Car passengers – Business conferences – Forwarders & hauliers
Main market areas	– Benelux – Denmark – Germany – Norway – Sweden – UK	– Germany, Italy, France, Spain, and other Continental Europe – Tunisia – Türkiye, and adjacent countries	– France and Continental Europe – Ireland – UK	– Baltic countries – Denmark – Finland – Germany – Sweden	– Benelux – Denmark – Germany – Norway – Overseas markets – Sweden – UK
Main competitors	– CLdN – P&O Ferries – Road, short-sea container, and rail transport – Stena Line	– Cotunav – Grimaldi – Road, short-sea container, and rail transport – Ulusoy	– Brittany Ferries – Eurotunnel – Irish Ferries – P&O Ferries	– Road and rail transport – Stena Line – Tallink Silja – Transrussia Express (Finnlines) – Transfennica – TT Line	– Airlines and road transport – Color Line – P&O Ferries – Stena Line

Logistics Division

- **Road transport faced headwind** from challenging market conditions in H2
- **Demand remained firm** for warehousing and solutions
- **Network expanded and strengthened** through acquisitions
- **90 e-trucks in operation** at year-end

Our European network and market position as a reliable and efficient partner was strengthened during the year with total revenue now exceeding DKK 12bn.

Market conditions turned increasingly challenging in the second half-year as the economic slowdown in Europe became more entrenched. Competition increased in transport markets as overcapacity developed in haulage markets. Our focus on contract volumes, as opposed to spot volumes, offered some margin protection. Domestic markets remained more robust than international trade volumes that declined in the year, especially across the Baltic Sea as well as to and from the UK.

The demand for warehousing and other contract logistics solutions remained firm as customers are committed to safeguarding the reliability of their supply chains.

The relevance of the logistics network for customers was enhanced by one strategic and four bolt-on acquisitions in 2023 that expanded both product scope and geographic coverage.

Decarbonisation was underpinned by the deployment of 90 e-trucks by the end of 2023 and planning for the ordering of more e-trucks in 2024 is ongoing. Installation of solar panels on warehouses and other buildings to produce own energy continued and the first commercial products were launched allowing customers to purchase a certified Scope 3 CO_2e reductions.

12.1bn

Revenue
increased 6% to DKK

1.3bn

EBITDA
increased 20% to DKK

5,696

Logistics people
(FTE)

Head of division
Niklas Andersson

Business areas
Dry Goods / Cold Chain

Logistics network

Logistics business model
Reliable and efficient transport and logistics solutions driven by

7 core products

- → Full-load transport
- → Part-load transport
- → Freight forwarding
- → Contract logistics
- → Customs
- → Control towers
- → Packaging

Network scale

- → 66 locations of which:
- → 35 warehouses
- → 14 customs offices

Equipment

- → 9,200 trailers
- → 1,600 trucks
- → 160,000 plastic box pallets

Key customers are manufacturers of goods and food producers as well as retailers.

The international transport solutions offered are focused on corridors that overlap DFDS' own ferry route network which provide capacity and reliable end-to-end solutions.

Goods are primarily moved in trailers while container solutions are offered in select corridors as well.

For larger customers with complex supply chains, transport solutions are bundled with complementary products such as warehousing, control towers, and customs.

Logistics Division

DKK m	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 Full-year	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 Full-year
Revenue	2,849	3,088	2,985	3,173	12,096	2,666	2,979	2,947	2,832	11,423
Dry Goods	1,562	1,586	1,506	1,577	6,231	1,418	1,618	1,553	1,569	6,158
Cold Chain	1,278	1,487	1,484	1,583	5,831	1,251	1,349	1,388	1,252	5,240
Operating costs										
Transport and warehousing costs	-1,864	1,917	-1,864	-1,991	-7,636	-1,850	-2,084	-2,045	-1,925	-7,904
Gross profit	985	1,172	1,121	1,182	4,460	816	894	902	907	3,520
Sales, general and administration	-169	-179	-182	-176	-706	-158	-142	-116	-84	-499
Employee costs	-517	-648	-620	-696	-2,481	-442	-478	-490	-545	-1,955
EBITDA	299	*345*	*319*	310	1,273	216	274	297	278	1,066
Other income/costs, net	4	5	5	7	20	-5	4	3	10	12
Depreciation and impairment	-163	-180	-190	-201	-733	-132	-135	-135	-149	-551
EBITA	140	169	135	116	560	79	143	165	139	526
Amortisation	-18	-24	-16	-27	-86	-12	-12	-13	-15	-52
EBIT	122	145	118	89	474	68	131	152	123	474
Gross profit margin, %	34.6	37.9	37.6	37.2	36.9	30.6	30.0	30.6	32.0	30.8
EBITDA-margin, %	10.5	11.2	10.7	9.8	10.5	8.1	9.2	10.1	9.8	9.3
EBITA-margin, %	4.9	5.5	4.5	3.7	4.6	3.0	4.8	5.6	4.9	4.6
EBIT-margin, %	4.3	4.7	4.0	2.8	3.9	2.5	4.4	5.2	4.4	4.1
Invested capital, end of period	6,396	6,401	6,591	6,877	6,877	4,312	4,442	4,829	4,984	4,984
Gross Capex (excl. acquisitions and leases)	144	74	94	126	438	68	198	138	294	698
ROIC before acquisitions intangibles, % LTM	-	-	-	-	11.4	-	-	-	-	14.9
ROIC, % LTM	-	-	-	-	5.9	-	-	-	-	8.2
Average number of employees	-	-	-	-	5,696	-	-	-	-	4,544
Scope 1+2 emissions, 1,000 tonnes CO_2e	-	-	-	-	208.8	-	-	-	-	132.6
CO_2 intensity (kg CO_2/MDKK)	-	-	-	-	16.2					11.6
Representation of women - Land; %	17	17	15	15	15	17	17	17	17	17
Lost-time injury frequency (LTIF) - Land, Incidents/mill. Hours	10.7	5.7	5.9	8.2	8.0	11.2	5.7	4.1	10.1	7.5

Financial performance

The Logistics Division's revenue increased 5.9% to DKK 12,096m and decreased 7.5% adjusted for acquisitions compared to 2022.

The adjusted revenue decrease was driven by lower road transport volumes primarily to and from the UK as well as lower volumes related to especially construction materials and meat. Energy-related surcharges also declined in 2023. Domestic volumes, also in the UK, were generally more stable.

Revenue was moreover decreased compared to 2022 by closure of the Norwegian overseas cold chain activity during 2022 and the Bruges office during 2023.

The above decreases were offset by growth in warehousing revenue driven by full-year impacts from warehouses opened during 2022 and capacity additions made in 2023. Revenue was also added by new customer contracts as well as expansion of existing contracts.

EBITDA increased 19.5% or DKK 207m to DKK 1,273m driven by a positive impact from acquisitions. EBITDA decreased 4.6% or DKK 48m adjusted for acquisitions

Warehousing capabilities and capacity continued to be expanded organically in 2023 which was due to a lower result for the continental cold chain activities following one-off and restructuring costs, including closure of the Bruges office. In addition, trading between the Continent and the UK decreased in 2023.

For all other activities, EBITDA was above 2022 driven by higher results for contract logistics, including new warehouses, and a considerable result improvement for the activities in Belgium, including rebalancing of large transport flows. This was offset by lower results for most road transport activities due to lower volumes and margin pressure in the market.

EBIT of DKK 474m was on level with 2022 and 22.1% or DKK 103m lower adjusted for acquisitions. The adjusted decrease was driven by the same dynamics as the EBITDA decrease.

The return on invested capital, ROIC, decreased to 5.9% in 2023 from 8.2% in 2022. Return levels for the Dry Goods and the UK Cold Chain activities were above the minimum return requirement of 8%. This includes the acquisition of the McBurney Transport Group. The return level for the Nordic and Continent Cold Chain activities was not satisfactory and an improvement plan has been initiated.

Sustainability is increasingly impacting logistics business models as disclosure on carbon footprints and the emergence of emission tolls highlight the need for action

Invested capital – transport equipment and intangibles
The invested capital increased 38.0% to DKK 6.9bn at year-end 2023. The increase was due to mainly acquisitions as well as expansion of warehousing capacity. Intangible assets accounted for DKK 2.4bn of the invested capital, including goodwill of DKK 1.6bn.

At year-end 2023, the logistics network deployed 9.2k trailers, 2.4k containers, and 1.6k trucks. The majority of the equipment was owned. Cargo carrying equipment assets were increased 37% to DKK 1.9bn in 2023, including assets from acquired companies.

Warehousing capabilities and capacity continued to be expanded organically in 2023. In Sweden two new warehouses were opened in Jönkoping and Karlshamn, with the latter replacing smaller facilities and adding further capacity. A second section was added to the warehouse in Borås. In Poznan a new warehouse was opened as part of a greenfield entry into the Polish market with transport services linked to the warehouse.

Warehousing capacity was also expanded in Corby, linked mainly to part-load transports to and from the UK, and a new warehouse was opened in Waterford to support further growth of the activities in Ireland.

The warehouses added in 2023 are leased. Land and facility assets were increased 49% to DKK 1.7bn in 2023, including assets from acquired companies.

Decarbonisation strategy and actions

With acquisitions made in 2023, the DFDS fleet now counts over 1,600 trucks of which 97% have Euro 6 emission standard or above.

The growth of the division generated an increase in CO2 emissions during 2023. As the revenue growth in the same period has been lower compared to the total reported emissions the CO_2 intensity has increased as well.

During 2023, our preliminary decarbonisation target of a 75% reduction in CO_2e intensity from a 2022-base was confirmed and extended to all land-based activities, including road transport, warehousing, and port terminals.

The pace of transition increased in 2023 with the deployment of the majority of our initial order of 125 electric trucks (e-trucks). By the end of the year, 90 e-trucks were operational in Sweden, Denmark, Lithuania, Belgium, and the Netherlands, with the remaining 35 due to be delivered during Q1 2024. In Denmark, we also deployed 55 electric reefer trailers, giving a near zero-emission transport capability for frozen and refrigerated cargo.

To reach our goal to have at least 25% of the truck fleet electrified by 2030, and as various truck manufacturers brought new battery electric vehicle solutions to market, we issued a new tender request for the next batch of e-trucks.

Work continues on the feasibility of a hydrogen trucking trial in the 2025 timeframe, with a first trial planned for either Germany and/or the Netherlands. The strategy of reducing CO_2 emissions through the use of HVO in existing trucks is progressing although at a slower pace than foreseen due to availability. Towards the end of the year we joined the European Clean Trucking Alliance (ECTA) to accelerate both learning and progress towards a zero emission future on road.

Moving Together Towards 2030
→ Protect & Grow Profits

Scaling our partnership with Danish Crown

Leveraging DFDS' expanded network and range of logistics solutions

Since 2019, DFDS has substantially expanded the logistics and transport network across and beyond the European continent. With the expanded network we can offer our clients multiple services from warehousing, cold storage, logistics and customs handling thereby catering to more complex needs. With this wider range of logistics solutions, we have been able to significantly scale our engagement with numerous customers. One of them is Danish Crown – one of the world's largest exporters of pork.

DFDS's partnership with Danish Crown has grown significantly from managing Danish Crowns transport from Esbjerg to Immingham to entering a multi-year strategic agreement in 2023 for full range of transport and logistics offerings including role out of electric trucks. The agreement covers more than 10 markets.

Adjusting to our customers' needs by offering new products and services is the foundation for DFDS' ability to stay relevant for more customers. And as a result, we have managed to grow the number of enterprise accounts - meaning industry accounts with a yearly turnover of or above 10m EUR - from just 7 in 2019 to 23 in 2023.

Looking forward, we will continue to drive organic growth by continuously evolving with our existing customers and attracting new customers with our broader geographic and product reach.

↗ Explore on **www.dfds.com**

How DFDS assists Danish Crown

- Flexibility of shipping goods through full and part loads solutions
- Access to DFDS extended ferry network
- Deployment of six electric trucks into Danish Crowns transportation fleet

During the year, 91 new diesel trucks were purchased, specified and supplied with a Euro 6.2 exhaust emission rating which is the latest emission standard restricting a number of pollutants. This compares to 324 new diesel trucks sourced during 2022, which makes 2023 the first year where more zero emission trucks were purchased than diesel trucks.

During the year, two commercial products were launched allowing customers for the first time to purchase a certified Scope 3 CO_2e reduction, either achieved on land by e-trucks, or on sea by the use of biofuel. At the same time, a customer-oriented CO_2 emissions dashboard was launched, which reports the CO_2e we have emitted for a given customer, both on road and sea. Both initiatives have prompted positive customer feedback on the transparency and speed in providing insights into their Scope 3 emissions.

Great Place to Work

DFDS' target for gender diversity is women representation within the total workforce of 30%. In 2023, this ratio was 15% (2022: 17%) in the Logistics division, including 17% (2022: 18%) women managers. For office workers, the total representation of women was 36% and 19% for managers, which is unchanged compared to 2022. The non-office ratio was 6% (2022: 5%), while there were still no representation of women within the non-office manager positions.

The reduction in the share of women employees seen over the past two years is primarily related to inclusion of acquired companies. We remain committed to closing the gaps related to gender under-representation and to foster an inclusive culture across the division to drive the female gender ratio higher.

The engagement score for the Logistics division is lower than the total DFDS score and saw a slight decrease in 2023. In 2024, the Logistics management team will work actively to improve the results.

Logistics has gone from 61% participation in 2022 to 56% in 2023. The decline relates to a lower response rate for the non-office employees (2022: 50% and 45% in to 2023). In the same period, the Logistics organisation has grown from 4,764 invited/2,927 responses in 2022 – and 6,232 invited /3,461 responses in 2023. Overall the land-based non-office employees' participation rate declined slightly to 48%.

It has proven difficult to reach the non-office land-based employee group with the survey although we have targeted the questionnaire to our non-office employees and reduced the general questionnaire from 56 to 44 questions in 2023. We are planning a MyVoice workshop to engage non-office leaders and find different solutions that can be applied locally to increase both the participation and engagement rate.

Health & safety
The Logistics organisation consists of a large number of locations across the DFDS network – from small depots with very few employees to large modern sites with warehouses, cross docking and other contract logistics solutions. Due to the difference in daily operations the safety risk profile and safety awareness can be very different across sites. In 2023, we have focused on including all locations from acquired entities into the DFDS Health & Safety management system.

During this integration, we have seen an increase in the Lost Time Injury Frequency from 7.5 in 2022 to 8.0 in 2023 which is primarily related to accidents in our trucking entities. In 2023, we have added several acquisitions within trucking to our operations, and as we traditionally have more incidents in trucking entities compared to other parts of the logistics business, this had an adverse impact on the total lost time injury frequency rate.

In 2024, we will increase focus on safe operation of our own trucking operations and continue to promote our Safety First culture across high-risk locations. In particular, we will focus on slips, trips and fall accidents from entering trucks and trailers.

Digitisation

The digitisation journey continued in 2023 with high focus on standardisation to enhance collaboration with more customers across all connectivity options. New transport customers are to a large extent now opting to connect with DFDS via our standard integration options which save operational teams working hours. Customised integration options are also offered to large customer accounts.

Adoption of the online booking platform continued to rise in 2023 enabling self-service options to book online, manage documents, and track bookings. 71% of all transport bookings were booked digitally by year-end 2023. High growth was also registered for digital bookings for customs clearance.

Digital solutions are moreover applied to enhance operating efficiency of warehousing, including automation. Road transport is assisted by routing planning tools that also contribute to the lowering emissions.

Logistics industry and market trends

A number of external factors has strategic relevance for the logistics industry and its growth prospects.

More focus on sustainable logistics
Sustainability is increasingly impacting logistics business models as disclosure on carbon footprints and the emergence of emission tolls highlight the need for action. This is promoting investment in more sustainable transport equipment and exploration of alternative transport modes to reduce/minimise emissions. Demand for rail and inland waterway transport is therefore expected to grow even though such modal shifts are held back by the limited capacity and flexibility of these transport modes.

Nearshoring, supply chain reliability & haulage
The economic slowdown in Europe during 2023 lowered freight volumes and in the second half-year this led to overcapacity in the haulage market. This alleviated bottlenecks and helped to restore the reliability of intra-European supply chains in 2023.

However, towards the end of the year and in the beginning of 2024, container shipping between Europe and Asia was attacked in the Red Sea which again led to supply chain disruptions. Nearshoring of production closer to European end markets remains a focus area for industry, and demand for warehousing and related logistics services is therefore expected to continue to grow to ensure the availability of goods.

Haulage markets experienced overcapacity in the second half-year which fuelled margin pressure as transport buyers sought to reduce costs.

Competitive landscape
There were no material changes in the competitive landscape in northern Europe during the year, although consolidation of the still fragmented logistics market continues. Market participants are a mix of global and pan-European logistics companies as well as smaller, regional companies specialised in certain geographic corridors, transport modes, and/or customer segments. Digital forwarders continue to develop their business models focused on offering portals supporting competitive pricing, tracking and visibility, easy invoicing and payment processes, and speed of service.

Brexit
New border checks will be introduced in the UK in three phases in 2024: Export Health Certificates were introduced 31 January, physical inspections on medium- and high-risk plant and animal products will follow on 30 April, and safety and security declarations on all goods is scheduled to start 31 October.

The new border checks entail additional paperwork and costs and could cause teething issues for UK imports of foods and plants during 2024.

	Dry Goods	Cold Chain
Head of business areas	Niklas Andersson/Martin Gade Gregersen	Niklas Andersson/Martin Gade Gregersen
Share of Logistics Division's revenue, 2023	52%	48%
Forwarding	Door-door transport of full- & part-load trailers and full-load containers. Key transport corridors: • Scandinavia <-> UK/Ireland • Scandinavia <-> Baltics/Eastern Europe • Scandinavia <-> Continent (mainly Belgium/France) • Continent (mainly Netherlands, Belgium, Germany, Czech) <-> UK/Ireland • Northern Ireland <-> UK Sales offices across northern Europe, see map for details.	Door-door transport of full- & part load-trailers. Key transport corridors: • Scandinavia <-> Continent (mainly southern Europe, Poland, Benelux, France, and Germany) • Scandinavia <-> UK/Ireland • Continent <-> UK/Ireland • Northern Ireland <-> UK • Domestic Scandinavia, Germany, Benelux, and UK Sales offices across northern Europe, see map for details.
Contract logistics & distribution centres	Contract logistics: • Sweden – warehousing, cross docking terminals, and just-in-sequence transports • Benelux – warehousing, cross docking terminals, and just-in-sequence transports • Management contracts in Sweden, Ireland, and Netherlands • Warehousing across northern Europe, see map for details	Distribution centres: • Netherlands (Nijmegen, Winterswijk) • Germany (Neuenkirchen-Vorden) • Denmark (Horsens, Padborg) • Scotland (Larkhall) • England (Liverpool, Grimsby) Cross-docking and distribution of meat, seafood, dairy, and other food products requiring temperature-controlled distribution. Rental of packaging.
Equipment (owned/leased)	• 5,689 trailers • 1,934 containers • 435 trucks	• 3,541 reefer trailers • 443 reefer containers • 1,192 trucks • 160k reusable plastic box pallets, 850k crates
Customer segments	• Food producers • Manufacturers, mainly heavy industrial goods (automotive, paper), consumer goods, and chemicals • Retailers	• Food producers of meat, seafood, vegetables, and fruit • Aquaculture producers • Retailers
Primary competitors	• Blue Water • DHL • DSV • Green Carrier • LKW Walter • NTEX • NTG • Schenker • Short-sea container carriers	• ACS&T Logistics • Blue Water • DSV • Nagel • NTG • STEF • XPO Logistics • Yearsley Food

Results

Financial review

- **Stable operating results** despite economic slowdown in Europe
- **Finance cost increased significantly** by higher interest rates
- **Invested capital increased 5%** by acquisitions
- **ROIC decreased** by lower freight earnings
- **Financial leverage of 2.9x maintained** in target range
- **Adjusted free cash flow** of DKK 2.8bn

Reporting structure

DFDS' activities are organised in two divisions: The Ferry Division and the Logistics Division. Non-allocated items consist of corporate costs not allocated to either division.

Financial results

Revenue
Revenue increased 1.6% to DKK 27,304m in 2023 driven by higher revenue in the Logistics Division while the Ferry Division's revenue decreased in 2023.

The Ferry Division's revenue decreased 2.0% to DKK 16,493m but increased 6.1% adjusted for bunker surcharges. The adjusted increase was driven by primarily a recovery in passenger volumes and higher revenue in the Mediterranean business unit.

The Logistics Division's revenue increased 5.9% to DKK 12,096m and decreased 7.5% adjusted for acquisitions. The adjusted decrease reflected lower road transport volumes for both dry and cold chain goods as well as a decline in cost surcharges that were boosted in 2022 by higher energy prices.

EBITDA
Operating profit before depreciation, EBITDA, increased 1.2% to DKK 5,034m.

Ferry Division's EBITDA decreased 1.9% to DKK 3,907m as higher passenger earnings were offset by lower freight ferry earnings. The latter was reduced by 7.9% lower volumes and a negative impact from a

27.3bn
Revenue
DKK

29.0bn
Invested capital
DKK

11.2%
Return on equity

7.6%
ROIC

reduction in oil price spreads compared to an exceptional and temporary spike in spread levels in the second half-year 2022.

Logistics' EBITDA increased 19.5% or DKK 207m to DKK 1,273m. The EBITDA decreased 4.6% adjusted for acquisitions due to lower activity levels, especially in the second half-year, and to margin pressure driven by overcapacity in haulage markets. In addition, one-off and restructuring costs reduced the result.

Non-allocated items increased to DKK -146m compared to DKK -76m in 2022.

Depreciation and EBITA
Depreciation rose 10.4% or DKK 245m to DKK 2,615m. The increase for the Ferry Division of DKK 63m was related mainly to additional depreciation of ferries following more dry dockings in 2023, delivery of a new-building in 2022, and the sale and leaseback of three freight ferries. The majority of the Logistics Division's depreciation increase of DKK 183m was due to acquisitions. Depreciation was also increased by expansion of leased warehousing capacity.

The sale and leaseback of three freight ferries entailed a one-off income of DKK 95m.

The Group's EBITA decreased 3.8% to DKK 2,504m following the increase in depreciation.

Amortisation and EBIT
Amortisation increased 32.0% or DKK 43m to DKK 178m. The increase was mainly related to amortisation of customer contracts from acquisitions.

The Group's EBIT decreased 5.8% to DKK 2,326m.

Financing
The net financial cost doubled to DKK 673m compared to 2022. The net interest cost increased 83.6% or DKK 295m to DKK 648m driven by almost a doubling of the net interest rate to 4.1% and an increase in net interest-bearing debt of 4.1%. There was in addition a negative variance of DKK 43m from exchange rate adjustments.

Tax and the annual result
The ferry activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, France, and Türkiye. The tax on the annual profit amounted to a total cost of DKK 148m. The effective tax rate for 2023 was 8.9% compared to 5.6% in 2022. The effective tax rate was 7.5% compared to 7.1% in 2022 excluding prior year adjustments and one-offs. The latter includes a Turkish earthquake tax.

The net profit for the year was DKK 1,505m, a decrease of 25.5% compared to 2022.

Capital

Assets and invested capital
Total assets amounted to DKK 34.9bn at the end of the year, an increase of 2.3% compared to 2022 due to primarily the addition of acquired companies.

Net working capital increased to DKK 316m at year-end 2023 from DKK -98m in 2022. The majority of the increase was due to higher working capital in the Logistics Division.

The invested capital increased 5.2% or DKK 1.4bn to DKK 29.0bn from year-end 2022 following an increase of DKK 1.9bn in the Logistics Division's invested capital to DKK 6.9bn. The increase was related to mainly the addition of acquired companies. The Ferry Division's invested capital decreased DKK 0.5bn to DKK 21.3bn during the year driven by primarily the sale and leaseback of three freight ferries. The Non-allocated invested capital of DKK 0.9bn was on level with 2022.

41% of the invested capital consisted of owned ferries and other ships, and 11% consisted of owned port terminals, land and buildings, and cargo carrying equipment. Leased assets made up 20% of the invested capital up from 17% in 2022. Goodwill and other intangible assets amounted to 25% of the invested capital.

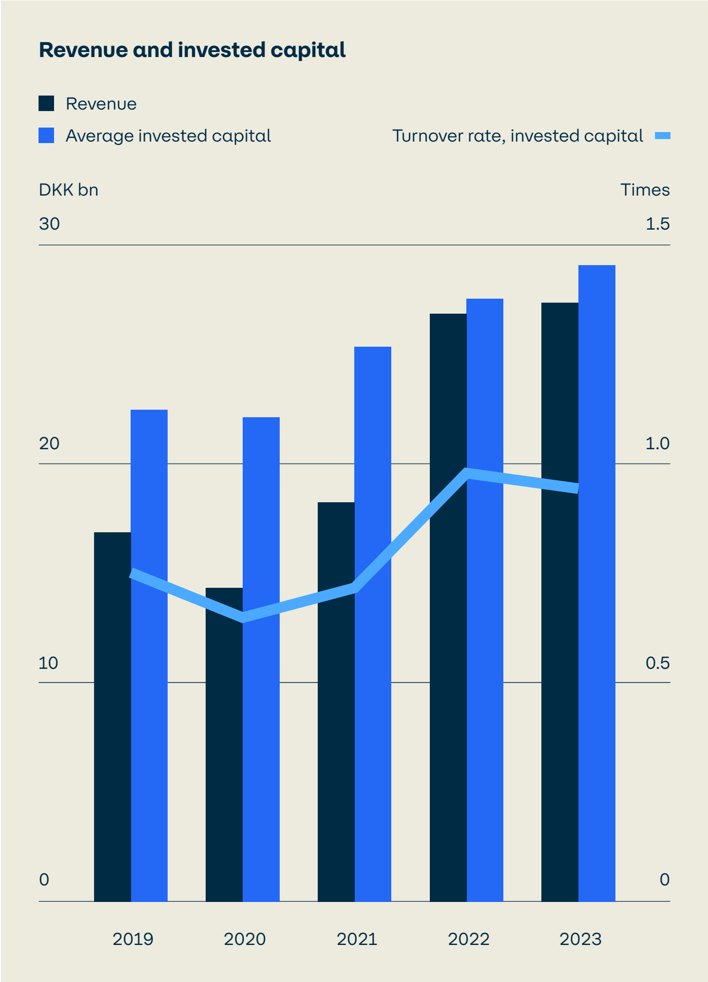
Debt
Interest-bearing liabilities, non-current and current, amounted to DKK 15.5bn at year-end 2023 which was on level with 2022.

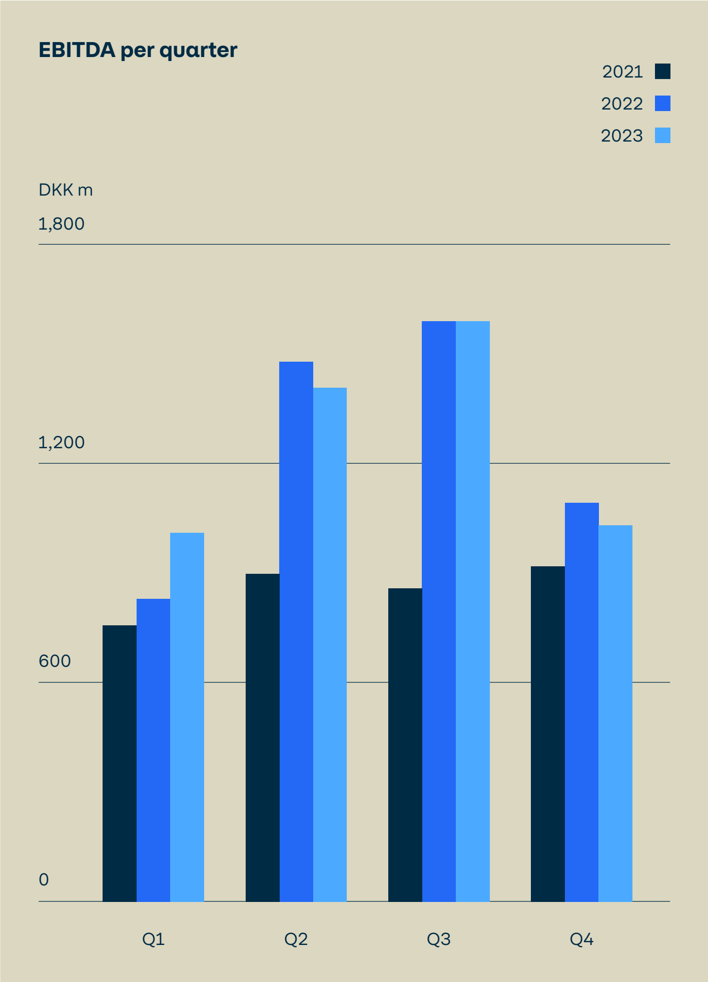
Revenue

DKK m	2023	2022	Δ	Δ %
Ferry Division	16,493	16,831	-338	-2.0
Logistics Division	12,096	11,423	673	5.9
Non-allocated items and eliminations	-1,285	-1,382	97	-7.0
DFDS Group	27,304	26,873	431	1.6

EBITDA

DKK m	2023	2022	Δ	Δ %
Ferry Division	3,907	3,984	-77	-1.9
Logistics Division	1,273	1,066	207	19.5
Non-allocated items	-146	-76	-70	92.0
DFDS Group	5,034	4,974	60	1.2
EBITDA-margin, %	18.4	18.5	-0.1	n.a.





The composition of the interest-bearing liabilities was altered during the year partly in order to diversify the composition with a higher share of bond financing. The sale and leaseback of three freight ferries furthermore reduced the share of mortgage liabilities and increased the share of leasing liabilities. The share of mortgage liabilities was reduced to 19% from 28% and bank loans reduced to 35% from 41%, while the share of bond loans was increased to 8% from 2%. The share of lease liabilities increased to 38% from 29%.

The share of fixed-rate interest-bearing liabilities was 56% at year-end 2023 and 48% excluding leasing liabilities.

Net interest-bearing debt increased 4.1% to DKK 14.7bn at year-end 2023. Excluding lease liabilities, the net interest-bearing debt decreased 13.2% to DKK 9.4bn.

Capital structure

The leverage of DFDS' capital structure is measured as the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA). Target leverage is a NIBD/EBITDA-ratio between 2.0x and 3.0x. At year-end 2023, the NIBD/EBITDA-ratio was 2.9x compared to 2.8x at the end of 2022.

DFDS' Board of Directors regularly assesses the capital structure in view of both current and expected future earnings as well as future investment requirements, including acquisitions. The capital distribution policy, distribution in 2023, and the distribution proposal for 2024 are reported on pages 68-69.

Equity

Equity amounted to DKK 13,918m at year-end 2023, including non-controlling interests of DKK 91m. This was an increase of 6.0% compared to year-end 2022. Total comprehensive income for 2023 was DKK 1,343m. Transactions with owners in 2023 amounted to DKK 560m of which DKK 300m was a share buyback and DKK 281m was payment of dividends excluding treasury shares.

The equity ratio was 40% at year-end 2023 compared to 39% at year-end 2022.

Impairment test

Based on the impairment tests performed in 2023 of the Group's non-current intangible and tangible assets, no impairments or reversals were recognised. The impairment tests are described in greater detail in Note 3.1.4 on pages 114-115.

Parent company key figures

The revenue of the parent company, DFDS A/S, was DKK 11,292m in 2023. The profit before tax was DKK 1,500m. Total assets at year-end amounted to DKK 22,806m and the equity was DKK 11,453m.

ROIC

Return on invested capital and return ambitions
The Group's ROIC was 7.6% in 2023 compared to 8.7% in 2022 as the return decreased in both the Ferry Division and the Logistics Division. The ROIC is calculated after tax.

The Group's ROIC before acquisition intangibles was 10.4% in 2023 compared to 11.7% in 2022.

The Ferry Division's ROIC was reduced slightly to 9.5% in 2023 from 9.8% in 2022. The return on the two cruise ferry passenger routes improved in 2023 while return levels for the North Sea and Mediterranean networks were maintained on level with 2022. Negative earnings impacts from the war in Ukraine and overcapacity on the Dover Strait reduced the return levels of the Baltic Sea and Channel networks.

The Logistics Division's ROIC was reduced to 5.9% in 2023 from 8.2% in 2022. The overall return for the Dry Goods and the UK Cold Chain business areas was above the 8% minimum return requirement. The ROIC of the Nordic and Continent Cold Chain business areas was not satisfactory in 2023 and is a focus area for improvement.

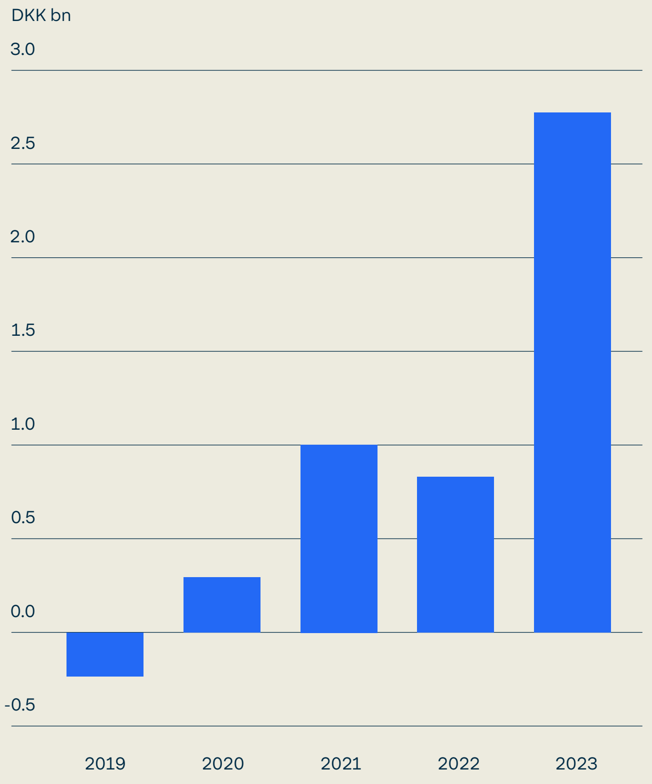
DFDS' return target ambition is a ROIC of around 10% after tax. The target rate is used as a threshold rate for investments, including acquisitions.

Cash flow and use of funds

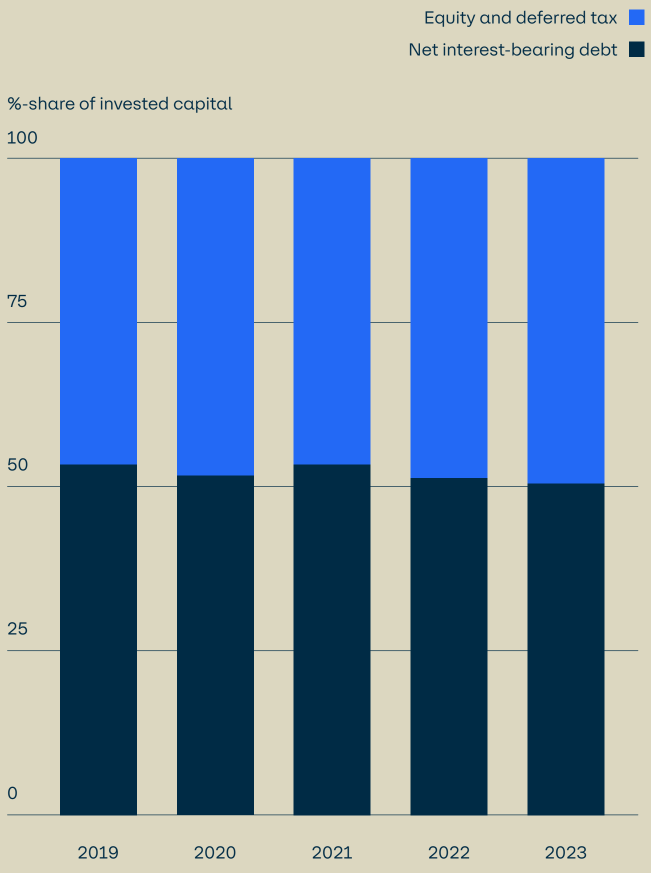
Investments
Net investments in 2023 amounted to DKK 1,149m that included operating capex, the sale and leaseback of three freight ferries, and acquisitions. Operating capex amounted to DKK 1,581m for maintenance, replacement, and additions of ferry and logistics assets. This included ferry capex of DKK 1,009m and cargo carrying equipment capex of DKK 367m. The latter included the first charging facilities for e-trucks.

The sale and leaseback of three freight ferries resulted in a cash inflow of DKK 1,466m.

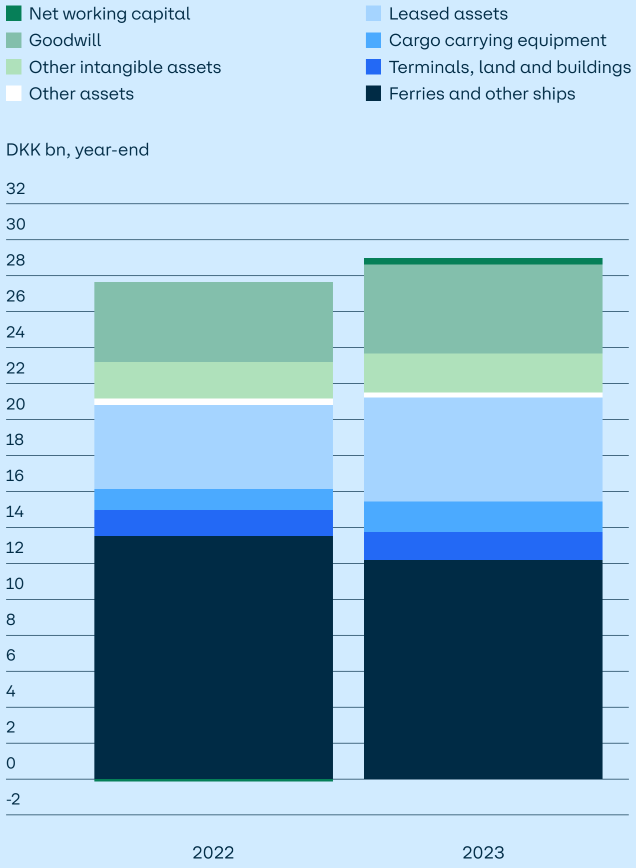
Adjusted free cash flow, FCFE



Capital structure



Invested capital



Acquisitions totalled a cash outflow of DKK 1,033m covering four acquisitions of which the McBurney Transport Group was acquired for DKK 949m.

Cash flow

The cash flow from operating activities decreased 15.0% or DKK 669m to DKK 3,811m compared to 2022. The decrease was due to mainly a negative cash flow of DKK 338m from working capital, a higher net interest payment of DKK 317m, and an increase in tax payments of DKK 131m which included a one-off Turkish earth-quake tax.

Net investments totalled a negative cash flow of DKK 1,149m, including an inflow of DKK 1,466m from the sale and leaseback of three freight ferries and an outflow from acquisitions of DKK 1,033m, resulting in a free cash flow of DKK 2,662m.

The cash flow from financing activities was negative by DKK 3,115m, including a net loan outflow of DKK 1,603m, lease liability payments of DKK 935m and a total capital distribution DKK 581m. The net decrease in cash was DKK 454m and at year-end cash funds amounted to DKK 737m.

The adjusted free cash flow (FCFE) was DKK 2,773m compared to DKK 825m in 2022. The adjusted free cash flow excludes acquisitions and subtracts lease liability payments and thus constitutes the cash flow available for loan payments, capital distribution, and acquisitions.

Bunker and financial risks

Bunker risk

The bunker cost for ferries was DKK 3.1bn in 2023. Around 93% of the bunker consump-tion is commercially hedged through bunker clauses (BAF: bunker adjustment factor) in freight customer contracts. Hedging of USD is included in the BAF. The BAF-coverage lags the actual cost by 1-2 months as the surcharge is adjusted on a monthly basis through the year. The remaining consump-tion is used on passenger routes. In 2024, the ferry fleet's bunker consumption is expected to amount to around 750k tonnes.

Financial risks

DFDS is exposed to a range of financial risks related primarily to changes in exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and coun-terparty risk. These risks are further described and reported in Note 4.1 on pages 122-126.

ESG review

- **5% reduction in absolute direct emissions** (scope 1 + 2)
- **5% reduction in CO_2 efficiency** on route network
- **Ratio of female managers increased** from 16% to 18%
- **99% of all DFDS Groups suppliers** > DKK 10m have been assessed on ESG risks

Environmental performance

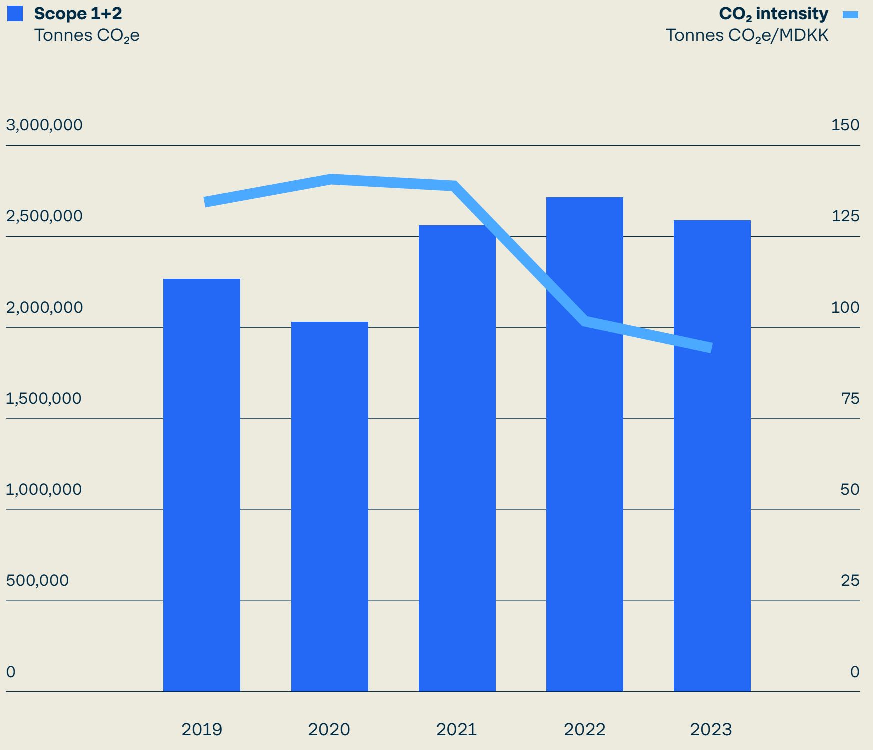
Our total CO_2e emissions amounted to 3,633,000 tonnes in 2023 (2022: 3,908,000 tonnes). This is a decrease of 5% compared to 2022. The decrease can primarily be attributed to improved fuel efficiency of our ferries and land-based operations notwithstanding the acquisition of additional locations, and a 3.0 % decrease in Total Distance Sailed (NM) in 2023. In 2023, our CO_2 intensity measured as the ratio between emitted CO_2e and revenue continues to decline with 8% compared to 2022. The significant drop in 2022 is the result of BAF impact on revenue.

CO_2e emissions (Scope 1) amounted to 2,566,000 tonnes in 2023 which is a decrease of 5% from last year. With the actions taken as part of our Climate Action Plan, see page 29, the CO_2 efficiency of our ferry routes has improved 5% compared to 2022. The biggest contribution comes from improved fuel efficiency of our vessels. While the distance sailed decreased 3.0%, fuel consumption decreased even more by 8.3%. This is due to technical fleet upgrades, improved decision support system, anti-fouling full coatings, and especially our Every Minute Counts programme aimed at lowering speed at sea and reduced fuel consumption.

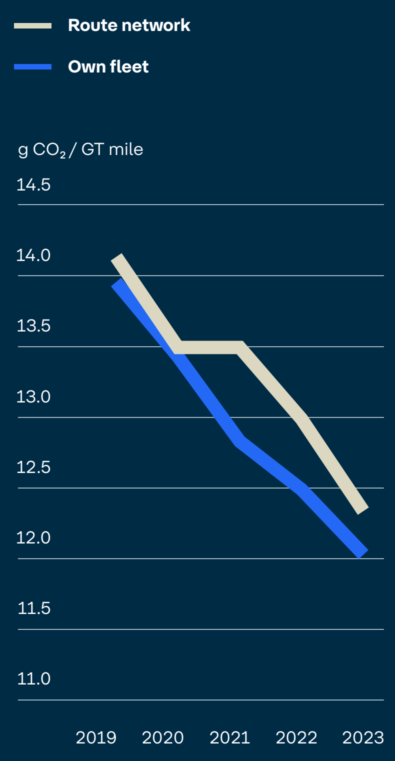
The achieved and targeted emission reductions are aligned with the Climate Action Plan's target of a 45% reduction in CO_2 per GT mile in 2030 from a 2008-baseline.

Indirect CO_2e missions (Scope 2 – location based) amounted to 11.8 tonnes in 2023.

Development in CO_2e

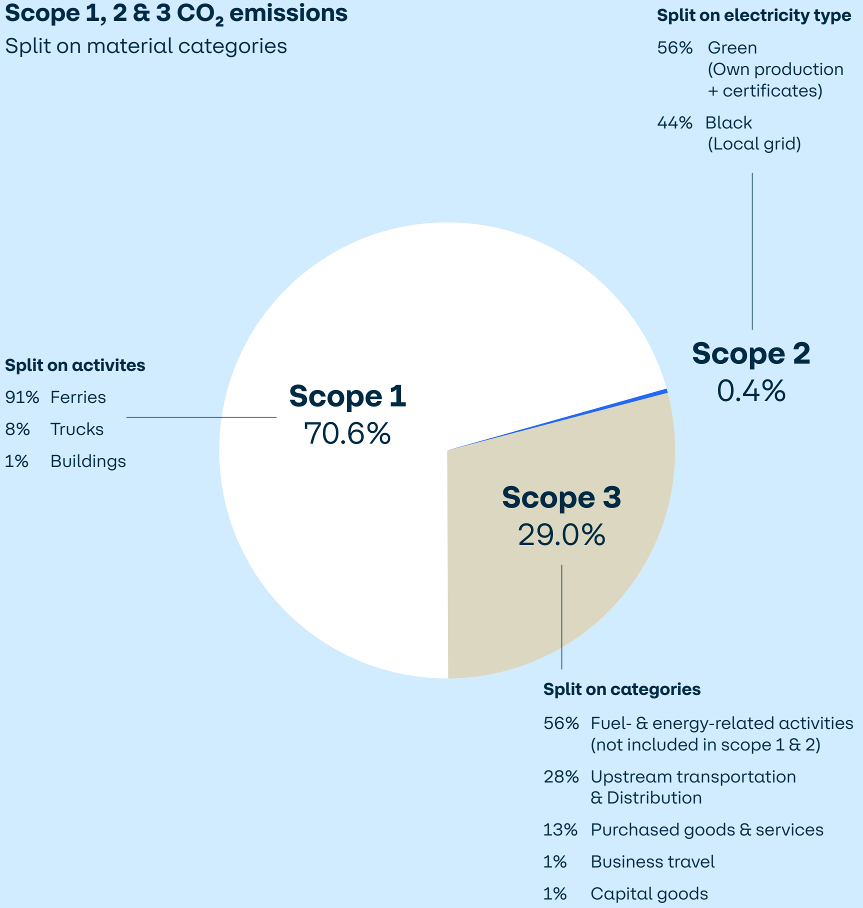


CO_2 efficiency



Scope 1, 2 & 3 CO_2 emissions

Split on material categories



This is an increase of 49% compared to 2022 driven by electrification of our truck fleet, meaning that we are using less diesel (scope 1) and more electricity (scope 2), but also by the addition of acquired logistics locations. We have increased the focus on the generation of renewable energy by installing solar panels on warehouses and terminals. In 2023, we produced 1.2m kWh across seven different locations, and the target is to produce 10m kWh by 2030. We are currently on track to reach 6m kWh per year by 2025, with 14 ongoing or planned installations.

We focus on optimising general energy consumption across our operations and the share of zero-emission electricity is also an area with increasing importance. This is addressed on two dimensions: own production of renewable energy and purchasing of certificates for zero-emission electricity. In 2023, 56% of the total electricity consumption was either produced at own solar panel facilities (2.2%) or backed by zero-emission certificates (53.5%). This is expected to increase in 2024 as our efforts towards zero-emission energy production and our green electricity strategy will continue to be implemented across the group.

Value chain CO_2 emissions (Scope 3) amounted to 1,055,000 tonnes CO_2e (2022: 1,203,000 tonnes CO_2e). The lower Scope 3 emissions were primarily related to a decrease in emissions related to upstream production of fuel used in our operations as well as to decreased emissions from third-party hauliers.

Energy transition on land-based operations
We continue to increase the ratio of renewables by moving towards electrification across our land-based operations including e-trucks, reach stackers, cranes, and cars. Electrification and focus on energy efficiency and reduction in our land-based operation has resulted in a reduction of 5.3% in the energy consumption per land-based FTE compared to 2022. The focus on energy consumption will continue. An example is the decision that from 2026, all newly acquired company cars will be EV or hybrid. Petrol and diesel cars will be phased out by the end of 2029.

Waste & water
We continuously assess our general resource consumption – and water consumption and waste generation are becoming more material to the business as we continue to grow our logistics business. Our employees can help make a difference, and we nudge them to make informed decisions on water use and waste disposal through clear local guidelines. An analysis indicates that 74% of all waste is

being recycled. The recycling ratio for water is significantly lower at 11% and indicates that water is not a scarce resource at the locations where we are operating. We will continue to increase the data coverage related to both water and waste and plan to establish targets for water use and waste disposal for all locations.

Biodiversity
DFDS are in the process of developing a Group Biodiversity Strategy encompassing the topics that are potentially material for DFDS. We are assessing different elements of our value chain to getter a better understaning of our impact.

We support research projects where our assets and knowledge can make a difference such as marine scientists collecting data on marine life and animal observation. We also focus on noise reduction from our vessels by reducing speed. We are committed to only source second generation biofuel to ensure that the feed stock is certified and causes no damage to biodiversity or compete with food for animals and people. Lastly, we drive awareness and encourage all locations to focus on biodiversity in their local surroundings.

Social performance

A caring employer supports growth and wellbeing. We believe that putting people first is a way to attract and retain the diverse workforce we need to successfully transform our company and industry. We need people with different perspectives and experiences for the company to develop sustainably. We prioritise building a strong internal culture where people know that they are valued for who they are and the competencies and experiences they bring with them.

Diversity, Equity & Inclusion
The women ratio for all employees declined to 23% at the end of 2023 (2022: 24%), while the women representation of managers increased to 18% (2022: 16%) as did the share of women senior manages (2022: 16%). In the Board of Directors, the share of women is 33% (2022: 33%) and within the Executive Management Team the women ratio is 29% (2022: 29%).

Our target is to have 30% minority representation amongst all staff and across all teams and divisions in 2028, as studies show that this is the level where you no longer feel like a minority. We acknowledge that this will be difficult to achieve in all teams considering the norm in our industry and the impact of acquired companies.

With respect to gender representation, our main focus is to increase the ratio of women in management – both in office and non-office-based positions. In 2023, we set specific targets for representation of women in select areas of the business and management teams and included the share of women as a KPI in the short-term incentive programme. In 2023, we continued communication and reporting on gender diversity, and we have updated our DE&I toolbox to ease the access. We have put particular emphasis on harassment and bullying through training of both staff and managers across land and sea with the purpose to improve their ability and confidence in handling difficult situations. In 2023, we also conducted mandatory unconscious bias training for all managers.

In 2024, we will remain focused on gender representation and follow-up on agreed goals with responsible managers. We will focus on enabling our managers to support an inclusive culture and a harassment free workplace.

The annual engagement survey was sent out to all employees in November 2023. The response rate decreased to 67% (2022: 69%), despite improved communication and increased manager focus. The aggregated engagement score was 7.7 (on a scale from 1-10) which is unchanged compared to last year and 0.2 above true benchmark. The highest scores were achieved in the areas: Autonomy, Goal setting, and Peer relationships. The lowest scores were related to: Reward, Recognition, and Growth.

In 2024, engagement scores will be part of performance evaluation and target setting for management teams, with the ambition to cascade targets to all managers. We use differentiated questionnaires to office and non-office personnel, respectively to match the needs and circumstances of the two different groups of employees.

Total target remuneration is based on the role, individual experience, skills, and sustained performance level. The remuneration level and relative weight of the remuneration components reflect market practice for the roles and the fit to business needs and priorities. Remuneration is reviewed annually, respecting local agreements and legislation.

The Executive Management Team (EMT) is continuously following general employment conditions, including base salaries, with a view to taking appropriate actions.

In 2023, specific areas of focus have been supporting employees in regions with con-

Targets for the under-represented gender

We acknowledge that a diverse and inclusive workplace is imperative for DFDS. Thus, we have adopted and implemented D&I policies and processes across the entire Group to help us advance and reach our targets, just as we use data to track progress of D&I initiatives and to create transparency and accountability for our managers and employees. Already today, we live up to gender diversity targets at the highest management body (BoD), while we are committed to reaching our 2028-target for the under-represented gender across other management levels.

Highest management body	2023
Positions	6
Share of underrepresented gender	33%
Target	*N/A - Gender equality achieved*
Target year	

Other management bodies*	2023
Positions	18
Share of underrepresented gender	22%
Target	25%
Target year	2028

* Target-setting with respect to the under-represented gender across other management levels follows regulatory requirements as defined by The Danish Financial Statements Act, section 99b.

sistently high inflation levels, reviewing and improving pension agreements in bespoke countries, and introducing health and employee wellbeing initiatives in multiple locations.

In December 2023, the 2020 Special Rewards programme introduced during Covid-19 was settled. The programme awarded 50 DFDS shares or the equivalent amount in cash to 5,300 employees, who were employed in DFDS by December 1, 2020 and who were still with the company three years later.

Health & Safety performance
Operating a business where more than 65% of our employees work in high-risk environments requires us to continuously assess and improve our overall health & safety performance.

The number of lost time incidents (LTIF) on land increased slightly to 8.1 in 2023 (2022: 7.9) primarily due to more incidents in our Logistics business, which has been expanded through multiple acquisitions. Although LTIF increased, the total number of lost days (sick days) decreased 21% in 2023, which indicates less severe accidents in 2023 compared to 2022.

To further strengthen our safety culture, we are in the process of rolling out a dedicated Health & Safety system, EcoOnline, for all land-based employees. This enables easy reporting of near-misses and safety breaches to improve prevention activities through learning and knowledge sharing from these near-miss and safety breaches.

We are also in the process of rolling out DFDS' Safety-First culture in acquired entities. A safe operation of our trucking operations is a particular focus area in 2024.

The LTIF for our sea-based staff was 3.8 in 2023 (2022: 4.5). In 2023, an e-learning awareness module for safety on Ro/Ro cargo decks was rolled-out and we implemented additional fire-fighting measures on the DFDS fleet as well as camera-based pedestrian detection equipment for heavy machinery in own terminals. In 2024, we will rollout a Safety First e-learning training across the fleet.

Governance performance

Governance performance primarily relates to progress and actions with respect to Responsible Procurement, Data and Business ethics, and Board diversity.

Responsible procurement
We have used the Ecovadis framework to select KPIs and set preliminary targets for our responsible procurement program – covering contracts (>50,000 DKK) handled by Group Procurement.

In 2023, we have also started to collect primary Scope 3 data from suppliers, and we have introduced a comprehensive set of ESG criteria in connection with tender evaluations.

Data Ethics
We adhere to three principles of data ethics: Security, Confidentiality and Integrity. For more information on our detailed approach to data ethics and our focus in 2023 please refer to our Data Ethics Statement: https://assets.ctfassets.net/mivicpf5zews/b2RW2Zkhb8g0SUTzoGgrE/3ed236e985bfc283e3457f025c74d5a6/DFDS_Data_Ethics_Review_2023.pdf

Whistleblower reports
Since initiation of tracking, the number of whistleblower cases has increased each year. This is a natural development as the number of employees and the awareness is growing. We continue to communicate and emphasise the importance of our different reporting channels for identified breaches to our Code of Conduct and unwanted harassment and behaviour. We ensure that information on how to report breaches are available on in relevant policies and on DFDS.com.

Responsible procurement results 2023:

- We have risk assessed >99% of all DFDS group suppliers with 2022-spend > DKK 10m from an ESG perspective
- We have assessed 734 suppliers and 42% of Group spend from an ESG perspective
- We have assessed 57% of spend from an ESG perspective on all DFDS suppliers with 2022-spend > DKK 10m
- 66% of contracts managed the Group Procurement team are covered by DFDS Supplier Code of Conduct.
- We have conducted onsite audits (mainly hauliers) of 15% of targeted suppliers.
- DFDS EcoVadis Sustainable Procurement score increased 10 points compared to last year.

More than 50 cases were reported under the whistleblower scheme in 2023, which is about twice the historic level in terms of number of cases. Relevant cases have been passed on to local management for follow-up. In general, we regard the increased number of reported cases as positive, and as a sign that employees dare to speak up and question demonstrated behaviours. All cases are taken seriously and wishes to remain anonymous are respected. Most cases and concerns were related to Discrimination-/Harassment (33%), which was hardly on the list last year, as well as Violation of company policy (21%). All cases are investigated by local HR and/or local management teams to ensure detailed follow-up.

Board performance
The strategic focus areas on diversity is mirrored in the Board of Directors. Diversity in the board is measured in terms of gender and nationality and on both parameters the target of equality is met.

At the end of 2023, the women representation was maintained at 33% as did the share of non-Danish directors.

Five out of six AGM elected directors (83%) are independent which is unchanged from last year.

Corporate governance

Governance practices

→ **DFDS is compliant** with all Danish corporate governance recommendations

→ **Five of six shareholder-elected directors** are independent and two are female

Board of Directors

The Board of Directors is made up of six directors appointed by the annual general meeting (AGM) of shareholders, elected for a period of one year, as well as three directors appointed by employees, elected for a period of four years.

Five of the six AGM appointed directors are deemed independent according to the Danish recommendations on good corporate governance. Two of the six AGM appointed directors are women.

The Board of Directors works in accordance with the company's articles of association, the rules of procedure of the Board of Directors as well as an established annual cycle of focus areas to ensure that all major governance aspects are reviewed at least once annually. The Board oversees the general risk management policy of DFDS, assessing the major risks facing DFDS, financial such as macroeconomy and bunker prices as well as non-financial such as climate and technology. The Board of Directors also holds strategy review sessions setting strategic priorities including the announced Moving Together Towards 2030 strategy.

As part of its strategy review, the Board of Directors reviewed DFDS' climate strategy as well as the climate plans for the Ferry and Logistics Divisions, including the deployment of increasingly emission-friendly propulsion technologies.

The Chair of the Board of Directors undertakes an annual review of the performance of the Board of Directors with third party assistance. The composition of the Board of Directors aims to ensure that competencies that are key to the company's performance are represented. Nine board meetings were held in 2023, all with full attendance except one director being absent in one meeting.

Board committees

The Board of Directors has established an audit committee, a nomination committee, and a remuneration committee. Each committee has three members.

Audit Committee
The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the oversight of the quality and integrity of DFDS' accounting, auditing and financial reporting, ESG reporting, tax policy, data ethics, the qualifi-

Corporate governance policies are available on this web page: **https://www.dfds.com/en/about/governance-and-policies**

→ More information on DFDS' corporate governance

→ Statutory report on corporate governance

→ DFDS' statutes

→ Materials from DFDS' most recent AGM

→ Remuneration policy

→ Diversity policy

→ Group tax policy

cations, independence, and performance of the appointed Statutory Auditor, as well as compliance with rules on non-audit services provided by the Statutory Auditors.

The Committee consists of Anders Götzsche (Chair), Dirk Reich, and Jill Lauritzen Melby. Anders Götzsche and Dirk Reich are deemed independent. Anders Götzsche has special competences in international management, board experience and expertise in finance and accounting as well as M&A. Dirk Reich has special competences in international management, board experience and expertise in international logistics activities. Jill Lauritzen Melby has special competences in financial controlling.

A total of five meetings were held during 2023, all with full participation. The main topics dealt with, apart from recurring items, were monitoring of the migration to the new ERP system, implementation of the Corporate Social Reporting Directive (CSRD), and a deep-dive into intra-group mergers of legal entities.

Remuneration Committee

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the establishment, monitoring, and adjustment of the remuneration policy including incentive schemes. Further, the purpose of the Committee is to ensure that the executive remuneration of DFDS at all times complies with the remuneration policy as well as regulatory and corporate governance requirements.

The Committee consists of Claus V. Hemmingsen (Chair), Klaus Nyborg, and Minna Aila. All members are deemed independent. Claus V. Hemmingsen has special competences in international management and expertise in offshore activities and shipping. Klaus Nyborg has special competences in international management and board experience from i.a. listed shipping companies and suppliers to the shipping industry and expertise in strategy, M&A, and risk management. Minna Aila has special competences in international management, as well as expertise in sustainability, public affairs, branding and communication.

The Committee held five meetings in 2023 with full participation focused on preparation of the 2023 Remuneration Report, recommendation of the Executive Board remuneration and Board fees, including amendment of peer groups used for benchmarking of the executive remuneration, and review of workforce matters, such as talent retention and engagement. In addition, the future design of incentive plans was reviewed, including how these can be further aligned to support DFDS' ESG priorities, and the annual wheel of the Committee was planned.

Nomination Committee

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the oversight of the competences required of the Board of Directors and the Executive Board and the organisational structure of management bodies. Further, the Committee assists in recruiting for the management bodies.

The Committee consists of Claus V. Hemmingsen (Chair), Klaus Nyborg, and Minna Aila. All members are deemed independent. Claus V. Hemmingsen has special competences in international management and expertise in offshore activities and shipping. Klaus Nyborg has special competences in international management and board experience from i.a. listed shipping companies and suppliers to the shipping industry and expertise in strategy, M&A, and risk management. Minna Aila has special competences in international management, as well as expertise in sustainability, public affairs, branding and communication.

The Committee held three meetings during 2023 with full participation, focusing on succession planning within the management bodies as well as evaluation of the Board's work and performance.

More information on the three committees are available here: https://assets.ctfassets.net/mivicpf5zews/41Rri9nAwE12rnx9d-PKD1m/77321e2e73897e2a11d25c4e-0c9ab0b2/2024_Terms_of_reference_Board_committees.pdf

Board evaluation

Annually, the Board of Directors conducts an evaluation of its composition considering the competencies needed to perform its tasks, and of the cooperation between the Board of Directors and the Executive Board.

In 2023, the evaluation was facilitated by an external consulting firm by way of a written questionnaire directed to the Directors of the Board and the Executive Board. The evaluation included, among other things, the Board of Directors' and the committees' effectiveness and value contribution, board composition and dynamics, the Chair's role, strategy development and implementation, stakeholder relations, risk awareness, cooperation with the Executive Board and on- and off boarding.

ESG Framework & governance

Our work with environmental, social, and governmental topics is part of a structured ESG Framework which is integrated into our business strategies and operations. The ESG Framework is a tool to set ambitions, drive change, and track progress and impact. It makes people and environmental advocacy a priority and is an instrument to drive sustainable societal development.

ESG Governance in DFDS is anchored in the Board of Directors and the Executive Management Team (EMT). The Board approves the ESG strategy as part of the corporate strategy and is actively involved in the approval of long-term targets. The Board is updated on strategic ESG topics and progress at least twice a year.

The EMT ensures executive ownership of the ESG agenda and is actively involved in selecting sustainability priorities and driving implementation of related action plans. In 2023 an ESG basket was introduced as part of all management short-term incentives programmes. The basket has defined targets on the strategic ESG topics: CO_2 emissions, women representation in management and health & safety on both land and sea.

The focus on incentivising ESG performance through bonus schemes will continue in 2024 with updated and more ambitious targets.

In 2023, we have revised our ESG governance setup to get more traction and alignment across all decarbonisation activities within the Group by forming a Decarbonisation Board. The Decarbonisation Board is the formal strategic decision forum for climate related topics. The key objective of the board is to ensure progress on decarbonisation targets and development of zero-emission transport offering via coherent prioritisation of resources (financial and people) across all departments involved in realising DFDS' decarbonisation ambitions. The Decarbonisation Board is chaired by the CEO of DFDS. The Decarbonisation Board meets on a monthly basis.

In addition to the Decarbonation Board, we have created a Decarbonisation Team, which is a functional organisation designed to collaborate with existing operational and group functions working with climate-related issues. The purpose is to develop the pathway to net zero, taking into account both CO_2 reductions and financial impact, setting detailed targets and continually monitoring progress against one or more potential pathways. The Decarbonisation Portfolio covers all centrally driven decarbonisation projects.

Digitalisation will be crucial in achieving our targets and decarbonisation ambitions. We have therefore established a new CO_2 data platform and will focus on transparency of energy use and CO_2 emissions, analytics and automation, sharing of real time data with stakeholders and offer CO_2 reduction products.

In 2023, a CSRD reporting team has been established in Group Finance.

ESG disclosure & collaboration

We support and report in line with recognised ESG disclosure frameworks to be transparent about our impact on society, customers, and the environment.

The applied frameworks include TCFD, UN Global Compact, CDP, SASB, EcoVadis, UN Guiding Principles on Business & Human Rights and the EU Taxonomy. We welcome alignment on ESG data frameworks and will incorporate requirements related to EU's Corporate Social Responsibility Directive (CSRD) and European Sustainability Reporting Standards (ESRS) from 1 January 2024.

Moving Together Towards 2030
→ Standardise to Simplify

New group-wide system streamlines finance processes

In recent years, DFDS has made several acquisitions. Each company acquired has had its own separate finance systems and processes, underlining the need to standardise to simplify.

To meet this need, DFDS is implementing a new enterprise resource planning (ERP) system, Microsoft Dynamics 365, across all business units. The system ensures consistency, accuracy, and efficiency in the finance processes while achieving transparency and data comparability across DFDS. Since the first go-live in Q4 2021 the system has been implemented in 26 entities in 11 countries. Among other things, the system uses an advanced AI solution which enables better data insight and transparency in the invoice handling process, leading to a reduced need for manual handling and processing.

Unifying and standardising finance processes into one central system is one of several standardisation initiatives underway in DFDS to simplify our business.

↗ Explore on **www.dfds.com**

26
The system has been implemented in 26 entities in 11 geographical markets

60%
Over 60% of all incoming invoices are processed through AI automation with no human intervention

Risk and risk management

- **Geopolitical tensions** offers both challenges and opportunities
- **Economic outlook uncertainty for Europe** is still elevated
- **Climate risk continues** to be the most significant long-term risk
- **The Board of Directors** regularly reviews and assesses risks and opportunities

The overall risk level remains elevated. Global political tensions eased somewhat during 2023 but continue to be a concern due to the ongoing war in Ukraine and the outbreak in October 2023 of war in Israel.

Inflation in Europe declined through 2023 and interest rates may have peaked towards the end of 2023. The transition to a sustainable lower level of inflation in Europe and elsewhere however still entails a recession risk.

In the short term, monitoring and adapting to geopolitical risks and financial uncertainty remain risk management priorities.

The importance of climate risk was reaffirmed in 2023 by severe weather and natural disasters attributable to climate change. Such events have considerable potential to impact our transport network.

Our Climate Action Plan sets short-term as well as a long-term target to become climate neutral by 2050. The execution risk of the Plan is first and foremost linked to the green transition of our ferry operations. The transition plan towards 2030 is described on page 21.

Changes in freight and passenger volumes are the most direct way events, and their associated risks, feed through to our transport network. In 2023, the war in Ukraine continued to reduce freight volumes in mainly our Baltic Sea network. Passenger volumes recovered fully in most markets from Covid-19 in 2023, although overseas passenger volumes were still below historical levels.

A key business risk is therefore to match capacity contracted and deployed in our transport network at any given time with market volumes. As we own a high share of our ferries and route locations are fixed, the flexibility to adapt operations to decreasing volumes is lowest for the ferry network. The flexibility to adapt logistics activities is greater as they typically deploy a higher share of leased assets which means transport equipment, for example trailers or trucks, can be redelivered with shorter notice.

Our transport network moves primarily goods between European regions, for example between the UK and Scandinavia or between Türkiye and Europe. We are thus exposed to regional events impacting trade. This includes global and regional geopolitical events as well as sector specific events such as competitor actions or supply chain bottlenecks.

Operating risks related to transport operations at sea and on land are well documented and governed by extensive safety and security regulations. This does not diminish their importance as the heavy transport equipment used in our network can result in severe or fatal accidents. In addition, a core part of our risk management is the responsibility for the safety of passengers on board our ferries.

Social and governance risks are growing in importance as expectations of how we treat each other evolve and compliance requirements increase.

Introduction to risk management

Risk management is integral to DFDS' strategy and to the achievement of long-term goals and strategic ambitions. The success of DFDS depends on the ability to identify and engage with opportunities generated by our business and the markets we operate in, while in parallel ensuring that risks are accurately identified and managed.

Risk in DFDS is defined as the potential occurrence of external or internal events (or series of events) that may negatively impact the ability to achieve the company's objectives or financial goals. The risk management policies form the principles, processes, key responsibilities, and reporting requirements within DFDS.

Risk management governance structure

The Board of Directors is responsible for the risk management strategy and the overall risk management framework and policies. The Board, advised by the Audit Committee as appropriate, manages risks and reviews the effectiveness of the risk management and internal control systems.

DFDS' Executive Management Team (EMT) is responsible for the day-to-day risk management processes and for the continuous development of risk management activities.

Risk management process

The overall risk management process consists of three independent, but complementary sub-processes. Operational risk management consisting of weekly EMT meetings where day-to-day risks and operational matters are reviewed and resolved. Secondly, strategic risk management is based on quarterly meetings in the Executive Risk Committee (ERC) - comprising EMT and DFDS' General Counsel - where strategic risks and mitigating action plans are reviewed. Thirdly, the risk management strategy, framework and processes, which include of bi-annual meetings in the Audit Committee and an annual Board of Directors meeting where strategic risks, climate risks, mitigating action plans, and the overall ERM (Enterprise Risk Management) framework are reviewed.

Risk management is integral to DFDS' strategy and to the achievement of long-term goals and strategic ambitions

The strategic part of the risk management process is a quarterly process consisting of separate, but interdependent sub-processes, as illustrated in the figure on the following page.

DFDS' key 2023 short-term (<36 months) risk analysis

The key risks to achieving DFDS' strategic ambitions, the assessment of each of the key prioritised 2023 risks, and the deployed mitigation strategies are described in the following pages.

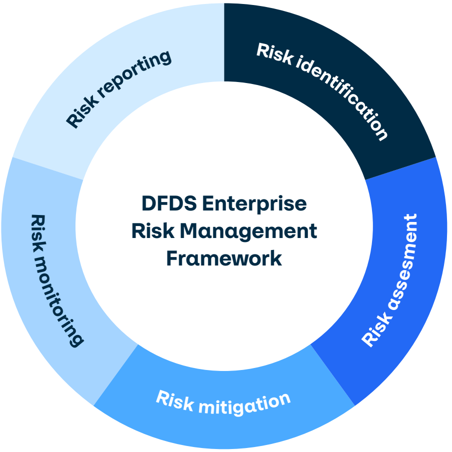
DFDS' top seven risks identified during 2023 are shown on the horizontal axis of the illustration to the right which combines the one-year financial impact with the likelihood of risks occurring over a period of three years.

DFDS Enterprise Risk Management

1. Risk identification
- Identification of risks against key business objectives
- Determination of risk types to be included in process (e.g., operational, legal, reputational etc.)
- Identification of resources responsible for process in each area

2. Risk assessment
- Coordination of risk assessments through interviews to ensure consistency
- Identification of DFDS top risks

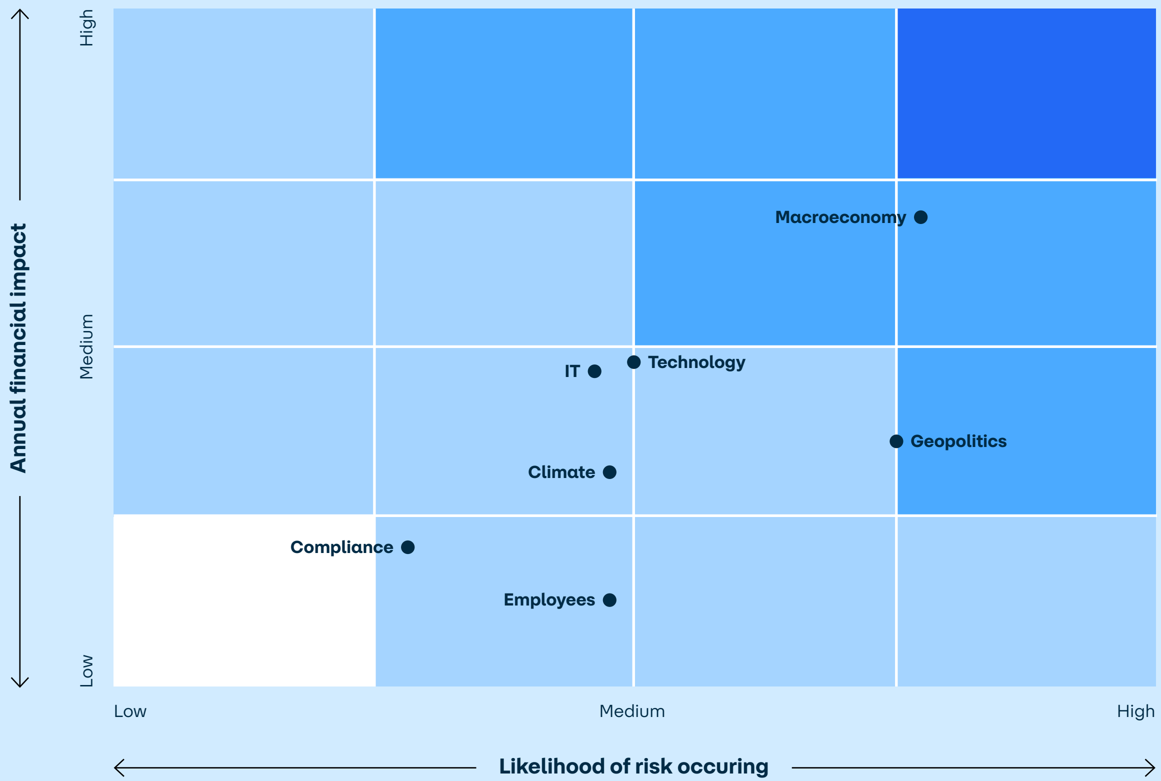
3. Risk mitigation
- Identification of appropriate risk responses
- Risk responses to be based on assessment of loss frequency and impact
- Management actions to be specific to reducing likelihood and/or impact
- Action plans with assigned owners developed and monitored by risk committee



4. Risk monitoring
- Continuous monitoring of key identified risks

5. Risk reporting
- Risk reporting highlighting key risks and recommendations, status of management actions
- Reporting of early indicators and emerging risks

Top seven risks



All positions are residual risks after current mitigation

Key risks

1. Geopolitics
Political instability

Risk description: Geopolitical events altering trade volumes can impact DFDS's revenue and profits. Ongoing conflict in Ukraine and recent development in the Middle East could affect Europe's economic growth. Additionally, shortages of essential metals, oil, gas, and other raw materials could create supply chain issues, potentially leading to increased prices, reduced activity and investments, and higher unemployment. These shifts could negatively affect DFDS's operations and financial stability.

Mitigation strategies: By diversifying our exposure across various countries, industries, and customers, we effectively minimize our vulnerability to specific risks. DFDS exemplifies prompt adjustment to evolving situations as and when required, for example by strategic exits or re-calibration in challenged regions. Business forecasts and cash flow analyses are routinely updated, and if deemed necessary, we adjust our investment priorities to maintain balance.

Risk assessment: In 2023, global political instability escalated, where the continued war in Ukraine and recent conflict between Hamas and Israel set the scene. These circumstances hold the potential to instigate considerable variations in DFDS' earnings and revenue, as alterations in the trade of goods and passenger patterns can influence the transport volumes of the company. Besides, the scarcity of significant resources like metals, oil, gas, and other raw materials may trigger supply issues, logistical setbacks, and cost inflation, potentially culminating in declining activities and investments, along with increased unemployment.

2. Macroeconomy
Economic growth

Risk description: Where the immediate risk of a severe recession has worn off in Europe, potential effects from a slowdown in the Chinese economy could eventually spread to Europe during 2024. Inflation has likely peaked but is still at a higher level than seen for the past few decades, rubbing off on interest rates. Growth in the European economy is believed to have reached its lowest point for this period, and recovery and some volume pick-up is expected during 2024 although the exact timing and magnitude is uncertain. However, decreased activity levels, lower investments, and increased unemployment following potential shocks to the European economy and/or lower GDP growth across Europe, could all negatively impact the demand for transportation, and in turn reduce DFDS' revenue and earnings.

Mitigation strategies: Monitoring shifts in the global economy, key markets, import/export limitations, and specific country events is vital to DFDS' readiness and management of possible impacts. We maintain a steady focus on cash requirements and funding availability to ensure our capacity to fulfil future financial obligations.

Risk assessment: Despite 40-year record high inflation and a high interest rates environment, there was a limited slowdown in European economy in 2023 and DFDS' resilience proved itself again. 2024 could be another low-growth year, with limited growth in the volume of goods traded and passengers.

3. IT
Systems breakdown, cyber-attacks and security breaches

Risk description: Information technology systems and platforms form an integral part of DFDS' daily operations, underscoring our reliance on a robust and secure IT landscape. Any disruptions to these vital systems carry the potential to significantly compromise our operations and earnings. Inadvertent loss of data, cyber incidents leading to critical system shutdowns, or information security risk related to the management of passenger and freight customer data all pose significant threats to the organization. These risks need to be effectively mitigated to avoid severe disruptions to daily operations, substantial fines, and potential damage to our reputation.

Mitigation strategies: The magnitude of IT risks is mitigated through continued investments in cyber security solutions, continuous system monitoring, implementation of backup systems, and establishment of trusted procedures to restore system functionality. Our approach includes ongoing updates to our standard systems, regular testing of recovery processes, and a focus on identifying and preventing malware. We employ multi-factor authentication and network segmentation and utilize both internal and external resources for conducting awareness and security tests.

Risk assessment: Throughout 2023, DFDS maintained ongoing testing and training to counter threats posed by phishing and other hacking methodologies. We also reassessed our capabilities and processes concerning cyber incident response with the objective of making necessary improvements and optimizations. Generally, investments in cyber security were intensified in 2023. Nonetheless, despite the heightened internal focus on mitigating IT risks within DFDS, there remains a possibility of a cyber-attack causing operational disruptions.

4. Environmental
Climate change

Risk description: The urgency of addressing climate change is rising and the push for emission reductions is intensifying. Inability to meet climate obligations set by stakeholders could impact DFDS' operational license in certain markets and damage our reputation, subsequently affecting our financial performance through lost business opportunities or regulatory fines. The initiation of the Emission Trading System (ETS) in 2024 poses potential risks associated from costs being passed through to customers, potentially causing transformations in freight volumes between various transport modes not benefitting DFDS.

Mitigation strategies: Being a provider of transport and logistics services, we strive to protect and enhance the infrastructure for goods and passenger movement. Our commitment is to minimise our environmental impact and prioritise sustainability, driving us to invest in innovative technologies and services. A cornerstone of DFDS' strategy is to improve our climate footprint and play an active role in the transition from fossil fuels to greener alternatives, a commitment solidified through the DFDS Climate Action Plan. The DFDS Sustainable Fleet Project focuses on initiatives that will facilitate this transition. Our attention extends to the reduction of greenhouse gas emissions as well as local air pollution emissions like SO2, NOx and others.

Risk assessment: DFDS is committed to lowering our environmental impact and are channelling funds into services and technologies demonstrated in our Climate Action Plan and Sustainable Fleet Project. Both initiatives prioritise the reduction of greenhouse gases and local air contaminants. Furthermore, DFDS launched in 2023 'Group Decarbonisation team' and 'Decarbonisation Board' to run and oversee progress.

Key risks continued

5. Compliance
Reputational damage, claims, and fines

Risk description: As a company with international operations, DFDS must comply with a wide array of national and international regulatory requisites. This predominantly relates to regulations surrounding tax, customs, VAT, privacy, sanctions, and competition law. Such regulations are continuously expanding and becoming more complicated, potentially exerting a significant influence on our operating costs. Non-adherence to regulations could lead to penalties, jeopardise our operating licenses in some markets, and could also have lasting implications on our reputation. This, in turn, could adversely affect our relationships with customers, partners, and tarnish DFDS' public image.

Mitigation strategies: DFDS is dedicated to adhering to the laws and regulations in every country where we operate. To ensure this, our group functions collaborate closely with local business units to monitor and review our protocols, ensuring compliance with all relevant obligations. We continue internal mandatory training programs for relevant staff and provide a whistle-blower function for internal reporting of any potential non-compliance. Our Code of Conduct helps keep both new and current employees focused on maintaining general compliance. We mitigate risks associated with passenger data through internal controls and strict adherence to rules and regulations governing information security.

Risk assessment: DFDS employs a systematic strategy for managing compliance risks, with assigned individuals throughout the organization responsible for discerning, prioritising, and regulating existing or potential legal, policy noncompliance, or ethical risks. e-learning programs and courses are offered and hosted regularly. Comprehensive integration plans, including inductions to DFDS' code of conduct and other compliance processes, are enacted to ensure that new employees - either new recruits or from acquisitions - are familiar with DFDS' policies.

6. Employees
Retention, attraction, and diversity

Risk description: At DFDS, we recognise that our talented and committed workforce is pivotal to our sustained success. Emphasising talent attraction, retention, and diversity is crucial in maintaining the company's performance and growth. A positive work environment, robust leadership, commitment to employee development, growth opportunities, and a high regard for diversity are fundamental for attracting and retaining personnel and talent. Should we experience the loss of skilled key employees or fail to attract new talents, it could potentially have enduring negative effects on the company's operational, strategic, and financial progression.

Mitigation strategies: Several measures have been initiated to attract vital personnel to DFDS, primarily through enhanced employer branding activities. Various initiatives have been implemented to ensure DFDS is an appealing place to work; from maintaining a safe and comfortable physical environment in offices, warehouses, and ferries, to fostering a psychologically healthy work setting characterized by mutual respect, diversity, strong leadership, and transparency. User-friendly IT systems further reinforce DFDS as an employer of choice. Moreover, internal leadership programs provide career advancement opportunities for our talented staff. To further stress the importance, our new strategy Moving Together Towards 2023 specifically calls for actions to make DFDS a great place to work.

Risk assessment: In 2023, the recruitment and retention of proficient staff in our Technology and Information department witnessed significant improvement. Despite these positive strides, the scarcity of qualified resources for certain roles persisted as a challenge throughout the year. The implementation of a more efficient recruitment platform, coupled with an enhanced understanding of factors driving staff attrition, contributed to the improvement in talent attraction and key employee retention during 2023.

7. Technology
Digitalisation and automation

Risk description: Being at the forefront of digitalisation is a strategic priority for DFDS, especially as new digital business models and platforms emerge in the transport and logistics industry. These platforms mainly aim to digitise the mediating role between manufacturers and end users, a task presently managed by freight forwarders and transport service providers. DFDS' existing business model could face disruption from advancing technologies for autonomous vehicles, vessels, and terminals. If we fail to adapt to these technology-driven industry evolutions, it could result in customer attrition and loss of earnings.

Mitigation strategies: Through development and expansion of our digital self-service offerings and by mirroring competitive alternatives we seek to provide customers with the solutions they request. Part of this development include better integration between our platforms, easing the usage for both customers and employees. Our systems are being improved in certain areas allowing us to increase the use of real time data in our daily operations. Part of these changes have been developed in-house, but also in partnerships with external digital players with state of the art knowledge and expertise, thereby keeping us at the forefront of the digital transition.

Risk assessment: We see no immediate digital threats to our ferry routes and logistics operations. However, digitised models, especially within freight-forwarding, have rapidly matured. Over the long term, DFDS' existing business model could potentially face disruptions from emerging technologies for autonomous vehicles, vessels, and terminals, as well as advancements in artificial intelligence (AI), internet of things (IoT), and automation. In recent years, DFDS has invested in in-house technological capabilities both to counter risks presented by new technologies and business models, and also to develop proprietary solutions based on these technologies and seize potential business opportunities. Our efforts to align DFDS with a more digitally driven commercial landscape have been strengthened through partnerships with digital actors.

Climate-related risks

Climate-related risks are an integral part of DFDS´ overall governance, strategy and risk management process. The time horizon of climate-related risks extends beyond short-term risks (<36 months) that are covered by the Group's general enterprise risk management process, and are thus being addressed as part of the Group's Climate Action Plan, see page 21.

Since 2022, the TCFD Framework has been applied to identify, assess, and manage climate-related risks.

In line with TCFD recommendations, medium and long-term risks have been assessed by using scientific data from IPCC 2022 to conduct a 2ºC or lower-scenario analysis. The TCFD Framework splits climate-related risks into physical and transitional risks described below:

Transitional Risks

Transitional risks are related to the transition to a lower-carbon economy, including policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

Transitional risks related to technology will have a significant financial impact on DFDS over the next many years. Executing on the ambitious targets laid out in DFDS' Climate Action Plan, reducing emissions by 45% by 2030 and achieving carbon neutrality in 2050, will require significant investments in carbon neutral trucks and vessels, and may also initially result in higher fuel costs.

In 2026, we expect to initiate a newbuilding program for zero-emission ferries. The program covers six planned new-buildings which will be fuelled by methanol, ammonia or electricity, and the total expected investments are expected to be around DKK 7.3bn (DKK 0.5bn in 2026, DKK 1.5bn in 2027 and 2028, DKK 1.7bn in 2029, and DKK 2.1bn in 2030). The investments and the timing will be contingent on availability of green fuels.

The short-term focus is on replacing conventional trucks with electric trucks, and on implementing technical upgrades on existing vessels, including optimal coating on vessel hulls and implementation of advanced decision support systems. Medium-term, the fleet will undergo major upgrades with modifications of bulbs and propellers. The plan is based on a careful analysis of how the company operates today, and which areas have the greatest potential for improvement. Long-term, the transition to carbon neutral operations requires development of new technologies, partnerships, and business models.

Transitional risks also include risks related to regulation and taxation of GHG emissions, as well as increasing cost related to the internal workforce working on compliance. Additionally, failure to meet expectations in due time could potentially lead to loss of reputation and trust.

Before zero-emission ferries are in operation, operational expenditures related to the green transition are expected to be limited. All ETS-like cost are expected to be compensated for by our customers. For zero-emission ferries, 60% of the additional fuel cost of transitioning to green fuels is expected to be compensated for by EU.

Physical Risks

Physical risks are related to the physical impacts of climate change and can be event driven (acute) related to increased severity and frequency of extreme weather events, or longer-term shifts (chronic) in climate patterns, resulting in direct damage to assets and indirect impacts from supply chain disruption.

Three types of chronic and acute physical risks have been identified as having a potentially disruptive impact on DFDS' business and financial performance. The risks include severe storms and extended periods of extreme heat, rising sea levels and costal floodings, as well as losses in crop production due to climate change, which may lead to a reduction in transported volumes. Mitigation strategies have been developed for each of these risks to minimize the potential negative impact on DFDS. This includes dialogue with port authorities and governments, continuous monitoring of infrastructure, compliance with safety standards and applicable laws and regulation, internal response mechanisms, among others.

DFDS is not operating in geographical areas where climate-related physical risks are likely to have a high negative impact, but the company may still be impacted by both chronic and acute physical risks in future.

Climate-related opportunities

Climate-related risks may also present business opportunities and positive side effects. As an example, changed customer needs and patterns might lead to demand for new transport routes, just as working diligently with mitigation strategies has the potential to improve organisational resilience and lead to more robust infrastructure and an improved safety culture. Being at the forefront of the transition to carbon neutrality delivering on the increased demand for zero-emission transport corridors will continue to be a significant competitive advantage.

The DFDS share and shareholders

- → **Distribution to shareholders of DKK 581m**
- → **Distribution yield of 5%**
- → **13% share price decrease in 2023**

Share capital

DFDS has one class of shares. The share capital at the end of 2023 was DKK 1,173m comprising 58,631,578 shares, each with a nominal value of DKK 20. There were no changes to the share capital during 2023.

Stock exchange trading

The DFDS share is listed on Nasdaq Copenhagen where 17.0m DFDS shares were traded in 2023 equal to an annual turnover of DKK 4.1bn compared to DKK 5.0bn in 2022. The average number of trades per day was 652 compared to 864 in 2022 and the average daily turnover was DKK 16.4m compared to DKK 19.9m in 2022. The DFDS share is part of Nasdaq's Large Cap index.

Share price development and yield

DFDS' share price was DKK 223 at year-end 2023, a decrease of 13.0% compared to year-end 2022. By comparison, the Danish stock market's industrials index increased 4.9% in 2023. The market value at the end of 2023 was DKK 12.6bn, excluding treasury shares.

The total distribution yield of the DFDS share was 4.6% in 2023 following dividend payments and a share buyback totalling DKK 581m.

Distribution policy

The starting point for determining the level of capital distribution to shareholders is the current and expected future financial

Ownership structure, year-end 2023, %

Lauritzen Fonden Holding[1]	41.6
Institutional shareholders	40.6
Other registered shareholders	8.7
Treasury shares	4.1
Non-registered shareholders	5.0
Total	100.0

Shareholder distribution, year-end 2023

No. of shares	No. of shareholders	% of share capital
1-50	9,867	0.4
51-500	10,832	3.4
501-5,000	2,418	5.3
5,001-50,000	250	6.7
50,001-	80	79.0
Total[2]	23,447	94.9

1 With reference to §38 in the Danish Capital Markets Act, Lauritzen Foundation domiciled in Copenhagen, Denmark, has notified DFDS A/S that it holds more than 33% of the share capital and voting rights of the company.

2 Total of registered shareholders.

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VP, IR & Corporate Brand
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udsbn@dfds.com

→ Shareholder's secretariat
shareholder@dfds.com

Share related key figures

	2023	2022	2021	2020	2019
Share price, DKK					
Price at year-end	223	256	349	275	325
Price, high	291	356	400	325	332
Price, low	195	194	262	134	215
Market value year-end, DKK m	12,557	14,703	20,038	15,772	18,593
No. of shares year-end, m	58.6	58.6	58.6	58.6	58.6
No. of circulating shares year-end, m	56.3	57.3	57.4	57.3	57.2
Distribution to shareholders, DKK m					
Dividend paid per share, DKK	5.00	8.00	0	0	4.00
Total dividend paid ex. treasury shares	281	461	0	0	229
Buyback of shares	300	0	0	0	0
Total distribution to shareholders	581	461	0	0	229
FCFE yield, %	13.4	5.6	5.2	2.6	-0.8
Total distribution yield, %	4.6	3.1	0	0	1.2
Cash payout ratio, %	34.2	55.9	0	0	-152.7
Shareholder return					
Share price change, %	-13.0	-26.5	26.8	-15.3	21.7
Dividend return, %	2.0	2.3	0	0	1.5
Total shareholder return, %	-11.1	-24.2	26.8	-15.3	23.2
Share valuation					
Equity per share, DKK	245	227	199	183	180
Price/book value, times	0.9	1.1	1.8	1.5	1.8

leverage measured as the ratio between NIBD and EBITDA. While the overall target leverage is a ratio between 2.0x and 3.0x, a short-term target of 2.5x for year-end 2026 was announced in December 2023.

NIBD/EBITDA was 2.9x at year-end 2023 compared to 2022. For shorter periods, leverage can move outside the range due to special events, e.g. strategic acquisitions.

Capital is distributed through dividend and share buybacks. Whether capital is in excess is assessed based on the leverage target as well as future earnings prospects and investment requirements. Contingent on the size of the dividend, it may be preferred to pay dividend semi-annually to facilitate a faster return of capital to shareholders and to align payments with DFDS' seasonal cash flow that normally peaks during the third quarter, the high season for passenger travel.

Distribution to shareholders in 2023

A share buyback of DKK 300m structured as an auction process was completed 22 February 2023 with the purchase of 1,071,428 shares at a price of DKK 280 per share. In addition, a dividend of DKK 281m equal to DKK 5.00 per share was paid in March 2023.

Capital distribution proposed for 2024

The Board of Directors proposes to distribute a total of DKK 600m to shareholders in 2024 through a combination of a dividend and a share buyback.

An ordinary dividend of DKK 3.00 per share equal to DKK 169m will be proposed for approval by the annual general meeting (AGM) in March 2024.

The remaining DKK 431m will be distributed through a share buyback under the Safe Harbour rules that started on 12 February 2024 and expires on 31 December 2024. The share buyback corresponds to around 3% of the market value of DFDS' share capital at the current share price.

Lauritzen Fonden Holding has committed to participate pro rata in the share buyback program with a share of 41.6%.

Shareholders

At the end of 2023, DFDS had 23,447 registered shareholders that owned 95% of the share capital. Lauritzen Fonden Holding was the largest shareholder with a holding of 41.6% of the total share capital at the end of 2023.

Investor Relations

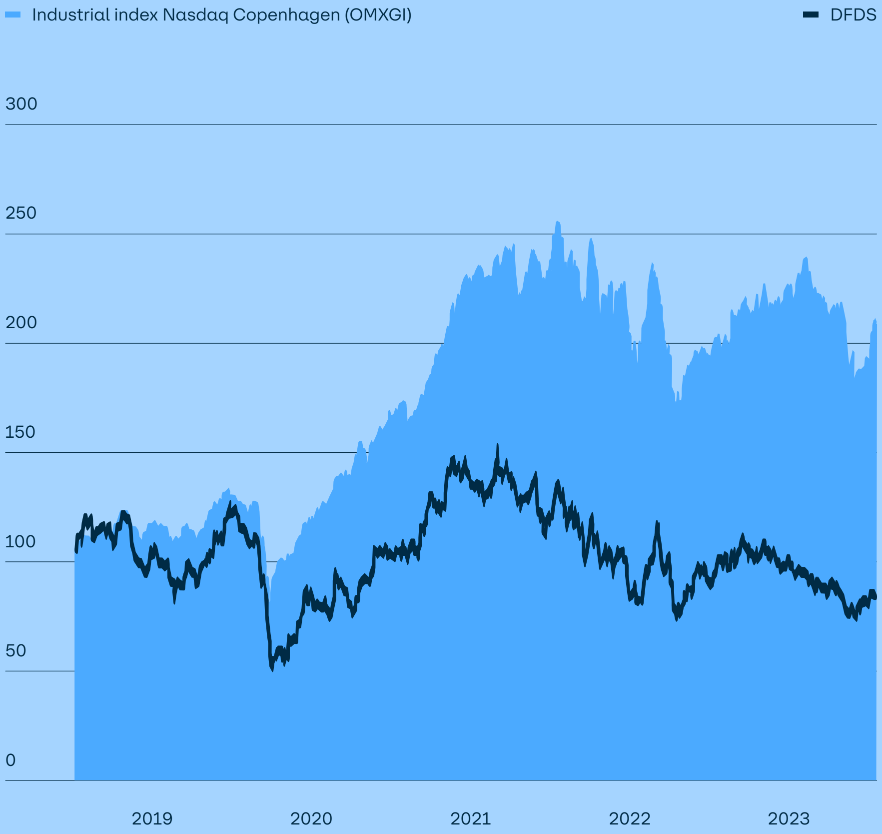
The aim of investor relations (IR) is to facilitate an ongoing dialogue with the financial community, primarily institutional investors, and analysts. Key events during the year are quarterly reports, conference calls, and roadshows to present strategic and financial results. Moreover, monthly ferry volume figures are released through the year.

In December 2023, a capital markets day was held in Copenhagen to conclude on the Win23 strategy period and present an updated strategy, including new financial target ambitions. Both are detailed in this report.

In addition, management and IR participate at investor conferences, roadshows, and meetings with investors and analysts between quarters. A considerable share of roadshows and meetings were virtual in 2023. There is a silent period of four weeks prior to the release of quarterly reports.

DFDS share price and trading volume, 2023

Share price performance relative to Copenhagen industrials index 2019-2023



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Board of Directors

as per 22 February 2024

Claus V. Hemmingsen (1962)
Chair / 5,000 shares

Position: Owner and Managing Director, CVH Consulting ApS
Joined Board: 29 March 2012
Re-elected: 2013-2023
Period of office ends: AGM 2024

Chair of the Nomination and Remuneration Committees

Board meeting participation: 9/9
Committee participation: 6/6
Chair: HusCompagniet A/S, Innargi Holding A/S (and one wholly-owned subsidiary)
Deputy Chair: Rambøll A/S
Board member: A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal, Den A.P. Møllerske Støttefond, Work Wear Group A/S (and two wholly-owned subsidiaries), Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, Global Maritime Forum Fonden and Noble Corporation Plc.

The Board of Directors is of the opinion that Claus V. Hemmingsen possesses the following special competences: International, commercial, and operational management experience and expertise in shipping, offshore, and oil & gas activities, including HSSE & Sustainability, M&A, capital markets, and non-executive directorships.

Klaus Nyborg (1963)
Vice Chair / 825 shares

Position: Managing director, Return ApS
Joined Board: 31 March 2016
Re-elected: 2017-2023
Period of office ends: AGM 2024

Member of the Nomination and Remuneration Committees

Board meeting participation: 9/9
Committee participation: 6/6
Chair: Dampskibsselskabet Norden A/S, Bunker Holding A/S, Uni-Tankers A/S, Bawat A/S, Moscord Pte. Ltd., Singapore and Chairman of The Investment Committee of Maritime Investment Fund I K/S and Fund II K/S.
Deputy Chair: A/S United Shipping & Trading Company
Board member: Karen og Poul F. Hansens Familiefond, Norchem A/S, X-Press Feeders Ltd.

The Board of Directors is of the opinion that Klaus Nyborg possesses the following special competences: International management and board experience from i.a. listed shipping companies and suppliers to the shipping industry, and expertise in strategy, M&A, finance, and risk management.

Minna Aila (1966)
Board member / 170 shares

Position: Senior Advisor, Sustainability and Corporate Affairs, Neste. From 1.7.2024 onwards, Executive Vice President, Corporate Affairs & Brand, Konecranes.
Joined the board: 23 March 2022
Re-elected: 2023
Period of office ends: AGM 2024

Member of the Nomination and Remuneration Committees

Board meeting participation: 6/6
Committee participation: 6/6

Minna Aila has no managerial or executive positions in other companies.

The Board of Directors is of the opinion that Minna Aila possesses the following special competences: International management, as well as expertise in sustainability, public affairs, branding, and communication.

Anders Götzsche (1967)
Board member / 3,500 shares

Position: Executive Vice President and CFO, VELUX A/S
Joined the board: 19 March 2018
Re-elected: 2018-2023
Period of office ends: AGM 2024

Chair of the Audit Committee

Board meeting participation: 9/9
Committee participation: 6/6
Chair: Rosborg Møbler A/S

The Board of Directors is of the opinion that Anders Götzsche possesses the following special competences: International management and board experience, expertise in finance and accounting as well as M&A.

Marianne Henriksen (1961)
Board member (staff representative) / 80 shares

Joined the board: 23 March 2022
Re-elected: n.a.
Period of office ends: AGM 2026

Board meeting participation: 9/9

Marianne Henriksen has no managerial or executive positions in other companies.

Kristian Kristensen (1967)
Board member (staff representative) / 115 shares

Joined the board: 23 March 2022
Re-elected: n.a.
Period of office ends: AGM 2026

Board meeting participation: 9/9

Kristian Kristensen has no managerial or executive positions in other companies.

Board of Directors continued

Jill Lauritzen Melby (1958)
Board member / 4,735 shares

Joined the board: 18 April 2001
Re-elected: 2002-2023
Period of office ends: AGM 2024

Member of the Audit Committee

Board meeting participation: 9/9
Committee participation: 6/6

Jill Lauritzen Melby has no managerial or executive positions in other companies.

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: Expertise in financial control.

Due to family relations to the company's principal shareholder, Lauritzen Fonden, Jill Lauritzen Melby cannot be considered independent according to the Recommendations on Corporate Governance.

Lars Skjold-Hansen (1965)
Board member (staff representative) / 1,030 shares

Joined the board: 22 March 2013
Re-elected: 2014-2022
Period of office ends: AGM 2026

Board meeting participation: 9/9

Lars Skjold-Hansen has no managerial or executive positions in other companies.

Dirk Reich (1963)
Board member / 0 shares

Joined the board: 1 July 2019
Re-elected: 2020-2023
Period of office ends: AGM 2024

Member of the Audit Committee

Board meeting participation: 8/9
Committee participation: 6/6
Chair: Log-hub AG, R+R Holding AG, R+R International Aviation AG.
Board member: Die Schweizerische Post AG.

The Board of Directors is of the opinion that Dirk Reich possesses the following special competences: International management and board experience, as well as expertise in international logistics activities.

Executive Board

Torben Carlsen (1965)
President & CEO / 139,676 shares

Appointed: 1 May 2019 (previously CFO of DFDS since 1 June 2009)

Chair: Copenhagen Infrastructure Partners: CI II, CI III and CI IV K/S. Gro Capital Partners: Fund I and II K/S (Chair of the Investment Committees), Danish Shipping.
Board member: Royal Unibrew A/S.

Karina Deacon (1969)
EVP & CFO / 4,526 shares

Appointed: 1 January 2020. Karina Deacon resigned from her position in November 2023 but remains in her position until no later than June 2024.

Board member and Chair of Audit Committee: VELUX A/S

Executive Management Team

Torben Carlsen (1965)
President & CEO

MSc (Finance)
Employed by DFDS since 2009

Karina Deacon (1969)
Executive Vice President & CFO

MSc (Aud)
Employed by DFDS since 2020

Karina Deacon resigned from her position in November 2023 but remains in her position until no later than June 2024.

Matthieu Girardin (1982)
Executive Vice President, Ferry Division

ESCP Europe (Master's in Management), INSEAD (Executive MBA)
Employed by DFDS since 2022

Niklas Andersson (1973)
Executive Vice President, Logistics Division

Marketing, IHM Business School
Employed by DFDS since 2012

Martin Gade Gregersen (1980)
Senior Vice President, Logistics Division

Freight forwarder
Employed by DFDS since 2021

Anne-Christine Ahrenkiel (1970)
Executive Vice President,
Chief People Officer

MSc (Scient. pol.), Bachelor in French/Italian
Employed by DFDS since 2019

Rune Keldsen (1979)
Executive Vice President,
Chief Technology Officer

MSc (IT)
Employed by DFDS since 2020

Remuneration

The purpose of the Remuneration Report is to present a transparent and comprehensive overview of the remuneration of DFDS' Executive Board and Board of Directors ('Board') in 2023. The report is aligned with DFDS' Remuneration Policy and with the requirements of Section 139b of the Danish Company Act. Moreover, the remuneration is aligned with the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

Remuneration Committee

The Remuneration Committee ('Committee') conducted three ordinary meetings in 2023 in accordance with the planned annual cycle of activities. Two ad hoc meetings were in addition held in 2023.

In 2023, the Committee focused on preparing the 2023 Remuneration Report, and amending the peer group used for benchmarking of executive remuneration. The Committee also engaged in discussions on the future design of incentive plans, including how the incorporation of ESG targets in the incentive plans can continue to reinforce sustainability priorities.

Remuneration policy

The remuneration policy aims at enabling an appropriate remuneration package for the Executive Board and the Board to ensure that DFDS can attract, engage, and retain the right profiles for executive roles. Further, the policy aims at enabling a total remuneration approach that links DFDS' business strategy with the interests of DFDS' shareholders, whilst duly considering the industry dynamics that impact DFDS.

The remuneration policy elements for the Board and the Executive Board are shown in the tables to the right on this and the next page.

The full remuneration policy is available at dfds.com/en/about/governance-and-policies.

Remuneration Policy elements, Board of Directors - 2023

What	Purpose	What and how much
Base Fee – Board	To remunerate in relation to the scope and complexity of work similar to fees in comparable listed companies.	Board members: Base fee. Chair: Three times the Base Fee. Vice Chair: Two times the Base Fee. Directors acceding or resigning during an election period will receive a pro rata share of the annual fees.
Base Fee – Committee	Same as above.	Chair of the Audit Committee: 2/3 of the Base Fee. Other members of the Audit Committee: 1/3 of the Base Fee. Chair of the Remuneration Committee: 2/15 of the Base Fee. Chair of the Nomination Committee: 2/15 of the Base Fee. Other members of the Remuneration and Nomination Committee: 2/15 of the Base Fee.
Ad hoc Fee	To remunerate for additional ad-hoc task if agreed by the Board of Directors.	Fixed fee as per agreement with the Board. To be presented in the notes to the annual report and/or the remuneration report.
Contributions and expenses	To cover social security taxes imposed by foreign authorities on such fees. To reimburse expenses incurred by the Directors in connection with board and/or committee meetings.	Reasonable contributions and expenses subject to approval from the Remuneration Committee.
Insurance	To provide the Directors with insurance.	The Directors are covered by a customary D&O insurance policy with coverage deemed sufficient by the Board of Directors in relation to the size and nature of the business of DFDS. To the extent that insurance coverage proves insufficient DFDS may in certain cases cover additional claims.
Pension	None	None
Incentive plan	None	Employee-elected members of the Board may receive incentive pay in their capacity as employees of DFDS.

Remuneration continued

Remuneration Policy elements, Executive Board – 2023

Component	Purpose	Link to performance	Size/value of component
Base salary	Recognise market value, the nature of the role in terms of scale, complexity and responsibility and the Executive Board members' experience, sustained performance, and contribution.	Indirectly linked to DFDS' performance through the Executive Board member's sustained performance level.	No pre-defined maximum salary level but determined according to 'Purpose' (ref. explanation to the left).
Short-term incentive	Reward the achievement of DFDS' annual goals guided by the long-term business strategy.	Divided between the following performance areas: 1. DFDS' financial performance (e.g., ROIC, Profit before Tax), at least 60% 2. DFDS' strategic and personal performance (e.g., sustainability, transformation).	Target: 40% of annual base salary. Maximum: 80% of annual base salary. Performance area 1 is evaluated based on meeting the financial targets, whereas 2 is based on a discretionary assessment by the Board. Information on measures in any given year will be outlined in the relevant annual remuneration report.
Long-term incentive	Reward the achievement of DFDS' long-term goals through share-based instruments and support executive retention.	Directly linked to the stock market performance of DFDS through the share price development.	LTI awards can be awarded up to a maximum of 80% of annual base salary
Pension	Provide for the Executive Board members' pension related needs.	N/A	Equal to level of contributions made for Danish DFDS salaried employees (currently 10% of the annual base salary).
Benefits	Provide for the Executive Board members' work-related equipment.	N/A	E.g., company car, free telephone/ other devices, domestic broadband access, newspapers.
Termination	Apply termination conditions to the Executive Board member aligned with general market conditions for the role.	N/A	Executive Board member: Six months' notice in case of resignation. DFDS: Twelve months' notice in case of termination.

ESG data

ESG data and accounting policies

Nasdaq ESG indicator	Environmental	Unit	2023*	2022**	2021***	2020	2019****
	CO_2e emissions						
E1.1	Scope 1 emissions (CO_2e)	1,000 tonnes	2,566	2,697	2,544	2,014	2,253
E1.2	Scope 2 emissions location based (CO_2e)	1,000 tonnes	12.1	7.9	6.9	6.0	7.3
E1.2	Scope 2 emissions market based (CO_2e)	1,000 tonnes	11.8	14.2	-	-	-
E1.3	Scope 3 emissions (CO_2e)	1,000 tonnes	1,055	1,203	909	-	-
	Total CO_2e emissions (scope 1, 2 - location based - and 3)	1,000 Tonnes	3,633	3,908	3,460	2,020	2,260
	Other emissions						
	Nitrogen Oxides (NOx)	1,000 tonnes	52.1	55.5	-	-	-
	Sulphur Dioxides (SOx)	1,000 Tonnes	4.6	5.5	-	-	-
	Particulate Matter (PM10)	1,000 Tonnes	2.9	3.2			
	Energy consumption						
E3.1	Marine fuel	Tonnes	751,178	818,911	771,738	619,867	699,115
E3.1	Diesel	1,000 litre	82,910	48,866	25,447	24,767	19,420
E3.1	Biofuels (HVO & B100)	1,000 litre	1,300	3,288	1,236	1,150	573
E3.1	Electricity	MWh	56,270	36,091	31,099	36,680	36,633
E3.1 , E5	Electricity generated	MWh	1,262	1,562	-	-	-
E3.1	Total energy consumption	1,000 TJ	34.2	36.0	33.9	26.9	30.0
	Energy efficiency						
E2.1	Emissions per GT mile - Own fleet (CO_2)	gCO_2	12.1	12.5	12.8	13.4	13.9
E2.1	Emissions per GT mile - Route network (CO_2)	gCO_2	12.3	13.0	13.5	13.5	14.1
E2.1	CO_2 intensity	kg CO_2/ MDKK	94.4	102.4	148.0	144.6	136.2
E4	Electricity and heating consumption per land-based FTE	mWh	6.0	6.3	7.0	6.3	7.4
	Other environmental data						
	Spills (>1 barrel)	Number	0	0	0	1	0
E6.1	Water	m³	256,169	248,998	-	-	-
E6.2	Water - recycled	m³	19,708	27,046	-	-	-
	Waste	Tonnes	5,724	3,408	-	-	-
	Waste - recycled	Tonnes	4,323	2,524	-	-	-

* 2023 ESG data excludes Estron Group (acquired September 2023

** 2022 ESG data excludes the acquisition of Lucey Transport Logistic.

*** 2021 ESG data excludes the acquisition HSF Logistics Group.

**** 2019 ESG data excludes the acquisition Un Ro-Ro.

\- Data not available

Reporting framework

DFDS' ESG reporting has been prepared in accordance with the Danish Financial Statements Act, sections 99a, 99b, and 107d. Other ESG frameworks and best practices have been applied to the reporting:

- The ESG Statement has been mapped in accordance with NASDAQ ESG indicators.
- Recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) have been applied to incorporate a climate change scenario into the risk management process.
- ESG data is presented in line with the SASB Marine Transportation Industry Standard.

Scope of consolidation

The accounting policies have been applied consistently in the preparation of the consolidated ESG statement for all the years presented unless stated otherwise.

The consolidation of greenhouse gas emissions is based on operational control, and all CO_2 data are calculated and presented in accordance with the GHG protocol. Some locations are leased with "all inclusive" on utilities, which means that activity-based data is not always available.

Health & Safety monitoring and LTIF-reporting covers DFDS employees on land, and all crew working on the vessels. Fatalities are registered for all staff and third-party operators (contractors) working on DFDS premises.

Changes in calculations from previous year

Environment

In 2023, we added KPIs for air quality. Calculation methods are presented below.

Social

In 2023 we added KPIs for employee engagement and attrition. Calculation methods are presented below.

Governance

None.

Nasdaq ESG indicator	Social	Unit	2023*	2022**	2021***	2020	2019****
	Wellbeing						
	Employees engagement - score		7.7	7.7	-	-	-
	Employees engagement - Participation rate	%	67	69	-	-	-
	Attrition (Landbased)	%	16.5	18.2	-	-	-
	Representation of women						
S4.1	Total workforce	%	23	24	24	23	25
S4.1	- Non-office based	%	11	12	-	-	-
S4.1	- Office based	%	44	43	-	-	-
S4.3	Senior management	%	18	16	17	16	19
S4.2	Managers	%	18	16	14	13	18
	Health & Safety						
S7	Lost-time injury frequency (LTIF) /Sea	Incidents/mil. hours	3.8	4.5	4.3	4.1	4.5
S7	Lost-time injury frequency (LTIF)/Land	Incidents/mil. hours	8.1	7.9	7.4	5.9	6.7
	Fatalities - Colleagues	Fatalities	0	1	1	0	0
	Fatalities - Contractors	Fatalities	0	0	0	2	1

Nasdaq ESG indicator	Governance	Unit	2023*	2022**	2021***	2020	2019****
G1.1	Board representation of women (AGM elected members)	%	33	33	33	33	33
G2.2	Independent directors (AGM elected members)	%	83	83	83	83	83
	Board nationality - non Danish (AGM elected members)	%	33	33	17	17	17
	Attendance at board meetings (all board members)	%	99	99	100	96	94
S1	CEO Pay ratio	Ratio	39	37	35	27	29
	Reported whistleblower cases	Cases	51	33	29	24	18

* 2023 ESG data excludes Estron Group (acquired September 2023

** 2022 ESG data excludes the acquisition of Lucey Transport Logistic.

*** 2021 ESG data excludes the acquisition HSF Logistics Group.

**** 2019 ESG data excludes the acquisition Un Ro-Ro.

\- Data not available

§ ESG definitions and accounting policies

Environment

CO_2e emissions

Scope 1 emissions (CO_2e): All direct emission sources where DFDS has operational control as defined by the Green House Gas Protocol. This includes all use of fossil fuels for stationary combustion or transportation in owned, leased, or rented assets. It also includes process emissions.

Scope 2 emissions – location based (CO_2e): All indirect emissions related to purchased energy; electricity or heating/cooling where DFDS has operational control as defined by the Greenhouse Gas Protocol – calculated based on the emission intensity of the local grid area where the electricity usage occurs.

Scope 2 emissions – market based (CO_2e): All indirect emissions related to purchased energy; electricity or heating/cooling where DFDS has operational control as defined by the Greenhouse Gas Protocol – calculated based on electricity consumption including contractual purchases of renewable energy.

Scope 3 emissions (CO_2e): Emissions related to procured goods and services (category 1), capital goods (category 2), fuel- and energy-related emissions (category 3), upstream transportation and distribution (category 4), and business travel (category 6). The emission categories are selected based on a materiality assessment of all 15 categories within GHG accounting standard for scope 3. Scope 3 emissions are based on spend data and calculated using AI software from an external provider, except for fuel, for which emissions are calculated based on actual consumption.

Total CO_2e emissions: Complete GHG inventory – includes both scope 1, scope 2, and scope 3.

Energy consumption

Marine fuel: Total consumption of heavy fuel oil (HFO), light fuel oil (LFO), and marine gas oil (MGO) per nautical mile for ferries in operation.

Diesel: Total consumption of diesel for trucks, terminal equipment, company cars, and other vehicles.

Biofuels (HVO & B100): Total consumption of biofuels for trucks, terminal equipment, and vessels.

Electricity: Total consumption of electricity in locations where DFDS has financial control of the utility. Shore power is included in the total.

Total energy consumption: Energy consumed from scope 1 and 2 energy sources. Includes both land-based energy consumption and vessels' energy consumption.

Energy efficiency

CO_2 emissions per GT mile (Own fleet): Emissions measured as gCO_2 per gross tonnage nautical mile for owned ferries in operation.

CO_2 emissions per GT mile (Route network): Emissions measured as gCO_2 per gross tonnage nautical mile for ferries operating the route network.

CO_2e intensity: Total CO_2 emissions (scope 1+2) in kilogram per MDKK of revenue generated.

Electricity & heating consumption per landbased FTE: Indirect energy consumption (scope 2) in operational activities for offices, warehouses, and terminals, divided by average FTEs on land.

Other environmental data
Air quality
Nitrogen Oxides (NOx): Amount of NOx suspended in the air by our transportations. Calculated by multiplying fuel consumption (Marine Gas Oil, Bunkered fuel oil and Diesel) by pollutant specific emission factor. When quantifying the NOx, we have accounted for the effects of our scrubbers.

Sulphur dioxide (SOx): Amount of SOx suspended in the air by our transportations. Calculated by multiplying fuel consumption (Marine Gas Oil, Bunkered fuel oil and Diesel) by pollutant specific emission factor. When quantifying the SOx we have accounted for the effects of our scrubbers.

Particulate Matter (PM10): Particulate matter (with diameter less than 10 micrometre) suspended in the air from our transportation. Calculated by multiplying fuel consumption (Marine Gas Oil, Bunkered fuel oil and Diesel) by pollutant specific emission factor. When quantifying the PM10 we have accounted for the effects of our scrubbers.

The calculations for the measured air pollutants are in accordance with industry standards published by Stockholm Environmental Institute.

Spills (> 1 barrel): Incidents of oil spills larger than one barrel from ferries in operation.

Waste: Tonnes of waste generated by land-based locations.

Waste – recycled: Total weight of waste recycled by land-based locations.

Water: Square meters of water consumed by land-based locations.

Water – recycled: Total volume of water recycled by land-based locations.

Social

Employee wellbeing
Engagement participation rate: Percentage of employees that have completed the engagement surveys. The invitations were sent to all employees.

Engagement score: Engagement refers to the commitment and enthusiasm employees demonstrate towards their work and organisation. The engagement score is the average score given by respondents in the annual employee engagement survey.

Attrition (land-based) rate: The percentage of employees that have left DFDS on their own accord.

Representation of women
Gender-related data are based on head count by year end.

Total workforce: Percentage of women head count.

Non-office based: Percentage of women head count in non-office based positions.

Office based: Percentage of women head count in office positions.

Senior Management: Percentage of women in senior management positions, defined as EVPs and VPs.

Managers: Percentage of women head count in management positions, excluding senior management, defined as positions with responsibility for at least one employee.

Employees: Percentage of women head count, excluding senior management and managers.

Health & Safety
Health & Safety monitoring and LTIF-reporting covers DFDS employees on land, and all crew working on the vessels. Fatalities are registered for all staff and for third-party operators (contractors) working on DFDS premises.

Lost-time injury frequency (LTIF) - Sea: Number of registered work-related accidents disabling a seafarer to work for more than 24 hours per one million exposure hours.

Lost-time injury frequency (LTIF) - Land: Number of registered work-related accidents disabling a land-based employee work for more than 24 hours per one million exposure hours.

Fatalities
Colleagues: Number of fatalities among employees caused by work-related accidents.

Contractors: Number of fatalities among third-party contractors caused by work-related accidents while operating for DFDS.

Governance

Whistleblower data is received from an external partner ensuring anonymity and confidentiality.

Representation of women on Board of Directors: Percentage of women among the total number of members of the Board of Directors, excluding employee elected members.

Independent directors: The ratio of shareholder elected directors that are deemed independent according to the Danish recommendations on good corporate governance, excluding employee elected members.

Board nationality – non-Danish: The ratio of shareholder elected directors with a non-Danish background, excluding employee elected members.

Attendance at board meetings: Percentage of total number of Board meetings attended. (Not gender specific)

CEO Pay ratio: Total CEO remuneration including granted LTI divided by average total remuneration for all employees in the company except the Executive Board.

Reported whistleblower cases: The number of cases reported through the DFDS whistleblower line in the reporting year.

EU Taxonomy

The taxonomy is a classification and reporting system that identifies sustainable economic activities. It is a keystone in the EU's sustainable finance framework and an essential tool for market transparency. According to the regulation DFDS is required to disclose the proportion of our activities that are taxonomy-eligible and taxonomy-aligned in terms of revenue, capital expenditures (CapEx), and operating expenditures (OpEx).

DFDS' Taxonomy-related disclosures have been assessed and prepared in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Eligible economic activities
In 2023 we have made a high-level assessment of eligibility of the new environmental objectives and concluded that they are less relevant to DFDS business and organisation. As such climate change mitigation continues to be our area of contribution.

In determining the activities to include in the EU Taxonomy report, our methodology is rooted in a high-level analysis of our core service offerings. We have chosen activities that directly represent the focal points of our operations, ensuring relevant and impactful reporting. Our ocean transport operations are represented through activity 6.10, covering our vessels, and 6.16, covering our terminal operations. For logistics solutions on land, we are covering freight by truck through activity 6.6 and by rail through activity 6.2. Finally, we are including activity 7.7 to cover our ownership of warehouses and office buildings, hence representing the entire scope of our business.

In 2023, the taxonomy-eligible share of our revenue was 84% (2022: 80%). The taxonomy-eligible share of operational expenses (OpEx) was 100% (2022: 100%), whereas the taxonomy-eligible share of capital expenditures (CapEx) was 96% (2022: 96%).

Note that we in 2022 additionally reported on the economic activity 6.12 Retrofitting of sea and costal freight and passenger water transport. After a reassessment of the applicability of our operations and the activity description, we have excluded the activity. While we do make smaller technical adjustments and updates to our own vessels, we do not retrofit vessels in accordance with the described activity. The eligible share of 6.12 is now included in 6.10 and the figures have been restated in the table.

Aligned economic activities
DFDS has analysed its compliance level with the technical screening criteria and the Do-No-Significant-Harm (DNSH) criteria for the above-mentioned activities. Our assessment shows alignment within 4 economic activities.

In 2023 we report alignment on revenue, OpEx and CapEx. Alignment has been determined to 30% for revenue (2022: 0%), 53% for OpEx (2022: 0%) and 17% for CapEx (2022: 5%).

Revenue linked to aligned activities comprise freight transport by rail (DKK 691m), revenue derived from qualifying vessels (DKK 7,479m) as well as revenue generated by qualifying e-trucks (DKK 1m)-trucks started operating in Q4.

Aligned OpEx constitutes maintenance and servicing cost for qualifying owned ships (DKK 299m).

CapEx linked to aligned activities include construction, improvements and lease extensions for office buildings and warehouses (DKK 142m), investments and improvements in qualifying vessels (DKK 625m) as well as qualifying e-trucks acquisitions (DKK 11m). No additions related to acquisitions were considered aligned.

DFDS taxonomy reporting

	Units	2023	2022
Revenue			
Aligned	DKK million	8,172	0
Aligned	%	30	0
Eligible, non-aligned	DKK million	14,711	21,482
Eligible, non-aligned	%	54	80
Total		27,304	26,873
OpEx			
Aligned	DKK million	299	0
Aligned	%	53	0
Eligible, non-aligned	DKK million	263	538
Eligible, non-aligned	%	47	100
Total		562	538
CapEx			
Aligned	DKK million	779	325
Aligned	%	17	5
Eligible, non-aligned	DKK million	3,588	5,381
Eligible, non-aligned	%	79	90
Total		4,552	5,969

The increase in alignment is a result of alignment with the following economic activities 6.2, 6.6, 6.10 and 7.7. Below we describe why we considered the mentioned activities aligned.

6.2 Freight rail transport
For freight rail transport all transport activity align with the criteria as it is carried out by electric locomotives. Based on third party documentation, the trains follow the European emission consumption regulations (2016/1628) and the international waste hierarchy principles. The alignment accounts for 3% of our total revenue (2022: 0%).

6.6 Freight transport services by road
During 2023 we have deployed 90 E-trucks in our operations of which five meet the criteria. As such the alignment within revenue and CapEx is just above 0% (2022: 0%). While we during 2023 have focused on implementing the E-trucks in our operations, we will be reviewing our practices and policies for the E-truck fleet to ensure a greater alignment with the criteria of sustainable freight transport by road.

6.10 Freight water transport
For freight water transport we report a 27% (2022: 0%) alignment for revenue, 53% (2022: 0%) alignment for OpEx and 14% (2022: 0%) alignment for CapEx. The alignment is a result of revenue from contracts with customers (DKK 7,479m). 27 of our vessels are exclusively operating coastal and short sea services designed to enable the modal shift of freight on land to sea. Our sea freight produces lower CO_2 emissions than the average reference CO_2 emission defined for heavy vehicles in accordance with Article 11 of Regulation 2109/1242. In addition, 13 of our vessels have an attained value below the Energy Efficiency Design Index (EEDI) or Energy Efficiency Existing Ships Index (EEXI) value which we consider an equivalent. Note that for vessels built before 2013 we have used the Energy Efficiency Existing Ships Index (EEXI) to calculate the C02 emissions value.

To ensure that we are meeting requirements of the standard we have only included vessels operating under EU legislation.

Note that this is a transitional alignment that applies until 2025 (subsequently lower alignment is expected due to updated requirements).

7.7 Acquisition and ownership of buildings
For acquisition and ownership of buildings we report 3% (2022: 5%) alignment for CapEx as 3 of our owned and leased buildings live up to the energy performance requirements of the regulation.

Looking forward
As the taxonomy-alignment requirements are still evolving, we expect our taxonomy reporting to continue developing. We will review our CapEx plan in light of the taxonomy requirements to potentially include more eligible activities as aligned.

§ Accounting policies – EU taxonomy

The EU Taxonomy is a classification and reporting system that identifies sustainable economic activities. Companies shall in accordance with the Disclosure Delegated Act report the share of the taxonomy-eligible and taxonomy aligned-activities in regards of revenue, capital expenditures (CapEx), and operating expenditures (OpEx). This accounting policy explains the methodology used to identify eligible and aligned activities as well as calculate revenue, CapEx and OpEx. From 2023 the eligible activities are subject to analysis on whether the related economic activities are making a substantial contribution to at least one of the six climate and environmental objectives, while also doing no significant harm to the remaining climate and environmental objectives and complying with minimum standards on human rights and labour standards.

As the taxonomy framework and reporting practice develops DFDS will review and update its reporting of taxonomy KPIs and related accounting policies accordingly. This may also impact the KPIs reported historically.

Identification of taxonomy eligible and aligned economic activities
We have determined the taxonomy-eligible economic activities (the numerator for the taxonomy-eligible KPIs) by the following process:

- Identifying economic activities and processes across the business of the DFDS Group.
- Evaluating whether the identified economic activities in the DFDS Group are covered by the economic activity descriptions included in the taxonomy.

We have determined the taxonomy-aligned economic activities (the numerator for the taxonomy-alignment KPIs) by the following process:

- Assessing the substantial contribution to the climate and environmental objectives (Technical screening criteria) per eligible activity.
- Evaluating the “Do No Significant Harm” (‘DNSH’) criteria per eligible activity.
- Determining compliance with the minimum safeguards.

Calculations
The taxonomy-eligible KPIs have been calculated as followed:

- Eligible Revenue KPI= Eligible Revenue / Total Revenue
- Eligible OpEx KPI= Eligible OpEx / Total OpEx as defined by the EU Commission
- Eligible CapEx KPI= Eligible CapEx / Total CapEx

The taxonomy-alignment KPIs have been calculated as followed:

- Aligned Revenue KPI = Aligned Revenue / Total Revenue
- Aligned OpEx KPI= Aligned OpEx / Total OpEx as defined by the EU Commission
- Aligned CapEx KPI= Aligned CapEx / Total CapEx

The denominator for the taxonomy KPIs has been determined as followed:

- Total Revenue is aligned with note 2.2 Revenue
- Total OpEx is aligned with the OpEx definition by the EU Commission, which covers direct expenditures relating to the day-to-day servicing of assets or property, plant and equipment
- Total CapEx is defined as additions to tangible and intangible assets reported in note 3.1.1 Non-current intangible assets (excluding Goodwill since not defined as an intangible asset, cf. IAS 38), note 3.1.2 Noncurrent tangible assets and note 3.1.3 Leases. Reconciling to line items: addition on acquisition of enterprises, additions (except for development projects and assets under construction), transfers (only from development projects and assets under construction), addition/remeasurement.

Double counting: DFDS has no economic activities that contributes to several environmental objectives. DFDS has ensured that allocation to Revenue, OpEx and CapEx KPIs across identified economic activities are not double counted. This has been verified by enabling controls such as reconciling the taxonomy KPIs to the consolidated financial statements.

Disaggregation of KPIs: The identified economic activities are not subject to disaggregation of taxonomy KPIs.

Do no significant harm
For each eligible criteria we have assessed whether the economic activity has a negative impact on any of the other climate and environmental objectives (climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems). We have assessed each activity’s alignment with every DNSH criteria by either, investigating internally if our operations comply with the stated criteria, or if we are complying with other EU regulations and environmental standards. We only report alignment for economic activities when we have reliable data proving that no negative impacts have been identified.

Minimum safeguards
Our economic activities are carried out in compliance with the Minimum Safeguards. DFDS has policies and processes in place to ensure that human rights are respected within our own operations as well as the value chain, including third-party workers, hauliers, and seafarers. As such we comply with the minimum labour and human rights standards. Taxation is governed by our Group Tax Policy. The foundation on how DFDS makes decisions and interacts with stakeholders is described in our Code of Conduct, which also includes how we deal with fair competition and bribery/corruption. Find further information and links to the above policies in the ESG review section.

Proportion of revenue from products or services associated with taxonomy-aligned economic activities 2023

				Substantial contribution criteria						**DNSH criteria** ('Does Not Significantly Harm')								
		Revenue	Proportion of Revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollutions	Circular economy	Biodiversity and eco-systems	Minimum safeguards	Proportion of taxonomy-aligned or eligible of revenue, 2022	Category (enabling activity or transitional activity)
Economic activities	Code(s)	DKK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy aligned)																		
Freight rail transport	CCM 6.2	691	3	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	Y	Y	N/A	Y	0	T
Freight transport services by road	CCM 6.6	1	0	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	Y	Y	N/A	Y	0	T
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	7,479	27	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0	T
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**8,172**	**30**	**30**	**0**	**-**	**-**	**-**	**-**	**N/A**	**Y**	**N/A**	**N/A**	**N/A**	**N/A**	**Y**	**0**	
Of which enabling		-	0	0	-	-	-	-	-	N/A							0	E
Of which transitional		8,172	30	30	-	-	-	-	-	N/A							0	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Freight rail transport	CCM 6.2	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								2	
Freight transport services by road	CCM 6.6	11,521	42	EL	EL	N/EL	N/EL	N/EL	N/EL								40	
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	2,605	10	EL	EL	N/EL	N/EL	N/EL	N/EL								34	
Infrastructure enabling low-carbon water transport	CCM 6.12	584	2	EL	EL	N/EL	N/EL	N/EL	N/EL								3	
Acquisition and ownership of buildings	CCM 7.7	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								-	
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14,711**	**54**	**54**	**0**	**0**	**0**	**0**	**0**								**80**	
Total (A.1+B.2)		**22,882**	**84**															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Revenue of Taxonomy-non-eligible activities (B)		**4,422**	**16**															
Total (A+B)		**27,304**	**100**															

Y Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)

N No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)

N/EL Not eligible (taxonomy-non-eligible activity for the relevant environment objective)

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')								
		OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollutions	Circular economy	Biodiversity and eco-systems	Minimum safeguards	Proportion of taxonomy-aligned or eligible of OpEx, 2022	Category (enabling activity or transitional activity)
Economic activities	Code(s)	DKK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy aligned)																		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	299	53	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**299**	**53**	**53**	**0**	**-**	**-**	**-**	**-**	**N/A**	**Y**	**N/A**	**N/A**	**N/A**	**N/A**	**Y**	**0**	
Of which enabling			0	0	-	-	-	-	-	N/A							0	E
Of which transitional			53	53	-	-	-	-	-	N/A							0	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Freight rail transport	CCM 6.2	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								-	
Freight transport services by road	CCM 6.6	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								-	
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	263	47	EL	EL	N/EL	N/EL	N/EL	N/EL								100	
Infrastructure enabling low-carbon water transport	CCM 6.16	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								-	
Acquisition and ownership of buildings	CCM 7.7	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								-	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**263**	**47**	**47**	**0**	**0**	**0**	**0**	**0**								**100**	
Total (A.1+B.2)		**562**	**100**															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities (B)		**0**	**0**															
Total (A+B)		**562**	**100**															

Y Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N/EL Not eligible (taxonomy-non-eligible activity for the relevant environment objective)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial contribution criteria						**DNSH criteria** ('Does Not Significantly Harm')								
		CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollutions	Circular economy	Biodiversity and eco-systems	Minimum safeguards	Proportion of taxonomy-aligned or eligible of CapEx, 2022	Category (enabling activity or transitional activity)
Economic activities	Code(s)	DKK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy aligned)																		
Freight transport services by road	CCM 6.2	11	0	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	Y	Y	N/A	Y	0	T
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	625	14	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0	T
Acquisition and ownership of buildings	CCM 7.7	142	3	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	N/A	N/A	N/A	Y	5	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**779**	**17**	**17**	**0**	**-**	**-**	**-**	**-**	**N/A**	**Y**	**N/A**	**N/A**	**N/A**	**N/A**	**Y**		
Of which enabling			0	0	-	-	-	-	-	N/A							0	E
Of which transitional			14	14	-	-	-	-	-	N/A							0	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Freight rail transport	CCM 6.2	-	0	EL	EL	N/EL	N/EL	N/EL	N/EL								0	
Freight transport services by road	CCM 6.6	1,336	29	EL	EL	N/EL	N/EL	N/EL	N/EL								15	
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	1,290	28	EL	EL	N/EL	N/EL	N/EL	N/EL								64	
Infrastructure enabling low-carbon water transport	CCM 6.16	346	8	EL	EL	N/EL	N/EL	N/EL	N/EL								6	
Acquisition and ownership of buildings	CCM 7.7	616	14	EL	EL	N/EL	N/EL	N/EL	N/EL								6	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**3,588**	**79**	**79**	**0**	**0**	**0**	**0**	**0**								**90**	
Total (A.1+B.2)		**4,366**	**96**															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities (B)		**186**	**4**															
Total (A+B)		**4,552**	**100**															

Y Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N/EL Not eligible (taxonomy-non-eligible activity for the relevant environment objective)

SASB Marine Transportation Industry Standard
- Sustainability Disclosures & Activity Metrics

The scope of the SASB reporting is limited to operations of vessels for which DFDS holds the Document of Compliance. This includes all our owned vessels as well as the following vessels that are in our fleet through bareboat charters: Cote D'Albatre, Cote Des Dunes, Cote Des Flandres, Cote D'Opale, Fadiq, Paqize, Regina Seaways, Flandria Seaways, Humbria Seaways, Scandia Seaways and Seven Sisters.

Please note that since these SASB standards are specific to the Marine Transportation industry, the disclosures differ from other ESG data in this report. The SASB disclosures do not consider DFDS' business areas outside of Marine Transportation, including items such as trucking, warehousing, offices, etc.

Topic	Accounting metric	2023	2022	Unit of measure	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions (vessels only)	2,159,142	2,185,043	Metric tonnes CO_2e	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	AR 2023 p. 21 - 25	AR 2022 p. 25-29		TR-MT-110a.2
	(1) Total energy consumed	28,422,561	28,932,354	Gigajoules (GJ)	TR-MT-110a.3
	(2) percentage heavy fuel oil	89%	87%	Percentage (%)	TR-MT-110a.3
	(3) percentage renewable	0.03%	0.3%	Percentage (%)	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships	No new ships	14.75	gCO_2 per ton-nm	TR-MT-110a.4
Air Quality	Nitrogen Oxides (NOx)	45,929	45,954	Metric tonnes (t)	TR-MT-120a.1
	Sulphur Dioxides (SOx)	3,609	3,458	Metric tonnes (t)	TR-MT-120a.1
	Particulate matter (PM10)	2,640	2,613	Metric tonnes (t)	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	*	*	# of days travelled	TR-MT-160a.1
	Percentage of fleet implementing ballast water (1) exchange	9%	21%	Percentage (%)	TR-MT-160a.2
	(2) treatment	91%	79%	Percentage (%)	TR-MT-160a.2
	Number of spills and releases to the environment	0	0	# of spills	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment	0	0	Cubic meters (m^3)	TR-MT-160a.3
Employee Health & Safety	Lost time incident rate/frequency (LTIR/LTIF)	3.8	4.5	Rate	TR-MT-320a.1
Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0	0	# of calls	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	0	0	DKK	TR-MT-510a.2
Accident & Safety Management	Number of marine casualties	3	8	# of casualties	TR-MT-540a.1
	Percentage of which classified as very serious	0	0	Percentage (%)	TR-MT-540a.1
	Number of Conditions of Class or Recommendations	44	59	# of Class or Recommendations	TR-MT-540a.2
	Number of port state control				
	(1) deficiencies	65	121	# of deficiencies	TR-MT-540a.3
	(2) detentions	0	0	# of detentions	TR-MT-540a.3
Activity Metrics	Number of shipboard employees	3,931	3,810	# of employees	TR-MT-000.A
	Total distance travelled by vessels	5,097,839	5,077,920	Nautical miles (nm)	TR-MT-000.B
	Operating days	12,898	12,791	# of operating days	TR-MT-000.C
	Deadweight tonnage	603,993	603,993	Thousand deadweight tonnes	TR-MT-000.D
	Number of vessels in total shipping fleet	57	57	# of vessels	TR-MT-000.E
	Number of port calls	29,439	29,814	# of port calls	TR-MT-000.F
	Twenty-foot equivalent unit (TEU) capacity	**	**	TEU	TR-MT-000.G

* Data unavailable. Assessment of feasibility of disclosure is ongoing.

** As most of DFDS' vessels fall within the RoRo-category, it is not applicable to track TEU capacity.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD – index displays where information regarding our disclosure recommended by the Task Force on Climaterelated Disclosure can be found.

Theme	Recommendations	Annual report 2023 pages
Governance Disclose the organisations governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	DFDS Enterprice Risk Management, p. 64 - 67
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	ESG approach, p. 22 - 30 DFDS Enterprice Risk Management, p. 64 - 67
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organizations businesses. Strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	DFDS Enterprice Risk Management, p. 64 - 67
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	ESG approach, p. 22 - 30 DFDS Enterprice Risk Management, p. 64 - 67
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	DFDS Enterprice Risk Management, p. 64 - 67
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	DFDS Enterprice Risk Management, p. 64 - 67
	b) Describe the organization's processes for managing climate-related risks.	ESG approach, p. 22 - 30 DFDS Enterprice Risk Management, p. 64 - 67
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	ESG approach, p. 22 - 30 DFDS Enterprice Risk Management, p. 64 - 67
Metrics and Targets Disclose the metrics and targets used to asses and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG review, p. 54 - 57
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG review, p. 54 - 57
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	ESG review, p. 54 - 57

Consolidated Financial Statements 2023

Income statement 1 January – 31 December

DKK million	Note	2023	2022
Revenue	2.1, 2.2	27,304	26,873
Costs:			
Ferry and other ship operation and maintenance	2.3	-5,485	-6,426
Port terminal operations		-3,264	-3,090
Transport solutions and warehouse solutions		-6,743	-6,657
Employee costs	2.4	-5,572	-4,726
Cost of sales, general and administration		-1,206	-1,000
Operating profit before depreciation and amortisation (EBITDA)		**5,034**	**4,974**
Share of profit/loss of associates and joint ventures		-26	-14
Profit on disposal of non-current assets, net		111	14
Depreciation and impairment on tangibles and right-of-use assets	2.5	-2,615	-2,371
Operating profit before amortisation (EBITA)		**2,504**	**2,603**
Amortisation and impairment losses, intangibles	2.5	-178	-135
Operating profit (EBIT)		**2,326**	**2,468**
Financial income	4.4	80	80
Financial costs	4.4	-753	-409
Profit before tax		**1,652**	**2,139**
Tax on profit	2.6	-148	-120
Profit for the year		**1,505**	**2,019**
Profit for the year is attributable to:			
Equity holders of DFDS A/S		1,501	2,010
Non-controlling interests		3	10
Profit for the year		**1,505**	**2,019**

Earnings per share	4.8		
Basic earnings per share (EPS) of DKK 20, DKK		26.64	35.09
Diluted earnings per share (EPS-D) of DKK 20, DKK		26.58	35.04
Proposed profit appropriation			
Proposed dividends DKK 3.00 per share[1] **(2022: DKK 5.00 per share)**			

Statement of comprehensive income 1 January – 31 December

DKK million	Note	2023	2022
Profit for the year		**1,505**	**2,019**
Other comprehensive income			
Items that will not subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension obligations	3.2.4	-21	-46
Tax on items that will not be reclassified to the income statement	2.6	6	10
Items that will not subsequently be reclassified to the income statement		**-15**	**-36**
Items that are or may subsequently be reclassified to the income statement:			
Value adjustments of hedging instruments		-119	270
Value adjustment transferred to operating costs		-110	9
Value adjustment transferred to financial costs		20	5
Value adjustment transferred to non-current tangible assets		0	7
Tax on items that are or may be reclassified to the income statement	2.6	0	-41
Foreign exchange adjustments, subsidiaries		63	-177
Items that are or may subsequently be reclassified to the income statement		**-146**	**72**
Total other comprehensive income after tax		**-161**	**36**
Total comprehensive income		**1,343**	**2,055**
Total comprehensive income for the year is attributable to:			
Equity holders of DFDS A/S		1,341	2,045
Non-controlling interests		2	10
Total comprehensive income		**1,343**	**2,055**

1 The Board of Directors proposes to the 2024 Annual General Meeting that a dividend of DKK 3.00 per share is paid in 2024. In addition DKK 431m will be distributed through a share buyback under the Safe Harbour rules starting on 12 February 2024 and expiring on 31 December 2024.

Balance sheet 31 December Assets

DKK million	Note	**2023**	2022
Goodwill		4,952	4,407
Port concession rights		990	1,026
Other non-current intangible assets		831	676
Software		346	324
Development projects in progress		17	12
Non-current intangible assets	3.1.1	**7,136**	**6,444**
Land and buildings	3.1.2	759	559
Terminals	3.1.2	823	836
Ferries and other ships	3.1.2	11,782	13,186
Equipment, etc.	3.1.2	1,939	1,600
Assets under construction and prepayments	3.1.2	415	369
Right-of-use assets	3.1.3	5,826	4,648
Non-current tangible assets		**21,543**	**21,197**
Investments in associates, joint ventures and securities		2	13
Receivables	3.2.1	1	16
Prepaid costs		1	124
Deferred tax	2.6	79	49
Derivative financial instruments	4.2	155	299
Other non-current assets		**238**	**500**
Total non-current assets		**28,918**	**28,141**
Inventories	3.2.2	339	324
Receivables	3.2.1	4,459	4,015
Prepaid costs		400	368
Derivative financial instruments	4.2	20	48
Cash		737	1,189
Current assets		**5,955**	**5,943**
Assets		**34,873**	**34,084**

Balance sheet 31 December Equity and Liabilities

DKK million	Note	**2023**	2022
Share capital		1,173	1,173
Reserves		-451	-284
Retained earnings		13,105	12,133
Equity attributable to equity holders of DFDS A/S		**13,827**	**13,022**
Non-controlling interests		91	114
Equity	4.6	**13,918**	**13,135**
Interest-bearing liabilities	4.5	13,134	12,397
Deferred tax	2.6	467	359
Pension and jubilee liabilities	3.2.4	90	88
Other provisions	3.2.5	22	44
Derivative financial instruments	4.2	43	8
Non-current liabilities		**13,756**	**12,896**
Interest-bearing liabilities	4.5	2,336	3,137
Trade payables		3,461	3,661
Other provisions	3.2.5	113	52
Corporation tax		83	170
Other payables	3.2.3	904	768
Derivative financial instruments	4.2	52	40
Prepayments from customers		251	223
Current liabilities		**7,199**	**8,053**
Liabilities		**20,955**	**20,949**
Equity and liabilities		**34,873**	**34,084**

Statement of change in equity 1 January – 31 December 2023

DKK million	Share capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2023	**1,173**	**-543**	**286**	**-28**	**12,133**	**13,022**	**114**	**13,135**
Comprehensive income for the year								
Profit for the year					1,501	1,501	3	1,505
Other comprehensive income after tax		62	-208		-14	-160	-1	-161
Total comprehensive income		**62**	**-208**		**1,487**	**1,341**	**2**	**1,343**
Transactions with owners								
Acquisition, non-controlling interests					17	17	-25	-8
Dividends paid					-293	-293		-293
Dividends on treasury shares					12	12		12
Share-based payments					29	29		29
Share buyback				-21	-279	-300		-300
Cash from sale of treasury shares related to exercise of share options				1	-1	0		0
Total transactions with owners	**0**	**0**	**0**	**-21**	**-515**	**-536**	**-25**	**-560**
Equity at 31 December 2023	**1,173**	**-480**	**78**	**-48**	**13,105**	**13,827**	**91**	**13,918**

The Parent Company's share capital is divided into 58,631,578 shares of DKK 20 each. All shares have equal rights. There are no restrictions on voting rights. The shares are fully paid up. The Board of Directors proposes to the 2024 Annual General Meeting that a dividend of DKK 3.00 per share is paid in 2024. In addition, DKK 431m will be distributed through a share buyback under the Safe Harbour rules starting on 12 February 2024 and expiring on 31 December 2024 .

Statement of change in equity 1 January – 31 December 2022

DKK million	Share capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2022	**1,173**	**-366**	**-5**	**-25**	**10,669**	**11,446**	**108**	**11,554**
Comprehensive income for the year								
Profit for the year					2,010	2,010	10	2,019
Other comprehensive income after tax		-177	291	0	-78	36		36
Total comprehensive income	**0**	**-177**	**291**	**0**	**1,931**	**2,045**	**10**	**2,055**
Transactions with owners								
Acquisition, non-controlling interests					1	1	-1	0
Dividends paid					-235	-235		-235
Dividends paid, non-controlling interests						0	-3	-3
Dividends on treasury shares					5	5		5
Extraordinary dividends paid					-235	-235		-235
Extraordinary dividends on treasury shares					5	5		5
Share-based payments					20	20		20
Purchase of treasury shares				-2	-30	-32		-32
Total transactions with owners	**0**	**0**	**0**	**-2**	**-468**	**-470**	**-4**	**-474**
Equity at 31 December 2022	**1,173**	**-543**	**286**	**-28**	**12,133**	**13,022**	**114**	**13,135**

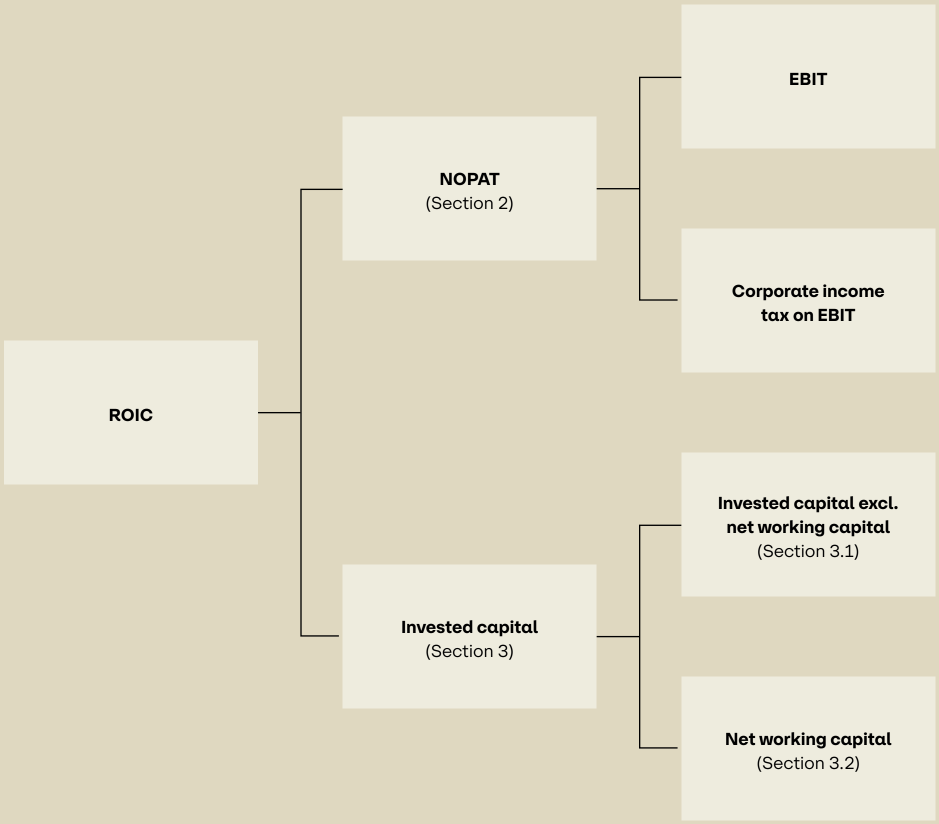
Statement of cash flows 1 January – 31 December

DKK million	Note	2023	2022
Operating profit before depreciation and amortisation (EBITDA)		**5,034**	**4,974**
Adjustments for non-cash operating items, etc.	5.4	53	45
Change in working capital.	5.4	-338	6
Payment of pension liabilities and other provisions		-44	-97
Interest etc., received		79	50
Interest etc., paid		-734	-388
Taxes paid		-240	-109
Cash flows from operating activities		**3,811**	**4,480**
Investments in ferries including dockings, etc.		-998	-1,747
Sale of ferries		1,466	21
Investments in other non-current tangible assets		-578	-1,026
Sale of other non-current tangible assets		92	113
Investments in non-current intangible assets		-83	-70
Acquisition of enterprises, associates, joint ventures and activities, net of cash acquired	5.5	-1,033	-280
Divestment of enterprises and associates		0	-2
Other investing cash flows		-14	3
Cash flows from investing activities		**-1,149**	**-2,989**

DKK million	Note	2023	2022
Free cash flows		**2,662**	**1,491**
Proceeds from bank loans and loans secured by mortgage in ferries	4.3	1,556	3,903
Repayment and instalments of bank loans and loans secured by mortgage in ferries	4.3	-4,141	-2,632
Proceeds from issuance of corporate bonds	4.3	981	0
Repayment of corporate bonds incl. settlement of cross currency swap	4.3	0	-1,000
Payment of lease liabilities	4.3	-935	-963
Settlement of forward exchange contracts related to leases		12	15
Acquisition of treasury shares and share buyback	4.7	-300	-32
Other financing cash flows		-8	-33
Dividends paid to non-controlling interests		0	-3
Dividends paid to equity holders of DFDS A/S		-281	-459
Cash flows from financing activities		**-3,115**	**-1,203**
Net cash flows		**-454**	**288**
Cash and cash equivalents at 1 January		1,189	902
Foreign exchange adjustments of cash and cash equivalents		2	-2
Cash and cash equivalents at 31 December [1]		**737**	**1,189**

1 At 31 December 2023 DKK 14m (2022: DKK 175m) of the cash was deposited on restricted bank accounts.

Notes


EBIT
NOPAT
(Section 2)
Corporate income
tax on EBIT
ROIC
Invested capital excl.
net working capital
(Section 3.1)
Invested capital
(Section 3)
Net working capital
(Section 3.2)

1. Basis of preparation of the Consolidated Financial Statements

1.1 Principal accounting policies

In preparing the Annual Report, DFDS focuses on ensuring that the content is relevant to the reader and that the presentation is clear.

The purpose is to provide an overview of what drives performance. The structure of the notes reflects DFDS' financial performance goal, ROIC, and the structure aims at providing an enhanced understanding of each accounting area by describing relevant accounting policies and any significant accounting estimates and judgements related there to at the end of each note.

The accounting policies have been made within the framework of the prevailing International Financial Reporting Standards (IFRS) as adopted by the EU. The actual text of the standard is not repeated in the notes. The description of accounting policies in the notes forms part of the overall description of DFDS' accounting policies.

Basis of reporting
The 2023 consolidated financial statements and parent company financial statements of DFDS A/S have been prepared on a going concern basis and in accordance with the IFRS as adopted by the EU, and additional Danish disclosure requirements for listed companies. The consolidated financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

On 22 February 2024, the Board of Directors and the Executive Management Board considered and approved the 2023 Annual Report of DFDS A/S. The Annual Report will be presented to the shareholders of DFDS A/S for approval at the ordinary Annual General Meeting on 15 March 2024.

Basis for preparation
The consolidated financial statements and the Parent company financial statements are presented in Danish Kroner (DKK) which is the Parent company's functional currency. The consolidated financial statements and the Parent company financial statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as "Fair value through profit loss" (FVTPL) are measured at fair value.

Rounding
In general, rounding may cause variances in sums and percentages in the Annual Report.

Application of materiality and relevance
DFDS' Annual Report is based on the concept of materiality and relevance to ensure that the content is material and relevant to the user. This objective is pursued by providing relevant rather than generic descriptions and information. When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The consolidated financial statements and the parent company financial statements consist of many transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial and DFDS provides these specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not relevant for the Group.

Alternative performance measures
In the Annual Report DFDS presents certain financial performance measures such as subtotals and key figures which are not required or defined under IFRS. It is considered that these alternative measures provide relevant supplementary information for the stakeholders of DFDS.

To improve comparability of results, management has, in 2023, introduced EBITA in the income statement defined as result before interest, tax and amortisation.

For definitions of key figures please refer to the section 'Definitions'.

Significant accounting policies
Accounting policies for basis of consolidation are described below, while accounting policies for the remaining areas are included in the notes to which they relate.

Management considers the accounting policies for the following areas as the most important for the Group: Consolidated financial statements; Revenue (note 2.2); Non-current intangible assets (note 3.1.1); Ferries and other ships (note 3.1.2); Right-of-use assets/Leases (note 3.1.3); Pension and jubilee liabilities (note 3.2.4); Financial and operational risks (note 4.1); Business combinations (note 5.5); and Contractual commitments (note 5.7).

Accounting policies for basis of consolidation, non-controlling interests and translation of foreign currencies are described below, while accounting policies for the remaining areas are included in the notes to which they relate.

Climate related risk
When preparing the consolidated financial statements, management considers climate-related risks, where these could potentially impact reported amounts materially. The areas in which climate-related risks have been assessed at the end of 2023 are included within the individual notes outlined below:
Note 3.1.2 Non-current tangible assets
Note 3.1.3 Right-of-use assets and lease liabilities
Note 3.1.4 Impairment testing

1.1 Principal accounting policies (continued)

Description of accounting policies

Basis of consolidation
The consolidated financial statements includes the Parent company DFDS A/S and the subsidiaries in which the Parent company controls the financial and operational policies. Control is obtained when the Group directly or indirectly holds more than 50% of the voting rights in the enterprise (i.e. subsidiary) or if it, in some other way, controls the enterprise. Further, control also implies that the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Parent company and its subsidiaries are referred to as the Group.

The consolidated financial statements are based on the Parent company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating intercompany transactions, shareholdings, balances, and intercompany gains and losses. The consolidated financial statements are prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates and joint ventures are recognised in the consolidated financial statements at the Group's proportionate share of the associate's / joint venture's net asset value. Unrealised intercompany gains and losses from transactions with associates and joint ventures are eliminated by the Group's interest in the respective associate/jointly controlled enterprise.

Non-controlling interests
In the consolidated financial statements, the individual financial line items of subsidiaries are recognised in full. The non-controlling interests' share of the results for the year and of the equity of subsidiaries which are not wholly owned are included in the Group's results and equity, respectively, but are presented separately in the proposed profit appropriation and the statement of change in equity. If a non-controlling interest has a put option to sell its ownership interest to DFDS, the fair value of the put option is recognised as an interest-bearing liability which means that the results for the year and equity attributable to non-controlling interests are not presented separately in the proposed profit appropriation and the Statement of change in equity.

Translation of foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in Danish Kroner (DKK).

Translation of transactions and balances
On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as financial income or cost except when deferred in equity as qualifying for cash flow hedges.

Currency gains and losses on non-monetary items recognised at fair value, such as securities measured at Fair Value Through Profit and Loss (FVTPL), are recognised in the same line item as the fair value gain or loss.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset at its initial recognition.

Translation of subsidiaries
In the consolidated financial statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, while the balance sheet items are translated at the exchange rates at the end of the reporting period.

Foreign exchange differences arising on translation of such subsidiaries' equity at the beginning of the reporting period to the exchange rates at the end of the reporting period and on translation of the Income statements from average exchange rates to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve under equity. The exchange rate adjustment is allocated between the Parent company's and the non-controlling interests' share of equity.

Report under the ESEF regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets. The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The Annual Report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file DFDS-2023-12-31-en.zip.

Key figures

Key figures are calculated in accordance with the latest version of the Danish Finance Society's guidelines, 'Recommendations and Financial Ratios' unless seperately stated under 'Financial definitions'. The key figures stated in the overview with consolidated financial highlights are defined on the 'Definitions and Glossary' page .

1.2 New accounting policies and disclosures

New International Financial Reporting Standards and Interpretations
The Group has adopted all relevant amended accounting standards. The changes are insignificant to the Group.

New standards and interpretations not yet adopted
The IASB has issued a number of amended standards and interpretations with effective date post 31 December 2023, some of which have not yet been endorsed by the EU. The new and amended standards and interpretations are not mandatory for the financial reporting for 2023.

The Group expects to adopt the Standards and Interpretations when they become mandatory. None of the standards and interpretations are expected to have a significant impact on recognition and measurement.

Special items
As from 2023 special items are not presented separately in the income statement, comparative figures have been restated.

Reallocation of goodwill
During the year comparison figures for segments, divisions, and cash generating units have been restated as part of goodwill from a prior acquisition has been reallocated from Logistics Division to Ferry Division. Hence the primary financial statements has not been impacted.

IFRS 16 practical expedient
From 2024, DFDS will no longer apply the practical expedient not to account for each lease component within lease contracts separately. DFDS will instead separate the non-lease components from the lease components. In addition, DFDS has elected to no longer capitalise short-term leases of ferries, but only those expected to be extended. The changes are assessed to give more relevant information, and is better aligned with market practice. The changes are considered a change in accounting policy and comparable figures will be restated retrospectively.

DFDS' accounting policy has historically been not to separate the non-lease components from the lease components (except for terminals), and instead account for the contracts in their entirety (the practical expedient). Furthermore, short term leases (with a term below one year) for ferries have historically been recognised on the balance sheet as a lease liability and a right-of-use asset that is depreciated instead of expensing the lease costs directly in the income statement.

DFDS' preliminary assessment indicates that this change in policy will reduce the 31 December 2023 right-of-use assets (DKK -232m), right-of-use liabilities (DKK -221m) and retained earnings (DKK -11m). Depreciation in 2023 is expected to be reduced by DKK -140m and operating costs to increase by DKK 158m. Minor impact is expected on interest costs, profit on disposal of non-current assets, exchange rate gain/loss, prepaid costs and other payables. As a result, EBITDA will decrease by DKK 158m, EBIT by DKK 18m and profit before tax by DKK 16m. ROIC is not expected to be visibly impacted while leverage is expected to increase by 0.05 times.

1.3 Significant accounting estimates and judgements

Significant estimates and judgements
In the preparation of the consolidated financial statements, Management undertakes several accounting estimates and judgements and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent company. These assumptions are based on historical experience and other factors such as the current state of the world economy and climate-related matters which are, by their nature, uncertain and unpredictable.

The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates and judgements. In the opinion of Management, the following accounting estimates and judgements are significant in the preparation of the Annual Report:

Note	Key accounting estimates and judgements	Estimate / Judgement	Impact
2.6	Deferred tax assets	Estimate	●●○
3.1.2	Assessment of useful life and residual values	Estimate	●●○
3.1.3	Lease extension options	Estimate/Judgement	●●○
3.1.4	Impairment testing of goodwill and non-current assets, definition of CGU's	Estimate/Judgement	●●●
5.5	Purchase price allocation in connection with acquisitions	Estimate	●●●

Level or potential impact to the consolidated financial statements:
●○○ Low
●●○ Medium
●●● High

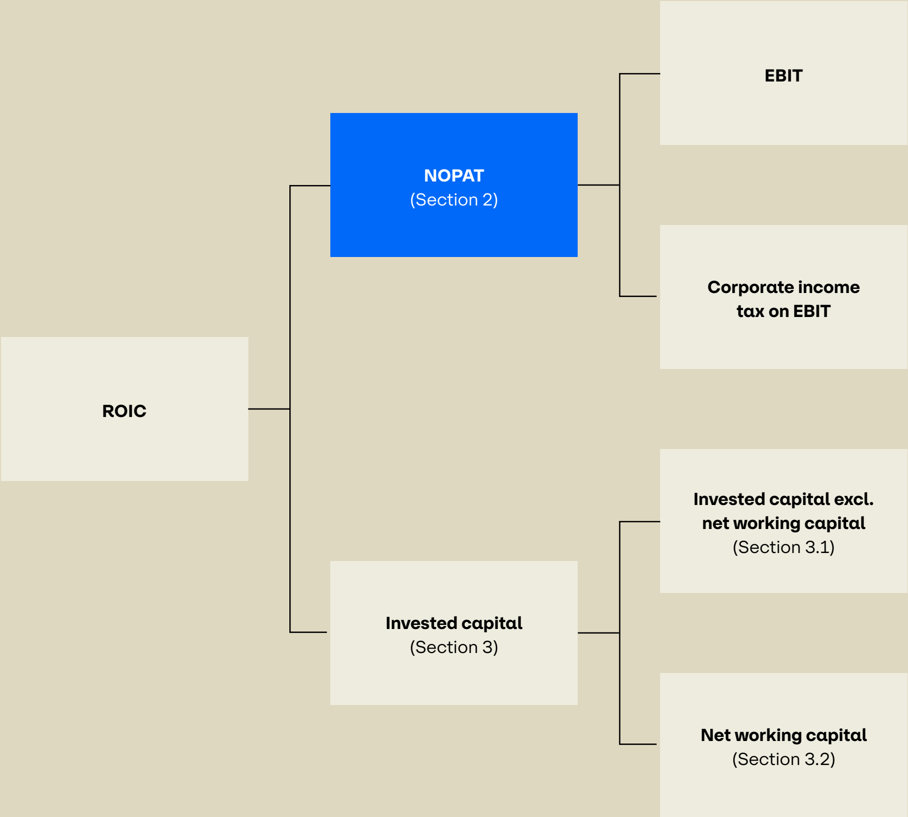
Descriptions of the significant accounting estimates and judgements are included in the notes to which they relate.

2. Net Operating Profit After Tax (NOPAT)

Return on invested capital (ROIC) is a strategic key ratio to DFDS when measuring the financial performance of our business. DFDS' return target goal is a ROIC of around 10% by the end of 2026.

This section provides the notes of the main components that forms the basis of Net operating profit after tax (NOPAT) which is a measure of profit that excludes the costs and tax benefit of debt financing by measuring the earnings before interest and taxes (EBIT) adjusted for corporate income tax on EBIT.

Together with invested capital, NOPAT forms the basis of the ROIC calculation. Reference is made to section 3.



DKK million	Note	**2023**	2022
Revenue	2.1, 2.2	27,304	26,873
Costs:			
Ferry and other ship operation and maintenance	2.3	-5,485	-6,426
Port terminal operations		-3,264	-3,090
Transport and warehouse solutions		-6,743	-6,657
Employee costs	2.4	-5,572	-4,726
Cost of sales, general and administration		-1,206	-1,000
Operating profit before depreciation (EBITDA)		**5,034**	**4,974**
Share of profit/loss of associates and joint ventures		-26	-14
Profit on disposal of non-current assets, net		111	14
Depreciation and impairment on tangibles and right-of-use assets		-2,615	-2,371
Operating profit before amortisation (EBITA)		**2,504**	**2,603**
Amortisation and impairment losses, intangibles	2.5	-178	-135
Operating profit (EBIT)		**2,326**	**2,468**
Corporate income tax on EBIT [1]		-148	-162
Net Operating Profit After Tax (NOPAT)		**2,178**	**2,306**
Net Operating Profit After Tax (NOPAT) before acquisition intangibles		**2,356**	**2,393**
Return on invested capital (ROIC)		**7.6%**	**8.7%**
Return on invested capital (ROIC) before acquisition intangibles		**10.4%**	**11.7%**

1 Corporate income tax is calculated for each entity within the Group following the tax legislation and current tax rate in each tax jurisdiction adjusted by the tax effect from financial items. The amounts per entity are then consolidated.

2.1 Segment information

The segments together with allocation of operating profit, assets and liabilities etc. are identical with the internal reporting structure of the Group. Management has defined the Groups' business segments based on the reporting regularly presented to the Group Executive Management, which also forms the basis for management decisions. Segment performance is evaluated by management based on EBITDA and EBIT.

The costs of the segments are the directly recorded costs including systematically allocated indirect costs, primarily concerning Group functions.

Non-allocated costs reflect the general functions which cannot reasonably be allocated to the segments. The costs consist primarily of costs concerning the Group Executive Management and Board of Directors but also Group functions such as treasury, investor relations, legal, procurement, communication, finance as well as certain Group projects. In addition, the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length terms.

Segment assets include assets which are directly related to the segment such as non-current intangibles, non-current tangibles, other non-current and right-of-use assets, inventories, receivables, prepayments, and cash. Segment liabilities include current and non-current liabilities.

Ferry Division operates ferry routes in and around Europe transporting freight units, mainly trailers, and passengers.

The routes deploy a mix of freight ferries, freight and passenger ferries as well as passenger cruise ferries. In addition, port terminals are owned and/or operated at strategic hubs of the route network. The freight customers are mainly forwarders and hauliers as well as manufacturers of heavy industrial goods. The main passenger customer groups are passengers travelling with own cars, mini cruise passengers, tour operators, and business conferences.

Logistics Division provides transport solutions for full- and part loads as well as contract logistics solutions, including warehousing and transport of frozen meat and fish (Cold Chain). The customers are primarily manufacturers of industrial goods and consumables as well as retailers.

				2023
DKK million	Ferry Division	Logistics Division	Non-allocated	Total
External revenue	15,271	12,008	25	27,304
Intragroup revenue	1,222	88	704	2,013
Revenue	16,493	12,096	729	29,317
Operating costs, external	-12,054	-9,408	-808	-22,270
Intragroup operating costs	-531	-1,415	-67	-2,013
Operating profit before depreciation and amortisation (EBITDA)	**3,907**	**1,273**	**-146**	**5,034**
Operating profit before amortisation (EBITA)	**2,131**	**560**	**-187**	**2,504**
Operating profit (EBIT)	**2,094**	**474**	**-242**	**2,326**
Profit before tax				**1,652**
Profit for the year				**1,505**
Capital expenditures of the year	1,189	1,630	87	2,906
Total assets	24,358	9,216	1,299	34,873
Liabilities	12,312	3,274	5,369	20,955

2.1 Segment information (continued)

DKK million	Ferry Division	Logistics Division	Non-allocated	2022 Total
External revenue	15,503	11,352	18	26,873
Intragroup revenue	1,329	71	606	2,006
Revenue	16,831	11,423	624	28,879
Operating costs, external	-12,353	-8,887	-660	-21,899
Intragroup operating costs	-494	-1,471	-40	-2,005
Operating profit before depreciation (EBITDA)	**3,984**	**1,066**	**-76**	**4,974**
Operating profit before amortisation (EBITA)	**2,194**	**526**	**-117**	**2,603**
Operating profit (EBIT)	**2,156**	**474**	**-161**	**2,468**
Profit before tax				**2,139**
Profit for the year				**2,019**
Capital expenditures of the year	2,064	966	131	3,162
Investments in associates and joint ventures	8	3	0	11
Total assets	25,415 [1]	6,966 [1]	1,703	34,084
Liabilities	12,234	3,127	5,588	20,949

Geographical breakdown
The Group does not have a natural geographic split on countries since the Group is based on a connected route network in primarily Northern Europe and the Mediterranean. The routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. Consequently, it is not possible to present a meaningful split of revenues and non-current assets by country.

The split is therefore presented by the sea and geographical areas in which DFDS operates. The geographical split of revenue is shown in the revenue note. Reference is made to note 2.2.

The applied split results in seven geographical areas: North Sea, Mediterranean, Baltic Sea, English Channel, Continent, Nordic and UK/Ireland. As a consequence of the Group's business model, the routes do not directly own the ferries, but charter the ferries from a Group internal vessel pool.

The ferries are frequently moved within the Group's routes. Furthermore, certain non-current assets such as IT-software and headquarter owned corporate assets are for the benefit for the entire Group. It is therefore not possible to meaningfully estimate the exact value of the non-current assets per geographical area. Instead, an allocation has been used.

DKK million	North Sea	Mediter-ranean	Baltic Sea	English Channel	Continent	Nordic	UK/ Ireland	Total
2023								
Non-current assets	8,571	8,748	2,664	2,371	2,437	1,833	2,294	**28,918**
2022								
Non-current assets	9,171	8,924	2,604	2,473	2,264	1,612	1,094	**28,141**

§ **Accounting policies**
The segment information has been compiled in conformity with the Group's accounting policies and is in accordance with the internal management reports.

1 Comparison figures have been restated as part of goodwill from a prior acquisition has been reallocated from Logistics Division to Ferry Division.

2.2 Revenue

DKK million	Ferry Division	Logistics Division	Non-allocated	2023 Total
Geographical markets				
North Sea	5,700	-	0	5,700
Mediterranean	4,624	-	0	4,624
Baltic Sea	1,256	-	0	1,256
Continent	-	4,844	0	4,844
Nordic	-	3,857	0	3,857
UK/Ireland	3,691	3,308	0	6,998
Other	-	-	25	25
Total	**15,271**	**12,008**	**25**	**27,304**
Product and services				
Seafreight and shipping logistics solutions	9,939	1	0	9,940
Transport solutions	705	11,691	0	12,396
Passenger seafare and onboard sales	3,568	0	0	3,567
Terminal services	588	7	0	595
Charters including related income	363	0	0	363
Agency and other revenue	108	310	25	442
Total	**15,271**	**12,008**	**25**	**27,304**

DKK million	Ferry Division	Logistics Division	Non-allocated	2022 Total
Geographical markets				
North Sea	5,630	-	0	5,630
Mediterranean	4,471	-	0	4,471
Baltic Sea	1,496	-	0	1,496
Continent	-	4,416	0	4,416
Nordic	-	4,418	0	4,418
UK/Ireland	3,906	2,518	0	6,424
Other	-	-	18	18
Total	**15,503**	**11,352**	**18**	**26,873**
Product and services				
Seafreight and shipping logistics solutions	10,425	27	0	10,452
Transport solutions	595	10,820	0	11,415
Passenger seafare and onboard sales	2,982	0	0	2,982
Terminal services	953	6	0	959
Charters including related income	331	0	0	331
Agency and other revenue	216	498	18	733
Total	**15,503**	**11,352**	**18**	**26,873**

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities). Revenue from leasing activities amounts to DKK 405m (2022: DKK 374). Onboard sales amounts to DKK 1,656m (2022: DKK 1,327m).

Typically, payment is due upon or after completion of the services in the logistics division and at the start of the journey in the ferry division.

2.2 Revenue (continued)

§ **Accounting policies**
Revenue from transport of passengers, freight and from rendering terminal and warehouse services etc., is recognised in the income statement at the time of delivery of the service to the customer, which is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled following the “over-time principle”. Some of the ferry and freight transports have a series of performance obligations, but as the duration of these transports are short term the impact from splitting these contracts into “distinct services” will not have material impact. Most transports carried out by the Ferry Division are characterised by short delivery time (most sailings are less than 30 hours while sailings to/from Türkiye are up to 72 hours). Transports carried out by the Logistics Division can be over a longer period.

Revenue from chartering out ferries is recognised straight line over the duration of the agreement. Onboard sales is recognised at a “point in time”. Revenue is measured at fair value excluding value added tax and after deduction of trade discounts. Trade receivables are not adjusted for any financing component when recognised. The general credit terms are following market terms.

Accounting estimates and judgements are made in order to determine time of delivery and accrue for relevant income along with evaluation of pricing. These accounting estimates and judgements are based on experience and historical sales figures along with a continuous follow-up on service delivered.

2.3 Costs

DKK million	**2023**	2022
Ferry and other ship operation and maintenance:		
Ferry and other ship costs including charter related cost	-2,316	-2,329
Bunker	-3,169	-4,097
Total ferry and other ship operation and maintenance	**-5,485**	**-6,426**

§ **Accounting policies**
Ferry and other ship costs comprise costs of sales related to catering as well as maintenance and daily running costs of ferries and other ships. Bunker consumption includes hedging. Write-downs and realised losses on trade receivables are included in ferry and other ship operation and maintenance. Port terminal operations and Transport solutions and warehouse solutions are costs related to land-based activities such as stevedoring, terminal, and haulage costs. Costs of sales and administration comprise costs of sales, marketing, and administration.

2.4 Employee costs

DKK million	**2023**	2022
Wages, salaries and remuneration	-4,604	-3,844
Hereof capitalised employee costs	44	47
Defined contribution pension plans	-211	- 185
Defined benefit pension plans	-8	- 14
Other social security costs	-414	-372
Share based payment	-28	-30
Other employee costs	-352	-333
Government grants (Covid-19)	2	5
Total employee costs	**-5,572**	**-4,726**
Full time equivalents (FTE), average	13,191	11,510

Reference is made to note 3.2.4 for detailed information on pension plans, note 5.1 for detailed information on remuneration of Management and note 5.3 for detailed information on the Group’s share based payment schemes.

§ **Accounting policies**
Wages, salaries, social security contributions, pension contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees.

2.5 Amortisation, depreciation, and impairment losses for the year

DKK million	2023	2022
Amortisation and depreciation for the year:		
Software	-64	-48
Port concession rights etc.	-35	-35
Other non-current intangible assets	-78	-52
Total amortisation for the year	**-178**	**-135**
Land & Buildings	-26	-15
Terminals	-67	-59
Ferries and other ships	-1,060	-927
Equipment etc.	-432	-328
Right-of-use assets	-1,030	-1,042
Total depreciation for the year	**-2,615**	**-2,371**
Total amortisation and depreciation for the year	**-2,793**	**-2,505**
Impairment losses for the year:		
Equipment etc.	0	-1
Total impairment	**0**	**-1**
Total amortisation, depreciation and impairment losses for the year	**-2,793**	**-2,505**

§ **Accounting policies**
Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets. Reference is made to note 3.1.1, 3.1.2 and 3.1.3.

2.6 Tax

DKK million	2023	2022
Tax in the income statement:		
Current tax	-131	-188
Movement in deferred tax for the year	13	8
Adjustment to corporation tax in respect of prior years and one-offs	-23	4
Adjustment to deferred tax in respect of prior years	0	17
Effect of change in corporate income tax rate	-1	-3
Reversal of write-down of deferred tax assets	0	10
Tax for the year	**-142**	**-152**
Tax for the year is recognised as follows:		
Tax in the income statement	-148	-120
Tax in Other comprehensive income	6	-32
Tax for the year	**-142**	**-152**
Tax in the income statement can be specified as follows:		
Profit before tax	1,652	2,139
Income subject to tonnage tax	-1,796	-1,696
Profit before tax subject to corporate income tax	**-144**	**443**
22% tax of profit before tax	32	-97
Adjustment of calculated tax in foreign subsidiaries compared to 22%	16	-5
Tax effect of:		
Non-taxable/non-deductible items	-115	-40
Tax asset for the year, not recognised	-60	-10
Utilisation of non-capitalised tax assets	6	3
Adjustments of tax in respect of prior years and one-offs	-23	32
Corporate income tax	**-144**	**-117**
Tonnage tax	-4	-3
Total tax in the income statement	**-148**	**-120**
Effective tax rate (%)	8.9	5.6
Effective tax rate before adjustment of prior years' tax and one-offs (%)	7.5	7.1
Tax in Other comprehensive income can be specified as follows:		
Corporate income tax	0	-31
Movement deferred tax	6	-1
Total tax in Other comprehensive income	**6**	**-32**

2.6 Tax (continued)

The majority of the ferry activities performed in the Danish, Turkish, French and Lithuanian enterprises in the Group are included in local tonnage tax schemes where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year and not the actual profits generated. Taxable income related to other activities is taxed according to the normal corporate income tax rules and at the standard corporate tax rates.

In 2023, the Group realised a total effective tax rate adjusted for prior years' tax and one-offs of 7.5% (2022: 7.1%). Addition on acquisition of enterprises primarily relates to the acquisition of the McBurney group and the Estron group in 2023.

DFDS A/S and its Danish subsidiaries are subject to compulsory joint taxation with Lauritzen Fonden Holding ApS and its Danish controlled enterprises. Lauritzen Fonden Holding ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises. In accordance with the Danish rules on joint taxation, DFDS A/S and its Danish subsidiaries are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

DKK million						**2023**
Deferred tax	**Ferries and other ships**	**Land and buildings, terminals and other equipment**	**Provi-sions**	**Tax loss carried forward**	**Other**	**Total**
Deferred tax at 1 January	134	223	-9	-31	-7	**310**
Foreign exchange adjustments	0	1	0	0	0	**1**
Impact from change in corporate income tax rate	0	1	1	-1	0	**1**
Addition on acquisition of enterprises	0	45	-4	-5	53	**89**
Recognised in the income statement	-7	5	4	-17	8	**-7**
Recognised in other comprehensive income	0	0	-6	0	0	**-6**
Adjustment regarding prior years recognised in the income statement	0	-2	0	1	1	**0**
Utilisation of tax losses between jointly taxed companies	0	0	0	-1	1	**0**
Deferred tax at 31 December	**127**	**273**	**-14**	**-54**	**56**	**388**

DKK million						2022
Deferred tax	**Ferries and other ships**	**Land and buildings, terminals and other equipment**	**Provi-sions**	**Tax loss carried forward**	**Other**	**Total**
Deferred tax at 1 January	154	180	-1	-18	19	**334**
Foreign exchange adjustments	-12	-2	0	1	0	**-13**
Impact from change in corporate income tax rate	0	7	1	-5	0	**3**
Addition on acquisition of enterprises	0	19	0	0	0	**19**
Recognised in the income statement	-8	3	4	-11	7	**-5**
Recognised in other comprehensive income	0	0	-14	11	0	**-3**
Adjustment regarding prior years recognised in the income statement	0	16	-3	-1	-33	**-21**
Adjustment regarding prior years recognised in other comprehensive income	0	0	4	0	0	**4**
Utilisation of tax losses between jointly taxed companies	0	0	0	2	0	**2**
Reversal of write-down of deferred tax assets	0	0	0	-10	0	**-10**
Deferred tax at 31 December	**134**	**223**	**-9**	**-31**	**-7**	**310**

DKK million	**2023**	2022
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	-79	-49
Deferred tax liabilities	467	359
Deferred tax at 31 December, net	**388**	**310**

The Group has unrecognised tax losses carried forward of DKK 1,429m with a tax value of DKK 333m (2022: tax losses of DKK 803m, tax value of DKK 185m). Of the unrecognised tax losses carried forward of DKK 1,429m (2022: DKK 803m) DKK 1,332m expires within the next five years (2022: DKK 759m) and DKK 97m expires after more than five years (2022: DKK 44m). The tax losses of DKK 1,429m (2022: DKK 803m) have not been recognised as it has been assessed that the losses cannot be utilised in the foreseeable future.

The Group is liable to a contingent tax that may arise at the withdrawal from tonnage taxation schemes. The Group controls the withdrawal and has no plans to withdraw from the schemes and consequently no deferred tax has been recognised.

The Group is within the scope of the OECD Pillar II model rules regarding minimum taxation of 15%. The rules were implemented throughout EU in 2023 with effect from 1 January 2024. Since the Pillar II legislation was not effective on the reporting date, the Group has no related current tax exposure. Under the legislation, the Group is liable to pay a top-up tax for the difference between the effective tax rate per jurisdiction calculated as per Pillar II legislation and the 15% minimum rate. Since income from shipping is excluded from the minimum taxation rules, the rules are not expected to have any material impact for the Group. Furthermore, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes, as provided in the amendments to IAS 12 in May 2023.

Significant accounting estimates

Deferred tax assets, including the tax value of tax losses carried forward, are recognised to the extent that Management assesses that the tax asset can be utilised through positive taxable income in the foreseeable future which usually is within 3-5 years. Judgement is performed annually based on forecasts, business initiatives and likely structural changes for the coming years.

Accounting policies

Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. Additionally, the tax for the year comprises adjustments to prior years' taxes and changes in the assessment of provisions for uncertain tax positions. The tax for the year is recognised in the income statement or in the equity in correlation to the underlying transaction.

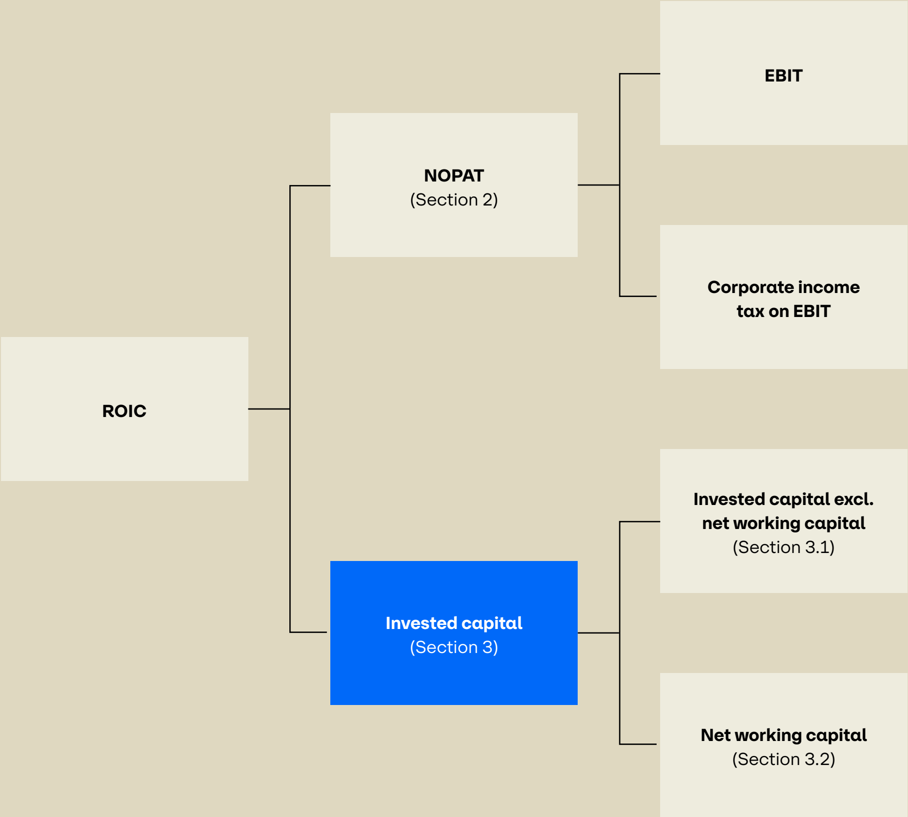
The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to utilise the tax losses to reduce their own taxable profit. Tax computed on the taxable income and tonnage tax for the year is recognised in the balance sheet as payable or receivable corporate tax considering on-account/advance payments.

Deferred tax is provided for using the liability method on temporary differences between the carrying amount and the tax base of the assets and liabilities at the reporting date. However, deferred tax is not recognised on temporary differences relating to non-tax-deductible goodwill that arose on acquisition date without impacting the result or taxable income. Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to crystallise. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses, can be utilised in the foreseeable future. The carrying amount is reviewed at each reporting date.

Deferred tax is measured based on the expected use and settlement of the individual assets and liabilities and according to the tax rules and at the known tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Uncertain tax positions are measured, depending on the type, either as a probability-weighted average of possible outcomes or as the most likely outcome. Uncertain tax positions are recognised either as payable/receivable tax and/or as deferred tax assets/liabilities.

3. Invested capital

Invested capital is a key component when calculating ROIC. Reference is made to section 2 for more details about NOPAT. The following section provides the notes of the main components that forms basis of the Invested capital being Net working capital (non-interest-bearing current assets minus non-interest bearing current liabilities plus non-current prepaid costs minus pension and jubilee liabilities and other provisions) plus non-current intangible and tangible assets. Furthermore, notes that are closely related to the Non-current intangible, tangible assets, and right-of use assets such as Impairment testing is also included in this section



DKK million	Note	**2023**	2022
Invested capital excluding net working capital:			
Non-current intangible assets	3.1.1	7,136	6,444
Non-current tangible assets	3.1.2	15,717	16,549
Right-of-use assets	3.1.3	5,826	4,648
Investments in associates and joint ventures		0	11
Invested capital excluding net working capital		**28,680**	**27,651**
Net working capital:			
Receivables (excluding interest-bearing receivables)	3.2.1	4,460	4,031
Inventories	3.2.2	339	324
Prepaid costs		402	492
Derivatives related to operating activities, financial assets measured at fair value	4.2	56	102
Derivatives related to operating activities, financial liabilities measured at fair value	4.2	-18	-40
Pension assets	3.2.4	0	0
Pension and jubilee liabilities	3.2.4	-90	-88
Other provisions	3.2.5	-134	-96
Trade payables		-3,461	-3,661
Corporation tax		-83	-170
Other payables	3.2.3	-904	-768
Prepayments from customers		-251	-223
Net working capital		**316**	**-98**
Invested capital		**28,996**	**27,554**
Average invested capital		**28,275**	**26,523**

3.1 Invested capital excluding net working capital

3.1.1 Non-current intangible assets

DKK million 2023	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2023	4,522	1,213	773	721	12	7,241
Foreign exchange adjustments	16	0	7	0	0	24
Addition on acquisition of enterprises	528 [1]	0	227 [2]	7	0	762
Additions	0	0	0	1	82 [3]	83
Disposals	0	0	1	-51	0	-50
Transfers	0	0	0	79	-77	3
Cost at 31 December 2023	**5,066**	**1,214**	**1,008**	**758**	**17**	**8,063**
Amortisation and impairment losses at 1 January 2023	115	187	98	397	0	797
Foreign exchange adjustments	-1	0	1	0	0	0
Amortisation charge	0	35	78	64	0	178
Disposals	0	0	1	-51	0	-50
Transfers	0	0	0	1	0	1
Amortisation and impairment losses at 31 December 2023	**114**	**223**	**178**	**412**	**0**	**926**
Carrying amount at 31 December 2023	**4,952**	**990**	**831**	**346**	**17**	**7,136**

The carrying amount of completed software and development projects in progress primarily relates to a Passenger booking system, a Transport Management System, an onboard sales system, an ERP system, and various digital products.

For information regarding the impairment tests reference is made to note 3.1.4.

DKK million 2022	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2022	4,400	1,213	656	663	14	6,947
Foreign exchange adjustments	-22	0	-3	0	0	-25
Addition on acquisition of enterprises	144 [4]	0	130 [5]	0	0	274
Additions	0	0	0	1	70 [6]	70
Disposals	0	0	-9	-15	0	-25
Transfers	0	0	0	73	-72	0
Cost at 31 December 2022	**4,522**	**1,213**	**773**	**721**	**12**	**7,241**
Amortisation and impairment losses at 1 January 2022	120	152	57	365	0	694
Foreign exchange adjustments	-5	0	-2	0	0	-7
Amortisation charge	0	35	52	48	0	135
Disposals	0	0	-9	-15	0	-25
Amortisation and impairment losses at 31 December 2022	**115**	**187**	**98**	**397**	**0**	**797**
Carrying amount at 31 December 2022	**4,407**	**1,026**	**676**	**324**	**12**	**6,444**

1 Relates to acquisition of McBurney Transport Group (DKK 446m), Estron Group (DKK 77m) and DR Macleod (DKK 5m)
2 Primarily relates to acquisition of McBurney Transport Group
3 Primarily relates to the implementation of an ERP system
4 Reference made to note 5.5
5 Relates to additions of Lucey Transport (DKK 111m) and ICT Logistics (DKK 19m)
6 Primarily relates to the implementation of an ERP system

3.1.1 Non-current intangible assets (continued)

Recognised goodwill is attributable to the following cash generating units:

DKK million	2023	2022
Ferry:		
North Sea, Baltic Sea and Mediterranean	3,384	3,321 [1]
Logistics:		
Dry Goods	448	427
Cold Chain	1,120	659 [1]
Total	**4,952**	**4,407**

§ **Accounting policies**

Non-current intangible assets - Other than goodwill
Generally, the following applies unless otherwise stated:

- Assets are measured at cost less accumulated amortisation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries, and interests paid as from the time of payment until the date when the asset is available for use.
- The assets are amortised on a straight-line basis over the estimated useful life.
- The effect from changes in amortisation period or the residual value is recognised prospectively as a change in the accounting estimate.

Goodwill
At initial recognition goodwill is recognised in the balance sheet at cost, as described in note 5.5 'Business-combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised. An impairment test is performed at least once a year together with other non-current assets of the Group. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition.

§ **Accounting policies** (continued)

Development projects in progress
Development projects in progress, primarily development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- The projects are clearly defined and identifiable.
- The Group intends to use the projects once completed.
- The future earnings from the projects are expected to cover the development and administrative costs, and
- The costs can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, but in certain cases up to 10 years (the latter applies to significant internally developed commercial and operational systems).

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar, identified as part of business combinations, and which has definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, except from customer portfolio which is up to 15 years.

Port concession rights
Port concession rights comprise the value of access to strategically placed ports which is recognised at their fair value at the acquisition date. Acquired port concession rights are amortised over the concession period.

1 Comparison figures have been restated as part of goodwill from a prior acquisition has been reallocated from Logistics Division to Ferry Division.

3.1.2 Non-current tangible assets

DKK million 2023	Land and buildings	Terminals	Ferries and other ships	Equip-ment etc.	Assets under con-struction and pre-payments	Total
Cost at 1 January 2023	616	1,395	22,372	3,020	369	27,771
Foreign exchange adjustments	7	8	22	17	1	54
Addition on acquisition of enterprises	150	0	0	318	18	486
Additions	11	31	21	203	1,309	1,575
Disposals	0	-3	-1,631 [1]	-211	-12	-1,857
Transfers	79	22	852	298	-1,269	-18
Cost at 31 December 2023	**862**	**1,453**	**21,636**	**3,645**	**415**	**28,012**
Depreciation and impairment losses at 1 January 2023	57	559	9,186	1,420	0	11,222
Foreign exchange adjustments	1	5	5	9	0	19
Depreciation charge	26	67	1,060	432	0	1,585
Disposals	0	-1	-361 [1]	-152	0	-514
Transfers	20	0	-36	-3	0	-18
Depreciation and impairment losses at 31 December 2023	**104**	**630**	**9,854**	**1,706**	**0**	**12,294**
Carrying amount at 31 December 2023	**759**	**823**	**11,782**	**1,939**	**415**	**15,717**

DKK million 2022	Land and buildings	Terminals	Ferries and other ships	Equip-ment etc.	Assets under con-struction and pre-payments	Total
Cost at 1 January 2022	482	1,230	20,218	2,486	1,368	25,785
Foreign exchange adjustments	-14	-16	-147	-33	-2	-211
Addition on acquisition of enterprises	3	0	0	24	0	28
Additions	71	49	313	340	2,017	2,790
Disposals	-11	0	-453	-160	-1	-625
Transfers	85	132	2,440 [2]	363	-3,014	5
Cost at 31 December 2022	**616**	**1,395**	**22,372**	**3,020**	**369**	**27,771**
Depreciation and impairment losses at 1 January 2022	55	512	8,760	1,197	0	10,522
Foreign exchange adjustments	-2	-11	-87	-17	0	-117
Depreciation charge	15	59	927	328	0	1,328
Disposals	-11	0	-413	-90	0	-514
Transfers	0	0	0	1	0	1
Depreciation and impairment losses at 31 December 2022	**57**	**559**	**9,186**	**1,420**	**0**	**11,222**
Carrying amount at 31 December 2022	**559**	**836**	**13,186**	**1,600**	**369**	**16,549**

1 Primarily related to sale and lease back: Hollandia Seaways, Humbria Seaways, Flandria Seaways
2 Primarily relates to delivery of two new vessels.

Significant accounting estimates

Assessment of useful life and residual values
Estimation of useful lives is based on experience. When there is an indication of a change in an asset's useful life, Management revises the estimates for individual assets or groups of assets with similar characteristics due to factors such as quality of maintenance and repair, technical development, or environmental requirements.

Management has also considered the impact of decarbonisation and climate-related risks on useful lives of existing assets. Such risks include new climate-related legislation restricting the use of certain assets, new technology demanded by climate-related legislation, and the increase in restoration costs for terminal sites due to change in legislation. Residual values of ferries are estimated based on steel prices.

3.1.2 Non-current tangible assets (continued)

§ **Accounting policies**

Non-current tangible assets
The following applies unless otherwise stated:

- Assets are measured at cost less accumulated depreciation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries and interests paid as from the time of payment until the date when the asset is available for use. The cost price also comprises gains and losses on transactions designated as hedges.
- The basis for depreciation is determined as the cost less estimated residual value.
- The assets are depreciated on a straight-line basis over the estimated useful life to the estimated residual value.
- Estimated useful life and estimated residual values are reassessed at least once a year. In estimating the estimated useful life for ferries and other ships it is taken into consideration that DFDS continuously is spending substantial funds on ongoing maintenance.
- The effect from changes in depreciation period or the residual value is recognised prospectively as a change in the accounting estimate.

Ferries and other ships
The rebuilding/upgrade of ferries and other ships is capitalised if the rebuilding/upgrade can be attributed to:

- Safety measures.
- Measures to extend the useful life of the ferries and other ships.
- Measures to reduce climate impact.
- Measures to improve earnings.
- Docking.

Maintenance and daily running costs for the ferries and other ships are expensed in the income statement as incurred. Docking costs are capitalised and depreciated on a straight-line basis until the ferries' or ships' next docking. In most cases, the docking interval is 2 years for passenger cruise ferries and 2½ years for freight and passenger ferries as well as freight ferries.

Gains or losses on the disposal of ferries and other ships are calculated as the difference between the sales price less sales costs and the book value at disposal date. Gains or losses on the disposal of ferries and other ships are recognised when control have transferred to the buyer and are presented in the income statement as 'Profit on disposal of non-current assets, net'.

§ **Accounting policies** (continued)

Passenger cruise ferries and freight and passenger (ro-pax) ferries
Due to differences in the wear of certain components of passenger cruise ferries and ro-pax ferries, the cost of these ferries is divided into components with low wear, such as hull and engine, and components with high wear, such as parts of the hotel, catering/restaurants, and shop areas.

Freight ferries (ro-ro)
The cost of freight ferries is not divided into components as there is no material difference in the wear of the various components of freight ferries.

Depreciation – expected useful life and residual value
The depreciation period for components with low wear is 35 years for both ro-pax and ro-ro ferries from the year in which the ferry was built. The depreciation period for passenger cruise ferries is 45 years. The residual value of ferries is estimated as the expected fair value at the end of their useful lifetime.

Management has also considered the impact of decarbonisation and climate-related risks on the useful lives of existing assets. Such risks include new climate-related legislation restricting the use of certain assets, new technology demanded by climate-related legislation, and the increase in restoration costs for terminal sites due to new and/or more comprehensive policies.

Other non-current tangible assets
Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment, and leasehold improvements.

The estimated useful lifetimes are as follows:

- Buildings 25-50 years
- Terminals etc. 10-40 years
- Equipment etc. 4-10 years
- Leasehold improvements Max. depreciated over the term of the lease

Gains or losses arising from the disposal of other non-current tangible assets are calculated as the difference between the sales price less sales costs and the book value at disposal date. Gains or losses on the disposal of these non-current assets are recognised in the income statement as 'Profit on disposal of non-current assets, net'.

3.1.3 Right-of-use assets and lease liabilities

The Group has lease contracts for various items of land & buildings, terminals, ferries, equipment etc. in its operations. The Group's obligations under the leases are secured by the lessors' title to the leased assets. Several lease contracts include extension and termination options, options are negotiated by Management to provide flexibility in managing the asset portfolio. Some lease contracts include variable lease payments, which are further described below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

DKK million 2023	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2023	951	2,921	1,891	757	6,520
Foreign exchange adjustments	10	29	-7	5	38
Addition on acquisition of enterprises	274[1]	0	0	54[1]	327
Additions/Remeasurement	279	294	1,006[2]	328	1,906
Disposals	-13	-2	-166	-218	-400
Transfer	23	-23	0	-17	-17
Cost at 31 December 2023	**1,523**	**3,219**	**2,723**	**909**	**8,374**
Depreciation and impairment losses at 1 January 2023	252	765	534	320	1,872
Foreign exchange adjustments	4	9	-5	2	10
Depreciation charge	185	234	417	194	1,030
Disposals	-12	-2	-166	-171	-351
Transfer	8	-7	0	-13	-13
Depreciation and impairment losses 31 December 2023	**437**	**999**	**781**	**333**	**2,548**
Carrying amount at 31 December 2023	**1,086**	**2,220**	**1,943**	**576**	**5,826**

DKK million 2022	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2022	556	2,812	1,486	713	5,567
Foreign exchange adjustments	-24	-70	-10	-11	-114
Addition on acquisition of enterprises	203[3]	0	0	37[3]	240
Additions/Remeasurement	321	181	1,024[4]	183	1,710
Disposals	-106	-3	-609	-160	-878
Transfer	0	0	0	-6	-6
Cost at 31 December 2022	**951**	**2,921**	**1,891**	**757**	**6,520**
Depreciation and impairment losses at 1 January 2022	222	566	619	235	1,642
Foreign exchange adjustments	-11	-20	-5	-7	-42
Depreciation charge	127	222	520	173	1,042
Disposals	-87	-3	-599	-79	-768
Transfer	0	0	0	-1	-1
Depreciation and impairment losses 31 December 2022	**252**	**765**	**534**	**320**	**1,872**
Carrying amount at 31 December 2022	**699**	**2,155**	**1,356**	**437**	**4,648**

1 Addition on acquisitions of enterprises relate to McBurney Transport Group and Estron Group.
2 Addition/remeasurement primarily relates to sale and leaseback of three ferries, as well as two new charter contracts for ferries.
3 Addition on acquisition of enterprises relates to Lucey Transport and ICT Logistics.
4 Addition/remeasurement primarily relates to two charter contracts with a purchase option, as well as other new charter contracts for ferries.

3.1.3 Right-of-use assets and lease liabilities (continued)

Set out in the following are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	2023	2022
As at 1 January	4,705	3,839
Foreign exchange adjustments	13	-34
Addition on acquisition of enterprises	327	240
Additions/Remeasurement	2,012	1,731
Instalments	-935	-963
Disposals	-50	-109
Total lease liabilities at 31 December	**6,072**	**4,705**

Non-discounted lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2023	2022
Within 1 year	1,311	951
1-3 years	2,427	1,293
3-5 years	1,449	1,407
After 5 years	1,952	1,789
Total lease liability, non-discounted	**7,139**	**5,441**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	2023	2022
Non-current liabilities	5,018	3,916
Current liabilities	1,055	788
Total lease liabilities	**6,072**	**4,705**

The following amounts are recognised in the income statement:

DKK million	2023	2022
Expenses relating to short-term leases (included in costs)	-1	-2
Expenses relating to low-value assets (included in costs)	-27	-28
Variable lease payments (included in costs)	-94	-86
Depreciation, ships	-417	-520
Depreciation, other non-current assets	-613	-522
Interest expenses on lease liabilities	-217	-130
Gain arising from sale and leaseback transactions	95	0
Total amount recognised in the income statement	**-1,275**	**-1,288**

The following amounts from leases are recognised in the statement of Cash flows:

DKK million	2023	2022
Cash flows from operating activities, gross	-122	-116
Interest etc., paid	-217	-130
Cash flows from operating activities, net	-338	-246
Cash flows from financing activities, net	-935	-963
Total cash outflows from leases	**-1,273**	**-1,209**

In 2023 the Group has paid DKK 1,151m (2022: DKK 1,093m) regarding lease agreements whereof interest expenses related to lease liabilities amount to DKK 217m (2022: DKK 130m), and instalment of lease liability amounts to DKK 935m (2022: DKK 963m).

At 31 December 2023 the Group was committed to short term and low-value leases for an amount of DKK 90m (2022: DKK 76m).

The Group has two terminal lease contracts that contains variable payments based on the number of transferred units. The terms align the lease expense with the units transferred and revenue earned. The following provides information on the Group's variable lease payments in relation to fixed payments:

DKK million	Fixed payments	Variable payments	2023	Fixed payments	Variable payments	2022
Lease payments	135	49	184	125	44	169
Variable rent only	-	45	45	-	42	42
Total 31 December	**135**	**94**	**228**	**125**	**86**	**211**

A 10% increase in units transferred would increase total lease payments by 7%. The Group has lease contracts for ferries and terminals that include extension and termination options. These options provide flexibility in managing the leased asset portfolio and align with the Group's business needs.

In 2023, DFDS entered into an agreement to sell and leaseback three freight ferries for a total sales price of DKK 1,466m which entailed a gain in the income statement of DKK 95m. The transaction improves financial flexibility by releasing cash and lowering the asset ownership share. The leasing period is five years starting from the day of delivery which is expected this week. The agreement includes a right of first refusal to purchase the ferries during the leasing period.

3.1.3 Right-of-use assets and lease liabilities (continued)

Group as a lessor
Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating lease commitments (lessor)

DKK million	2023	2022
Minimum lease payments (income)		
Ferries		
Within 1 year	312	312
1-3 years	442	577
3-5 years	0	177
After 5 years	0	0
Total	**754**	**1,066**

The specified minimum payments are not discounted. Operating lease and rental income recognised in the income statement amount to DKK 405m in 2023 (2022: DKK 374m). The contracts are entered into on normal conditions.

Significant accounting estimates and judgements

Extension options
The Group has entered into lease agreements for ferries with extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised and, in that connection, considers all relevant factors that create an economic and strategic incentive for it to exercise the extension option.

Management has also considered the impact of decarbonisation and climate-related risks on assessing the likelihood of extending lease agreements. Such risks include new climate-related legislation restricting the use of certain assets and new technology demanded by climate-related legislation.

Lessor (lease out)
The Group has entered into operating lease agreements for ferries under usual terms and conditions for such agreements. At inception of each individual agreement, Management assesses and determines whether the agreement is a finance or an operating leasing agreement.

§ **Accounting policies**

Group as lessee (lease in)
The right-of-use asset and corresponding lease liability is recognised at the commencement date, i.e. the date the underlying asset is ready for use. Right-of-use assets are measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments including dismantling and restoration costs. The lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using DFDS' incremental borrowing rate.

Depreciation follows the straight-line method over the lease term or the useful life of the right-of-use assets, whichever is shortest. However, for one terminal the depreciation is based on volumes handled in the terminal.

The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. If the contract holds an option to purchase, extend or terminate a lease and it is reasonably certain to be exercised by the Group, the lease liability will include those. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

The Group applies the short-term lease recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets except for terminals and ferries and other ships, and the exemption for lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term. For all classes of assets, except for terminals, non-lease components, i.e., the service element, is not separated from the lease components and thereby form part of the right-of-use asset and lease liability recognised in the balance sheet.

For contracts with a rolling term (evergreen leases), the Management exercises judgement in determining useful lifetime of the underlying right-of-use asset.

As from 1 January 2024 the Group will changed its accounting policies regarding short-term leases for ferries and other ships as well as accounting treatment of the non-lease components. Please refer to section 1.2 "New accounting policies and disclosures".

Group as lessor (lease out)
For accounting purposes, assets leased out are divided into finance and operating leases. In respect of assets leased out on a finance lease, an amount equal to the net present value of the future lease payments is recognised in the balance sheet as a lease receivable from lessee. The asset leased out is reclassified from non-current asset to leases receivables and any gain or loss arising from this is recognised in the income statement. Lease income from assets leased out on an operating lease is recognised in the income statement on a straight-line basis over the lease term.

3.1.4 Impairment testing

Introduction
DFDS performs impairment test of goodwill once a year, or sooner if impairment indication arises. Additionally, the impairment assessment covers the Oslo-Frederikshavn-Copenhagen (OFC) route, to which no goodwill is allocated, but where assets – other than goodwill - have been impaired in prior periods. Furthermore, impairment tests are performed for CGU's with impairment indicators or indicators of reversal of impairment.

Cash-generating units (CGU)
The breakdown into cash-generating units takes its starting point in the internal structure of the two segments, Ferry and Logistics, and their operating areas, including the strategic, operational, and commercial management and control of these, both separately and across business units, and the nature of the customer services provided.

Based on this, the following six cash-generating units have been identified:

Ferry CGU:
- The operating areas North Sea, Baltic Sea and Mediterranean (include goodwill of DKK 3,384m)
- The English Channel
- The Oslo – Frederikshavn - Copenhagen (OFC) route
- The Amsterdam – Newcastle route

Logistics CGU:
- Dry Goods (includes goodwill of DKK 448m)
- Cold Chain (includes goodwill of DKK 1,120m)

Intangible and tangible assets as well as right-of-use assets are assigned to the above-mentioned cash-generating units unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot be assigned with reasonable certainty to one or more of the above cash-generating units are tested for impairment as a non-allocated Group asset, i.e., based on the Group earnings.

The determination of cash-generating units differs based on the business area. Most of the freight ferries in North Sea, Baltic Sea and Mediterranean are interchangeable with each other. Where and how the fleet of ferries is deployed is centrally decided. Consequently, these areas are tested for impairment as a single cash-generating unit. Conversely, the vessels servicing the English Channel, Oslo-Frederikshavn-Copenhagen and Amsterdam-Newcastle routes are used exclusively in each specific itinerary. Consequently, these areas are considered as separate cash-generating units. Logistics activities are considered two cash-generating units: Cold Chain and Dry Goods based on services provided and equipment used being specific to each business area.

Basis for impairment testing and calculation of recoverable amount
In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its carrying amount. The recoverable amount for the relevant cash-generating units is determined based on value-in-use calculations. If the recoverable amount is less than the carrying amount, the latter is written down to the lower value.

The value-in-use is calculated as the discounted value of the estimated future net cash flows per cash-generating unit. Key parameters for the forecast periods are trends in revenue, EBIT, EBIT margin, future investments, and growth expectations. These parameters are determined specifically for each individual cash-generating unit. Growth is incorporated in forecasts for periods beyond 2024 and in the terminal period with reference to the growth rate and cash flow section below.

Determination of estimated growth rates and cash flow

The expected net cash flows are assessed at CGU level on basis of approved forecasts for 2024 and business plans beyond 2024.

The projections include the estimated impact of long-term strategic decisions and assessment of opportunities for future growth and required investments. For Ferry and Logistics division CGUs which include a terminal period, OECD's prediction for EU long-term consumer price index growth rate of 2.3% has been applied (2022: 3.1%). Further, the uncertainty in the world economy has been incorporated in the forecast for 2024 and onwards. The following assumptions for growth rates have been applied to each CGU.

Ferry (CGUs):

North Sea, Baltic Sea and Mediterranean: For 2025-2028 a growth in EBIT in the range of 5.4% - 13.9% is expected and growth in terminal period of 2.3% (2022 3.1%).

The English Channel: The current overcapacity on the Channel impacts the forecast for 2024 negatively, the overcapacity is untenable, hence it is expected to change in the longer term. Consequently, the growth in EBIT for 2025-2028 is ranging from 3.0% - 32.4% correspoding to a compound annual grotwh rate of 19.0%. A growth in EBIT of 2.3% (2022: 3.1%) is expected in the terminal period.

The Oslo–Frederikshavn-Copenhagen route: although passenger numbers recovered after covid-19, overseas passengers have not fully returned. The expectation for 2024 is a negative EBIT. Management has prepared a range of possible outcomes rather than a single, most likely, outcome. Weights have been applied to the scenarios. The scenarios reflect different operational initiatives, investments, maintenance, and horizons. As a result, no impairment is recognised in 2023 and no impairment losses recognised in prior years have been reversed.

Logistics (CGUs):

The Business unit Dry Goods: growth in EBIT for 2025-2028 in the range of 8.2% - 15.6% and growth in the terminal period of 2.3%.

The Business unit Cold Chain: growth in EBIT for 2025-2028 in the range of 9.8% - 22.2% and growth in terminal period of 2.3%.

The wide span and elevated growth rate should be seen in the light of an expected turnaround in parts of the business with current low performance.

3.1.4 Impairment testing (continued)

Determination of discount rate
The discount rate for the year-end 2023 impairment testing purposes is based on a calculation of DFDS' weighted average cost of capital (WACC). The cost of equity is based on a risk-free rate plus a market risk premium. The risk-free interest rate is based on a 10-year Danish risk-free rate which at the end of 2023 is 3.0% (2022: 2.5%). The market risk premium is calculated as a general equity market risk premium of 5.9% (2022: 5.5%) multiplied by the leveraged beta value for DFDS of 1.26 (2022: 1.71). The leveraged beta value applied at year-end 2023 is calculated by obtaining the unlevered beta value of peer group companies via the Capital IQ database. This beta value is then re-levered in accordance with the Group's current capital structure. The cost of debt is based on interest-bearing borrowings recently obtained by the Group plus the risk-free interest. Further, risk premium may be added for the individual cash-generating unit if special conditions and/or uncertainties indicate a need hereto. Conversely, if the risk level for the individual cash-generating unit is considered to be lower than the general risk level, then the risk premium is reduced if special conditions indicate a need hereto. No such risk premiums have been added/reduced to any of the individual cash-generating units in 2023.

Uncertainties in the global economy such as the impact from the war in Ukraine, volatile currency and high interest rate in Türkiye are taken into consideration in the forecasts where relevant (e.g. freight rates, passenger and freight volumes).

For cash-generating-units where the recoverable amount is based on value-in-use, the pre-tax discount rates applied have been within the following ranges in the two segments:

	2023	2022
Ferry Division	7.4%	7.6%
Logistics Division	7.4%	7.6%

The applied discount rates in cash-generating units for which the carrying amount of goodwill forms a significant part of the Group's total goodwill are 7.4% (2022: 7.6%) in 'North Sea, Baltic Sea and Mediterranean', in 'Dry Goods', and in 'Cold Chain'.

Sensitivity analysis
As part of the preparation of impairment tests, sensitivity analysis is prepared based on relevant risk factors and scenarios that Management can determine with reasonable reliability. Sensitivity analyses are prepared by altering the estimates within the range of probable outcomes. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the discount rate of 0.5%-points.
- A decrease in EBIT of 10%.

None of the above calculations have given rise to adjustments of the results of the impairment tests prepared.

Impairment tests 2023
Based on the impairment tests prepared at year-end 2023 no cash-generating units are deemed impaired in 2023 and no impairment losses recognised in prior years have been reversed.

Impairment tests 2022
Based on the impairment tests prepared at year-end 2022 no cash-generating units are deemed impaired in 2022 and no impairment losses recognised in prior years have been reversed.

§ **Accounting policies**
The carrying amount of Goodwill, non-current intangible, tangible and right-of-use assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such indication exists the recoverable amount of the asset is assessed. The recoverable amount is the higher of the fair value less costs of disposal and the value-in-use. The value-in-use is calculated as the present value of the future net cash flow, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

! **Significant accounting estimates and judgements**

Climate related matters
Management continuously monitors climate related risks when measuring the recoverable amount. While DFDS' operations are not currently exposed to significant physical risk, the value-in-use may be impacted by transition risk, such as legislation, regulations, and changes in demand for the Group's services. Although no single climate related assumption is a key assumption for this year's impairment test, expectations for the following years have been incorporated into projected cash flows: increased operating costs for e-trucks, investments to improve fuel efficiency and conversion to green fuels.

Determination of cash-generating units
Judgement and estimates are applied in the determination of cash generating units to which goodwill is allocated for impairment testing as well as in the selection of methodologies and assumptions applied in impairment tests. The determination of cash-generating units differs based on the business area. Most of the freight ferries in North Sea, Baltic Sea and Mediterranean are interchangeable with each other and where and how the fleet of ferries is deployed is centrally decided. Consequently, these areas are tested for impairment as a single cash-generating unit. Conversely, the vessels servicing the English Channel, Oslo-Frederikshavn-Copenhagen and Amsterdam-Newcastle routes can be used exclusively in each specific itinerary. Consequently, these areas are individually tested for impairment as a separate cash-generating units. Management views the logistics business areas as two cash generating units based on services provided and equipment used being specific to each business area: Cold and Dry.

3.2 Net working capital

3.2.1 Receivables

DKK million	2023	2022
Other non-current receivables	1	16
Total non-current receivables	**1**	**16**
Trade receivables	3,427	3,080
Work in progress services	331	263
Receivables from associates and joint ventures	38	23
Corporation tax and joint taxation contribution, receivable, reference is made to note 2.6	59	51
Other receivables and current assets	605	597
Total current receivables	**4,459**	**4,015**
Total current and non-current receivables	**4,460**	**4,031**

The carrying amount of receivables is in all material respects equal to the fair value. Collateral is pledged as security for certain receivables. The collateral consists of bank guarantees with a fair value of DKK 55m (2022: DKK 61m).

DKK million	2023	2022
Trade receivables that are past due:		
Days past due:		
Up to 30 days	465	487
31-60 days	207	91
61-90 days	23	25
91-120 days	15	21
More than 120 days	58	71
Past due at 31 December	**769**	**696**

DKK million	2023	2022
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	70	60
Foreign exchange adjustment	0	-1
Addition on acquisition of enterprises	0	2
Write-downs	53	33
Realised losses	-21	-3
Reversed write-downs	-28	-22
Write-downs at 31 December	**73**	**70**

3.2.1 Receivables (continued)

DKK million	2023	2022
Age distribution of write-downs:		
Days past due:		
Up to 30 days	7	2
31-60 days	0	1
61-90 days	1	1
91-120 days	11	2
More than 120 days	55	63
Write-downs at 31 December	**73**	**70**

The last five years DFDS' realised credit losses on trade receivables have been insignificant and the loss rate is below 0.1% (2022: 0.1%) of the revenue in any of the respective years. The changes in payment pattern continue to be insignificant and at the same level as previous years.

Accordingly, at year-end 2023 the expected credit losses on trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate on revenue for the last five years of 0.0% (2022: 0.0%) plus adjustments for forward-looking factors where considered relevant.

§ **Accounting policies**
Receivables are recognised at amortised cost less expected credit losses. DFDS' risks regarding trade receivables are not considered unusual and no material risk is attributable to a single customer or group of customers. According to the Group's policy of undertaking credit risks, assessment of significant customers are performed. Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach. Work in progress services is measured based on the value of the of the work performed as of the balance sheet date. Write-downs and realised losses on trade receivables and work in progress services are recognised in ferry and other ship operation and maintenance costs in the income statement. Other receivables comprise other trade receivables; insurance receivables on loss or damage of ferries and other ships; financial lease receivables; outstanding balances for chartered ferries; interest receivable, etc.

3.2.2 Inventories

DKK million	2023	2022
Bunker	217	228
Goods for sale	129	118
Write-down of inventories end of year	-7	-22
Total inventories	**339**	**324**

Write-down of inventories during the year is an income of DKK 14m (2022: expense of DKK 6m).

§ **Accounting policies**
Bunker is measured at cost based on the FIFO method or the net realisable value where this is lower. Catering supplies and other inventories are measured at cost based on the weighted average cost method or the net realisable value where this is lower.

3.2.3 Other payables

DKK million	2023	2022
Holiday pay obligations, etc,	542	483
Public authorities (VAT, duty, etc.)	78	61
Payables to associates and joint ventures	3	12
Other payables	254	188
Accrued interests	27	24
Total other payables	**904**	**768**

§ **Accounting policies**
Other payables comprise amounts owed to staff, including wages and salaries, holiday pay, salary/wages related items, etc. amounts owed to the public authorities, VAT, excise duties, real property taxes etc.; amounts owed in connection with the purchase/disposal of ferries and other ships, buildings and terminals; accrued interest expenses; payables to associates and joint ventures; amounts owed in relation to defined contribution pension plans etc.

3.2.4 Pension and jubilee liabilities

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the financial situation of these insurance companies or the return of the underlying investments. Pension costs from such plans are expensed in the income statement when incurred.

The Group has defined benefit plans, primarily in the United Kingdom. In addition, there are minor defined benefit plans in Norway, Belgium, Italy, Türkiye, Lithuania, France, Germany, Denmark, and Sweden. The United Kingdom accounts for 12.1% (2022: 12.4%) of the total net liability and 91.8% (2022: 91.5%) of the funded and unfunded obligation. The majority of the defined benefit plans are pension plans that yearly pay out a certain percentage of the employee's final salary upon retirement. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employee except for certain closed plans in the United Kingdom and some of the other minor plans. The defined benefit plans typically include a spouse pension and disability insurance.

Some of the pension plans in Sweden are multi-employer plans, which cover a large number of enterprises. The plans are collective and are covered through contributions paid to the pension company Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to apportion assets and liabilities of the plans to the participating employers. Consequently, the pension plans are similarly to prior years treated as defined contribution plans. The contributions are DKK 3m in 2023 (2022: DKK 4m). The collective funding ratio at Alecta amounts to 178% as per September 2023 (September 2022: 189%). For 2024, the contributions are expected to be DKK 3m. DFDS' share of the multi-employer plan is around 0.0048% and the liability follows the share of the total plan.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK million	**2023**	2022
Present value of funded defined benefit obligations	658	629
Fair value of plan assets	-650	-619
Funded defined benefit obligations, net	**8**	**10**
Present value of unfunded defined benefit obligations	56	54
Recognised liabilities for defined benefit obligations	**64**	**64**
Provision for jubilee liabilities	26	24
Total actuarial liabilities, net	**90**	**88**

DKK million	**2023**	2022
Movements in the net present value of funded and unfunded defined benefit obligations		
Funded and unfunded obligations at 1 January	683	1,082
Foreign exchange adjustments	15	-56
Current service costs	8	14
Interest costs	32	18
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	-27	1
Actuarial gain(-)/loss(+) arising from changes in financial assumptions	42	-343
Past service costs	0	-1
Benefits paid	-39	-33
Funded and unfunded obligations at 31 December	**714**	**683**
Movements in the fair value of the defined benefit plan assets		
Plan assets at 1 January	-619	-1,054
Foreign exchange adjustments	-14	57
Calculated interest income	-31	-19
Return on plan assets excluding calculated interest income	2	385
Costs of managing the assets	3	3
Employer contributions	-22	-21
Benefits paid	31	29
Plan assets at 31 December	**-650**	**-619**
Plan assets consist of the following:		
Cash and cash equivalents	-3	-53
Blended investment funds	-645	-564
Other assets (primarily insured plans)	-2	-2
Total plan assets	**-650**	**-619**

3.2.4 Pension and jubilee liabilities (continued)

DKK million	2023	2022
Expenses recognised as employee costs in the income statement:		
Current service costs	8	14
Past service costs	0	-1
Total included in employee costs regarding defined benefit plans	**8**	**14**
Expenses recognised as financial costs in the income statement:		
Interest costs	32	18
Interest income	-31	-19
Total included in financial costs regarding defined benefit plans	**2**	**0**
Total expenses for defined benefit plans recognised in the income statement	**9**	**14**
Expenses recognised in other comprehensive income, gain(-)/loss(+):		
Remeasurements of plan obligations	16	-342
Remeasurements of plan assets	6	388
Total included in other comprehensive income regarding defined benefit plans	**21**	**46**

Actuarial calculations or roll forward calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. The following significant assumptions have been used for the actuarial calculations.

Assumptions:

2023	United Kingdom	Others	Weighted average [1]
Discount rate	4.5%	1.5%-4.5%	4.4%
Social security rate [2]	0.0%	0.0%-3.3%	0.0%
Future salary increase [2]	0.0%	0.0%-3.5%	0.2%
Future pension increase	3.2%	0.0%-2.3%	2.9%
Inflation	2.5%	0.0%-23.9%	2.6%

2022	United Kingdom	Others	Weighted average [1]
Discount rate	4.9%	-0.4%-3.7%	4.7%
Social security rate [2]	0.0%	0.0%-3.5%	0.0%
Future salary increase [2]	0.0%	0.0%-3.8%	0.2%
Future pension increase	3.2%	0.0%-2.3%	2.9%
Inflation	2.5%	0.0%-23.9%	3.0%

Significant actuarial assumptions for the determination of the retirement benefit obligation are the discount rate, expected future remuneration increases, and expected mortality. The sensitivity analysis below has been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK million	2023	2022
Sensitivity analysis		
Reported obligation 31 December	714	683
Discount rate -0.5% point compared to assumptions	759	728
Discount rate +0.5% point compared to assumptions	674	641
Salary increase -0.5% point compared to assumptions	713	682
Salary increase +0.5% point compared to assumptions	715	685
Mortality -1 year compared with used mortality tables	702	661
Mortality +1 year compared with used mortality tables	729	709

The mortality table used for the two defined benefit schemes in the United Kingdom is the public S3PxA table with annual improvement of 1.25% (2022: S3PxA table with 1.25% annual improvement). Average remaining life expectancy for a 65-year-old is 22.7 years (2022: 23.5 years). Weighted average duration on the liabilities end of 2023 is 16.9 years (2022: 13.3 years). The Group expects to make a contribution of DKK 28m to the defined benefit plans in 2024. The expected contribution for 2023 was DKK 31m, which also turned out to be the actual contribution.

DKK million	2023	2022
Maturity analysis of the obligations		
0-1 year	41	38
1-5 years	146	126
After 5 years	528	518
Total obligations	**714**	**683**

1 All factors are weighted at the pro rata share of the individual actuarial obligation.
2 Schemes closed for new members will have a social security rate and future salary increase of 0%.

3.2.4 Pension and jubilee liabilities (continued)

§ **Accounting policies**
Contributions to defined contribution pension plans are recognised in the income statement in the period in which they relate, and any payable contributions are accrued in the balance sheet as other payables. As regards defined benefit pension plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on assumptions of future development in wage/salary levels, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. If a defined benefit pension plan constitutes a net asset, the asset is recognised only if it offsets future refunds from the plan or will lead to reduced future payments to the plan. Pension costs of the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the year.

The difference between the calculated development in pension assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains and losses.

Changes in the benefits payable for employees' past service to the enterprise result in an adjustment of the actuarial calculation of the value-in-use, which is classified as past service costs. Past service costs are recognised in the income statement immediately if the employees have already earned the right to the adjusted benefit. Otherwise, the benefits will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Other non-current employee obligations include jubilee benefits, etc.

3.2.5 Other provisions

DKK million	**2023**	2022
Other provisions at 1 January	96	173
Foreign exchange adjustments	1	-1
Addition from acquisition of enterprises	17	7
Provisions made during the year	49	21
Used during the year	-17	-70
Reversal of unused provisions	-12	-33
Other provisions at 31 December	**134**	**96**
Other provisions are expected to be payable in:		
0-1 year	113	52
1-5 years	12	35
After 5 years	10	9
Other provisions at 31 December	**134**	**96**

Of the Group's provision of DKK 134m (2022: DKK 96m), DKK 38m (2022: DKK 31m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 30m (2022: DKK 20m) is redelivery provision on leases; DKK 11m (2022: DKK 12m) is restructuring provision; DKK 15m (2022: DKK 0m) is related to investments in associates/joint ventures; and DKK 40m (2022: DKK 33m) is other provisions.

§ **Accounting policies**
Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation and that the obligation can be reliably estimated. Provisions are recognised based on Management's best estimate of the anticipated expenditure for settling the relevant obligation and are discounted if deemed material.

4. Capital structure and finances

This section shows how the activities of DFDS are financed. DFDS targets a financial leverage ratio between 2.0 and 3.0, where the ratio is measured as net interest-bearing debt to operating profit before depreciation and amortisation (EBITDA) .

The following section provides the notes of the main components that form basis of the net interest-bearing debt. Furthermore, the section includes information on financial and operational risks, financial instruments, treasury shares, and earnings per share.

DKK million	Note	**2023**	2022
Interest-bearing liabilities[1]	4.5	15,470	15,535
Derivative financial instruments, related to interest-bearing activities, net	4.2	-42	-236
Receivables, interest-bearing	3.2.1	0	0
Securities	4.2	-2	-2
Cash		-737	-1,189
Net interest-bearing debt (NIBD)		**14,689**	**14,109**
Operating profit before depreciation and amortisation (EBITDA)		**5,034**	**4,955**
Financial leverage ratio (NIBD/EBITDA, times)[2]		**2.9**	**2.8**

1 Hereof DKK 6,072m (2022: DKK 4,705m) relating to lease liabilities that have different characteristics than other liabilities included in interest- bearing liabilities.

2 The ratio includes pro forma EBITDA for the last twelve months for acquired companies.

4.1 Financial and operational risks

DFDS' risk management policy
DFDS' risk management policy is governed by the DFDS Financial Policy, which is approved by the Board of Directors on an annual basis. The financial Policy sets out policies, targets, and strategies for the financial risk management of DFDS. Derivatives are in place to minimise potential adverse effects on the Group's financial performance. DFDS only uses derivatives for hedging against commercial exposures, not for speculative trading. The most important financial risk factors are 1) bunker price risk, 2) interest rate risk, 3) currency exchange risk, 4) liquidity risks and 5) credit exposure.

Bunker price risk
The fluctuations in the bunker price which is denominated in USD constitute a significant risk for DFDS.

In the freight industry it is customary to pass through the risk of fluctuations in the bunker price and the corresponding currency exchange rate risk to freight customers via a bunker adjustment factor (BAF). In the passenger industry, fluctuations in the cost of bunker are reflected in the ticket price to the extent possible.

To reduce exposure to bunker and currency risk, approximately 93% (93% in 2022) of DFDS' consumption was covered by BAF agreements.

As the BAF is based on low sulphur fuel prices while some ferries have scrubbers installed, and thus use high sulphur fuels, the Group is subject to a spread risk between these fuel types.

The risk in relation to the spread between high sulphur and low sulphur fuel is partly hedged using commodity swaps. In accordance with the DFDS Financial Policy, the net bunker exposure may be financially hedged up to six quarters ahead.

Interest rate risk
DFDS is primarily exposed to interest rate risk through funding. According to DFDS' Financial Policy the interest rate on more than 40% of the loan portfolio including long-term charter agreements must be fixed with a weighted average duration of 9-36 months. DFDS enters into interest rate swaps and caps to comply with this policy.

The total net interest-bearing debt (including fair values of derivative financial instruments related to interest-bearing activities) amounts to DKK 14,689m at year end 2023 (2022: DKK 14,109m). The Group's total interest-bearing debt primarily consists of partly secured credit facilities, unsecured corporate bonds and mortgages with security in ferries and other ships. The debt portfolio had an average time to maturity of 4.0 years (2022: 4.7 years).

In accordance with the financial Policy, interest rate swaps and caps with a principal amount of DKK 4,222m (2022: DKK 3,790m) have been established to reduce interest rate risk. The share of fixed-rate debt including interest rate derivatives was 48% at year-end 2023 (2022: 41%). Including long term charter agreements, the share of fixed-rate debt is 56% (2022: 45%). The duration of the Group's debt portfolio (including charter liabilities) was 1.7 years (2022: 1.4 years).

An increase in the interest rate of 1%-point compared to the actual interest rates in 2023 would have increased net interest payments incl. hedging by DKK 67m for the Group all else equal (2022: DKK 54m). A decrease in the interest rates of 1%-point would have reduced the net interest payment by DKK 67m in 2023 (2022: DKK 19m).

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would have had a positive effect on the Group's equity reserve for hedging of DKK 130m all else equal (2022: DKK 93m). A decrease would have had a negative effect of DKK 134m (2022: DKK 94m).

Currency exchange risk
Currency exchange risk is monitored continuously and actively hedged to reduce exposure using forward exchange contracts and currency swaps. According to DFDS' Financial Policy, DFDS can hedge balance exposure, expected cash flows from operations up to four quarters ahead, and cash flows from off-balance sheet contractual commitments

Approximately 92% of DFDS' revenues in 2023 were invoiced in foreign currencies (2022: 91%) with the most substantial revenue generated in EUR which accounted for 60% of total revenue (2022: 68%).

Apart from DKK and EUR, revenue is mainly generated in SEK, GBP, and NOK. However, SEK, GBP and NOK risks are to a large extent offset by costs. USD risk primarily comes from future bunker consumption and charter agreements. EUR is considered a minor risk due to Denmark's fixed exchange rate policy towards EUR. USD risk is reduced by the BAF mechanism as described above.

The operational currency cash flow is defined as the Group's consolidated net currency cash flows from revenues and operational costs. The table on the following page shows the impact on the Group's operating profit before depreciation and amortisation (EBITDA) from changes in the foreign exchange rate.

4.1 Financial and operational risks (continued)

Operational currency cash flow risk

DKK million	2023	2022
SEK, income statement effect, 10% strengthening	17	61
NOK, income statement effect, 10% strengthening	12	42
GBP, income statement effect, 10% strengthening	21	45
TRY, income statement effect, 10% strengthening	-13	-35
USD, income statement effect, 10% strengthening	-21	-27

The Group's most significant currency balance positions are in EUR, SEK, GBP, NOK, TRY, and USD relating to debt, trade payables and trade receivables. All else equal a strengthening of SEK, GBP, NOK, TRY, and USD against DKK at balance sheet date would have increased/decreased balance sheet items by the amounts presented below.

Currency balance risk

DKK million	2023	2022
SEK, equity and income statement effect, 10% strengthening	-1	2
GBP, equity and income statement effect, 10% strengthening	3	2
NOK, equity and income statement effect, 10% strengthening	1	1
TRY, equity and income statement effect, 10% strengthening	0	-7
USD, equity and income statement effect, 10% strengthening	-6	-3
USD, equity effect, 10% strengthening [1]	0	0

Liquidity risks
DFDS Financial Policy is to secure adequate liquidity to meet financial and operational payment obligations by maintaining a minimum of 1.2x cash sources over cash uses for the next 12 months. The year-end sum of total cash and undrawn committed facilities was DKK 3,509m (2022: DKK 2,911m), of which undrawn committed facilities amounts to DKK 2,772m (2022: DKK 1,722m).

DFDS' contractual maturities of financial instruments, including estimated interest payments, are stated in the table below:

DKK million				2023
	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	737	0	0	0
Trade receivables including work in progress services	3,758	0	0	0
Receivables from associates and joint ventures	38	0	0	0
Other receivables and current assets	663	1	0	0
Derivative financial assets				
Commodity swaps	13	0	0	0
Interest swaps & caps	0	23	11	78
Cross currency interest rate swaps	0	7	0	0
Forward exchange contracts and currency swaps	7	11	11	14
Total financial assets	**5,216**	**42**	**22**	**92**
Non-derivative financial liabilities				
Bank loans and mortgage on ferries and other ships	-1,194	-3,303	-3,106	-1,146
Issued corporate bonds	-341	-748	-355	0
Lease liabilities (undiscounted)	-1,311	-2,427	-1,449	-1,952
Trade payables	-3,461	0	0	-0
Payables to associates and joint ventures	-3	0	0	0
Other payables	-254	0	0	0
Derivative financial liabilities				
Interest swaps & caps	0	-12	-30	0
Cross currency interest rate swaps	-34	0	-1	0
Forward exchange contracts and currency swaps	-18	0	0	0
Total financial liabilities	**-6,615**	**-6,490**	**-4,941**	**-3,098**
Total	**-1,399**	**-6,448**	**-4,919**	**-3,006**

1 Change in fair value of FX forwards related to committed investments and future bunker consumption only affects equity.

4.1 Financial and operational risks (continued)

DKK million				2022
	0-1 year	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	1,189	0	0	0
Trade receivables including work in progress services	3,343	0	0	0
Receivables from associates and joint ventures	23	0	0	0
Other receivables and current assets	649	16	0	0
Derivative financial assets				
Commodity swaps	27	0	0	0
Interest swaps & caps	17	117	46	64
Forward exchange contracts and currency swaps	4	0	0	71
Total financial assets	**5,252**	**133**	**46**	**135**
Non-derivative financial liabilities				
Bank loans and mortgage on ferries and other ships	-2,667	-2,644	-4,827	-1,785
Issued corporate bonds	-14	-290	0	0
Lease liabilities (undiscounted)	-951	-1,293	-1,407	-1,789
Trade payables	-3,661	0	0	0
Payables to associates and joint ventures	-12	0	0	0
Other payables	-188	0	0	0
Derivative financial liabilities				
Commodity swaps	-1	0	0	0
Cross currency interest rate swaps	0	-8	0	0
Forward exchange contracts and currency swaps	-39	0	0	0
Total financial liabilities	**-7,533**	**-4,235**	**-6,234**	**-3,574**
Total	**-2,282**	**-4,102**	**-6,188**	**-3,439**

Assumptions for the maturity table:
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Credit exposure
DFDS' credit exposure is primarily attributable to trade- and other receivables and cash. The receivables including work in progress services are stated in the balance sheet net of write-downs. Reference is made to note 3.2.1 for further information on write-downs on trade receivables and work in progress services.

According to the Group's policy of undertaking credit risks, assessments of all customers and other partners are performed.

DFDS' credit risk towards financial counterparties primarily relates to cash on bank accounts and positive market values of derivatives. Credit limits on financial counterparties are calculated in accordance with DFDS' Financial Policy based on credit ratings from international credit rating agencies. Credit ratings and resulting credit limits are monitored continuously.

Capital structure
The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage measured as the ratio between NIBD and EBITDA. Target leverage is a ratio between 2.0 and 3.0. NIBD/EBITDA was 2.9 at year-end 2023. For shorter periods, leverage can move outside the range due to special events, e.g., larger acquisitions.

4.1 Financial and operational risks (continued)

DKK million						Expected timing of recycling to income statement or non-current assets of gains/losses recognised in the equity					2023
	Hedge instrument	Time to maturity	Notional principal amount	Fair value assets	Fair value liabilities	0-1 year	1-3 years	3-5 years	After 5 years	Fair value recognised on hedging reserve in equity	Average hedge rate
Expected future transactions											
Interest	Interest swaps DKK	0-5 years	1,547	23	-17	0	18	-12	0	6	2.59%
Interest	Interest swaps EUR	0-10 years	2,410	89	-25	0	-8	-6	78	64	2.03%
Bond loans	Currency swaps	0-5 years	995	7	-1	0	3	-3	0	0	NOK/DKK 0.659
Bond loans	Cross currency interest rate swaps	0-1 year	265	0	-34	6	0	0	0	6	NOK/DKK 0.7637 + 1.09%
Ferry investments and ferry charter	Forward exchange contracts	0-9 years	595	41	0	-1	-3	-3	-3	-10	EUR/USD 1.2674
Off-balance sheet contractual commitments	Forward exchange contracts and currency swaps	0-1 year	1,342	1	-2	-1	0	0	0	-1	EUR/DKK 7.4580
Other financial hedging											
Commodities	Commodity hedges	0-1 year	128	13	0	13	0	0	0	13	N/A
Sales and goods purchased	Forward exchange contracts and currency swaps	0-1 year	1,391	1	-16	0	0	0	0	0	N/A
Total				**175**	**-95**	**17**	**10**	**-24**	**75**	**78**	

4.1 Financial and operational risks (continued)

DKK million												2022
						Expected timing of recycling to Income statement or non-current assets of gains/losses recognised in the equity						
	Hedge instrument	Time to maturity	Notional principal amount	Fair value assets	Fair value liabilities	0-1 year	1-3 years	3-5 years	After 5 years	Fair value recognised on hedging reserve in equity	Average hedge rate
Expected future transactions											
Interest	Interest swaps DKK	0-11 years	929	79	0	21	43	15	0	79	0.8%
Interest	Interest swaps EUR	0-11 years	1,388	148	0	18	35	31	64	148	1.2%
Interest	Caps EUR	0-4 years	1,190	17	0	15	0	0	0	15	0%
Bond loans	Cross currency interest rate swaps	0-5 years	283	0	-8	0	15	0	0	15	NOK/DKK 0.7637+1.09%
Ferry investment and ferry charter	Forward exchange contracts	0-9 years	704	71	0	0	1	1	2	4	EUR/USD 1.2674
Other financial hedging											
Commodities	Commodity hedges	0-1 year	464	27	-1	26	0	0	0	26	N/A
Sales and goods purchased	Forward exchange contracts	0-1 year	1,376	3	-38	0	0	0	0	0	N/A
Total				**345**	**-47**	**79**	**94**	**47**	**66**	**286**	

In 2023, two interest rate swaps were settled in relation to the sale and leaseback of three freight ferries. Due to positive market values on the swaps, a gain of DKK 33m was recognised in the income statement. No other financial hedges were deemed inefficient hence no further gain or loss was recognised in the income statement for hedges qualifying for hedge accounting (2022: none).

The fair value of the interest swaps has been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated based on market interest rates. The fair value of forward exchange contracts and bunker contracts are calculated based on actual forward curves.

4.2 Information on financial instruments

DKK million	2023	2022
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	56	102
Derivatives, related to interest-bearing activities	119	244
Financial assets measured at amortised cost:		
Trade receivables, receivables from associates and joint ventures, other receivables and cash	5,039	4,989
Financial assets measured at fair value through profit or loss:		
Securities	2	2
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-18	-40
Derivatives, related to interest-bearing activities	-77	-8
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, trade payables, payables to associates and joint ventures, and other payables	-19,215	-19,451
Total	**-14,095**	**-14,162**

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

DKK million			2023
	Level 1	**Level 2**	**Level 3**
Derivatives, financial assets	0	175	0
Securities, financial assets	0	0	2
Derivatives, financial liabilities	0	-95	0
Total	**0**	**80**	**2**

			2022
	Level 1	**Level 2**	**Level 3**
Derivatives, financial assets	0	346	0
Securities, financial assets	0	0	2
Derivatives, financial liabilities	0	-48	0
Total	**0**	**298**	**2**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4.1 for description of the valuation method.

Securities, financial assets measured at fair value through the income statement comprise minor unlisted shares and investments as well as other investments of DKK 2m (2022: DKK 2m).

Transfers between levels of the fair value hierarchy are considered to have occurred at the date of the event or change in circumstances that caused the transfer. There were no transfers between the levels in the fair value hierarchy in 2023 (2022: No transfers).

4.2 Information on financial instruments (continued)

§ **Accounting policies**

Derivative financial instruments
Derivative financial instruments are measured in the balance sheet at fair value as from the date where the derivative financial instrument is concluded. The fair values of derivatives financial instruments are presented as derivative financial instruments under assets if positive or under liabilities if negative. Netting of positive and negative derivative financial instruments is only performed if the Group is entitled to and has the intention to settle the derivative financial instruments as a net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedge
Changes in the fair value of financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability based on the hedged proportion. Hedging of future cash flows according to agreements (firm commitments), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge
Changes in the fair value of financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in other comprehensive income. The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the income statement. At this point in time the related gains or losses previously recognised in other comprehensive income are transferred to the income statement into the same line item as the hedged item is recognised. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains or losses previously recognised in other comprehensive income are transferred from equity and included in the initial measurement of the cost of the non-financial asset. For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the income statement into the same line item as the hedged item is recognised.

Other financial instruments
For financial instruments that do not fulfil the requirements of being treated as hedge instruments, the changes in fair value are recognised in the Income statement as financial income and cost.

4.3 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in interest-bearing liabilities and derivative financial instruments related to issued corporate bonds.

The changes arising from cash flows form part of the cash flows from financing activities in the statement of cash flows.

			Non-cash changes					
DKK million	**1 Jan. 2023**	**Cash flows**	**Additions from acqui-sitions**	**Foreign exchange move-ments**	**New/ disposed/ Remea-sured leases**	**Fair value changes**	**Other changes**	**31 Dec. 2023**
Changes in 2023								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries	10,548	-2,584	160	14	0	0	2	8,140
Issued corporate bonds	283	981	0	-8	0	0	1	1,257
Lease liabilities	4,705	-935	327	13	1,962	0	0	6,072
Other liabilities	0	0	0	0	0	0	0	0
	15,535	**-2,538**	**488**	**19**	**1,962**	**0**	**3**	**15,470**
Derivatives financial instruments:								
Derivatives related to issued corporate bonds	8	0	0	0	0	20	0	28
Total liabilities from financing activities	**15,543**	**-2,538**	**488**	**19**	**1,962**	**20**	**3**	**15,498**

4.3 Changes in liabilities arising from financing activities (continued)

DKK million	1 Jan. 2022	Cash flows	Non-cash changes: Additions from acqui-sitions	Non-cash changes: Foreign exchange move-ments	Non-cash changes: New/ disposed/ Remea-sured leases	Non-cash changes: Fair value changes	Non-cash changes: Other changes	31 Dec. 2022
Changes in 2022								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries	9,267	1,272	0	0	0	0	9	10,548
Issued corporate bonds	1,230	-898	0	-49	0	0	1	283
Lease liabilities	3,839	-963	240	-34	1,622	0	0	4,705
Other liabilities	1	-1	0	0	0	0	0	0
	14,337	**-590**	**240**	**-83**	**1,622**	**0**	**9**	**15,535**
Derivatives financial instruments:								
Derivatives related to issued corporate bonds	77	-101	0	0	0	32	0	8
Total liabilities from financing activities	**14,414**	**-691**	**240**	**-83**	**1,622**	**32**	**9**	**15,543**

4.4 Financial income and costs

DKK million	2023	2022
Financial income		
Interest income from banks, etc. [1]	47	9
Foreign exchange gain, net [2]	0	20
Other financial income	33	51
Total financial income	**80**	**80**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc. [1]	-478	-234
Interest expense on lease liabilities, reference is made to note 3.1.3	-217	-130
Foreign exchange loss, net [2]	-23	0
Defined benefit pension plans, reference is made to note 3.2.4	-2	0
Other financial costs	-33	-47
Transfer to assets under construction	0	1
Total financial costs	**-753**	**-409**
Financial income and costs, net	**-673**	**-329**

1 Primarily relates to financial assets/liabilities measured at amortised cost. Income (net) from interest swaps is DKK 0m (2022: DKK -1m) and is included under Interest expense to banks, credit institutions, corporate bonds, etc.

2 Foreign exchange gains in 2023 amounts to DKK 440m (2022: DKK 638m) and foreign exchange losses amounts to DKK 463m (2022: DKK 618m)

§ **Accounting policies**

Financial income and costs comprise interest income and costs; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on leasing agreements; bank charges and fees etc. Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

4.5 Interest-bearing liabilities

DKK million	2023	2022
Bank loans and mortgage on ferries	7,124	8,199
Issued corporate bonds	992	283
Lease liability	5,018	3,916
Total interest-bearing non-current liabilities	**13,134**	**12,397**
Bank loans and mortgage on ferries	1,016	2,349
Issued corporate bonds	265	0
Lease liability	1,055	788
Total interest-bearing current liabilities	**2,336**	**3,137**
Total interest-bearing liabilities	**15,470**	**15,535**

In 2023 DFDS obtained a new term loan of DKK 600m with a maturity of 2 years and based on CIBOR 3M. In addition DFDS extended the U.N. Ro-Ro acquisition facility, with an additional year partly to 2025 and partly to 2027 on unchanged terms.

In 2023, DFDS issued two corporate bonds; a 5 year bond with a nominal amount of NOK 500m, maturing 16 March 2028 with a floating rate based on NIBOR 3M + 2.60%, and a 3 year bond with a nominal amount of NOK 1,000m, maturing 16 March 2026 with a floating rate based on NIBOR 3M + 2.25%. Both bonds are listed on the Oslo Stock Exchange and have been swapped to a fixed interest rate in DKK.

The fair value of the interest-bearing liabilities amounts to DKK 15,467m (2022: DKK 15,534m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the issued corporate bonds for which the fair value measurement is categorised within level 2 due to limited active market. The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate.

DKK 2,760m of the interest-bearing liabilities fall due after five years (2022: DKK 3,165m). No unusual conditions in connection with the borrowings are made. The loan agreements can be settled at fair value plus a small surcharge, whereas premature settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 4.1 for financial risks, etc.

DKK million	2023	2022
Allocation of currency, principal nominal amount:		
DKK	3,674	4,419
EUR	8,286	9,197
NOK	1,294	324
GBP	1,199	1,075
USD	670	342
SEK	302	140
Other	44	40
Total interest-bearing liabilities	**15,470**	**15,535**

§ **Accounting policies**

Interest-bearing liabilities comprise amounts owed to mortgage/credit institutions and banks as well as amounts owed to owners of issued corporate bonds including liabilities arising from derivatives relating to issued corporate bonds. The amounts are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement under financial costs over the term of the loan.

Interest-bearing liabilities also include capitalised residual lease obligations on leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

4.6 Equity

§ Accounting policies

Dividends
Proposed dividends is recognised as liabilities at the date on which they are adopted at the Annual General Meeting (time of declaration).

Reserve for treasury shares
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value as well as dividends on treasury shares are recognised directly in equity under retained earnings. The reserve is a distributable reserve.

Currency translation reserve
The reserve comprises DFDS A/S shareholders' share of currency translation adjustments arising on the translation of net investments in enterprises with a functional currency other than DKK. The reserve is dissolved upon disposal of the entity.

Reserve for hedging
The hedging reserve comprises the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transactions have not been realised. Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

4.7 Treasury shares

Number of shares	**2023**	2022
Treasury shares at 1 January	1,381,528	1,272,318
Acquisition of treasury shares	1,071,428	110,000
Disposal of treasury shares due to exercise of share options and restricted stock units	-37,046	-790
Treasury shares at 31 December	**2,415,910**	**1,381,528**
Market value of treasury shares based on quoted share price at 31 December, DKK million	**539**	**354**

4.7 Treasury shares (continued)

In accordance with the Annual General Meeting in March 2023 the Board of Directors is authorised – until 22 March 2027 – to acquire treasury shares up to 5,860,000 shares corresponding to a nominal share value of DKK 117,200,000. However, DFDS' total number of treasury shares cannot at any time exceed 10% of DFDS A/S' share capital. The price cannot deviate by more than 10% from the listed acquisition price on NASDAQ Copenhagen at the time of acquisition.

DFDS A/S has during 2023 acquired treasury shares for a total payment of DKK 300m in connection with a share buyback (2022: DKK 32m). Furthermore, during 2023 DFDS A/S has disposed treasury shares for a total consideration of DKK 0m (2022: DKK 0m) in connection with employees' exercise of share options/restricted stock units.

The Parent company's holding of treasury shares at 31 December 2023 is 2,415,910 shares of DKK 20 each (2022: 1,381,528 shares), corresponding to 4.12% (2022: 2.36%) of the Parent company's share capital. Treasury shares are used to cover the share option scheme and restricted stock unit plan for employees.

4.8 Earnings per share

	2023	2022
Profit for the year (DKK million)	1,505	2,019
Attributable to non-controlling interests (DKK million)	-3	-10
Attributable to DFDS Group	**1,501**	**2,010**
Weighted average number of issued ordinary shares	58,631,578	58,631,578
Weighted average number of treasury shares	-2,280,841	-1,363,552
Weighted average number of circulating ordinary shares	**56,350,737**	**57,268,026**
Effects of dilution from issued share options and restricted stock unit plans	126,726	79,636
Weighted average number of circulating ordinary shares (diluted)	**56,477,463**	**57,347,662**
Basic earnings per share (EPS) of DKK 20 in DKK	26.64	35.09
Diluted earnings per share (EPS-D) of DKK 20 in DKK	26.58	35.04

When calculating diluted earnings per share for 2023, 1,138,905 share options (2022: 1,155,397 share options) have been omitted as they are out-of-the-money. The share options might dilute earnings per share in the future.

5. Other notes

5.1 Remuneration to the Executive Board and Board of Directors

DKK '000	2023	2022
Remuneration to the Executive Board		
Wages and salaries	-13,700	-13,410
Exit cost	-2,355	-
Bonus	-8,117	-10,640
Defined contribution pension plans	-1,370	-1,341
Share based payment	-5,950	-4,474
Other employee costs	-459	-455
Total remuneration to the Executive Board	**-31,951**	**-30,320**
Total remuneration to the Board	-4,500	-4,500
Total remuneration to the Audit Committee	-500	-500
Total remuneration to the Nomination Committee	-150	-150
Total remuneration to the Remuneration Committee	-150	-150
Total remuneration to the Board of Directors	**-5,300**	**-5,300**
Total remuneration to the Executive Board and Board of Directors	**-37,251**	**-35,620**

The termination period for the Executive Board is 12 months. Further, the CEO has additional 12 months redundancy payment. In connection with a change of control of the Group, the members of the Executive Board can – within the first 3 months of the event - terminate their employment with the same effect as if the Company had given notice of termination of employment to the Executive Board. Key management personnel is defined as the Executive Board consisting of CEO Torben Carlsen and CFO Karina Deacon.

Remuneration to the chair of the Audit Committee is DKK 250k per year (2022: DKK 250k) and remuneration to other members of the Audit Committee is DKK 125k per year (2022: DKK 125k) each. Remuneration to each of the three members of the Remuneration and Nomination Committee is DKK 100k per year (2022: DKK 100k).

5.2 Fee to Auditors appointed at the Annual General Meeting

DKK million	2023	2022
Audit fees	-12	-11
Other assurance engagements [1]	0	0
Tax and VAT advice [2]	-3	-2
Non-audit services [3]	-5	-1
Total fees	**-20**	**-14**

Fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark amounted to DKK 1.3m (2022: DKK 1.1m) including other assurance opinions and agreed-upon procedures, as well as tax and accounting advice.

5.3 Share based payment

Long-term incentives
The decision to grant long-term incentives is made by the Board of Directors with consideration to DFDS' remuneration policy approved by the Annual General Meeting. With effect from 2021 the long-term incentives for the Executive Board and key employees consist of two components, Share options and Restricted Share Units (RSUs) where the award is split 50/50 based on value as per grant date. In 2023 a further group of key employees were granted long-term incentives in the form of RSUs. All components vest on a straight-line basis over three years from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent company is changed. Share options and RSUs granted can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options, RSUs and phantom shares.

Share options
Share options have been granted to the Executive Board and key employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent company of nominal DKK 20. The share option schemes equal a right to acquire 1.9% of the share capital (2022: 2.0%) if all remaining share options are exercised.

Share options were granted in 2016-2020 at an exercise price equal to the average share price of the Parent company's shares 20 days before the grant with an addition of 10%. Share options are granted in 2021 and later at an exercise price equal to the average share price of the Parent company's shares five days after the release of the Q4 report with an addition of 10%.

The share options can be exercised when a minimum of three years and a maximum of five years have elapsed since the grant dates.

2023

	Executive Board Number	Key employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	412,341	555,590	187,466	**1,155,397**	331.76
Transferred between categories	0	-71,010	71,010	**0**	332.84
Granted during the year	69,707	128,532	0	**198,239**	292.00
Expired during the year	-49,213	-57,630	-98,245	**-205,088**	383.00
Forfeited during the year	-15,301	-2,675	-6,968	**-24,944**	374.80
Outstanding at 31 December	**417,534**	**552,807**	**153,263**	**1,123,604**	**315.93**
Of this exercisable at the end of the year	241,586	263,939	135,528	**641,053**	319.30

2022

	Executive Board Number	Key employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	375,305	626,362	155,426	**1,157,093**	336.36
Transferred between categories	0	-112,794	112,794	**0**	337.78
Granted during the year	64,814	111,892	0	**176,706**	301.00
Expired during the year	-27,778	-41,124	-60,922	**-129,824**	390.00
Forfeited during the year	0	-28,746	-19,832	**-48,578**	373.70
Outstanding at 31 December	**412,341**	**555,590**	**187,466**	**1,155,397**	**331.76**
Of this exercisable at the end of the year	112,863	159,125	136,689	**408,677**	356.96

The share options granted in 2023 had a fair value of DKK 11.0m (2022: DKK 7.3m), equal to an average fair value per option of DKK 55.59 (2022: DKK 41.38).

No share options have been exercised during 2023 (2022: nil).

Vesting of share options is expensed in the income statement for 2023 with DKK 8m (2022: DKK 7m). The calculated fair values are based on the Black-Scholes formula for measuring share options. The outstanding options on 31 December 2023 have an average weighted remaining contractual time of 1.9 years (2022: 2.1 years).

1 Other assurance engagements amount to DKK 0.2m (2022: DKK 0.4m) and includes agreed-upon procedures required by law.
2 Tax and VAT advice amounts to DKK 3.4m (2022: DKK 1.7m) and comprises work related to restructuring, tax advisory and other tax compliance.
3 Non-audit services amount to DKK 5.2m (2022: DKK 1.1m) and primarily comprise advice in relation to acquisition of enterprises.

5.3 Share based payment (continued)

Assumptions concerning the calculation of fair value at time of grant:

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected annual dividends per share (DKK) at grant date	Expected term	Fair value per option at time of granting
2023	292	269.40	38.66%	2.79%	9.00	3 years	55.59
2022	344	307.20	34.60%	-0.19%	12.00	3 years	41.38
2021	301	271.00	34.81%	-0.55%	6.33	3 years	42.66
2020	314	262.40	27.27%	-0.72%	9.00	3 years	19.67
2019, November	291	273.40	26.86%	-0.72%	11.00	27 months	25.28
2019, February	335	306.60	27.99%	-0.51%	9.00	3 years	34.19

The expected volatility for 2019 to 2023 is based on the historical volatility for the past three years. The risk-free interest rate is based on three-year Danish government bonds.

Restricted Stock Units (RSUs)
RSUs have been granted to the Executive Board and key employees. Each RSU gives the holder a right to receive one existing share in the Parent company of nominal DKK 20 when the three-year vesting period has elapsed. The RSUs equal a right to receive 0.17% (2022: 0.07%) of the share capital if all remaining RSUs are transferred. Vesting of RSUs is expensed in the income statement for 2023 with DKK 9m (2022: DKK 4m).

The number of RSUs granted in 2021 and later is based on the average share price of the Parent company's shares five days after the release of the Q4 report.

2023	Executive Board Number	Key employees Number	Other managerial staff Number	Resigned Executive Board members and employees Number	Total
Outstanding at 1 January	17,409	24,626	0	1,924	**43,959**
Transferred between categories	0	-1,364	0	1,364	**0**
Granted during the year	14,600	26,920	20,623	0	**62,143**
Forfeited during the year	-2,885	-560	-416	-641	**-4,502**
Outstanding at 31 December	**29,124**	**49,622**	**20,207**	**2,647**	**101,600**
Of this exercisable at the end of the year	0	0	0	0	0

2022	Executive Board Number	Key employees Number	Resigned Executive Board members and employees Number	Total
Outstanding at 1 January	8,844	15,260	0	**24,104**
Transferred between categories	0	-4,289	4,289	**0**
Granted during the year	8,565	14,785	0	**23,350**
Forfeited during the year	0	-1,130	-2,365	**-3,495**
Outstanding at 31 December	**17,409**	**24,626**	**1,924**	**43,959**
Of this exercisable at the end of the year	0	0	0	0

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected annual dividends per share (DKK) at grant date	Expected term	Fair value per share at time of granting
2023	0	269.40	38.66%	2.79%	9.00	3 years	265.42
2022	0	307.20	34.60%	-0.19%	12.00	3 years	313.15
2021	0	271.00	34.81%	-0.55%	6.33	3 years	273.65

5.3 Share based payment (continued)

Employee recognition
In recognition of the contribution made by DFDS' employees in a year with exceptional challenges, the Board of Directors has 22 December 2020 awarded up to 50 shares free of charge to each employee. The shares have vested over a three-year period from January 2021 to December 2023 on a straight-line basis. Only employees working through the full vesting period are entitled to the shares. Employees working more than 24 hours per week will get 50 shares, if they work more than 12 hours and up to 24 hours per week, they get 30 shares and if they work up to 12 hours per week, they get 10 shares. If an employee retires or leaves his job because of disability during the period until December 2023 the employee is entitled to the full number of shares when the employee leaves. The shares are in most countries awarded as a phantom share programme whereby the entitled employees will receive a cash payment in December 2023 equal to the value of 50 DFDS shares. A part of the treasury shares is reserved for settling the outstanding shares in the employee recognition programme.

In total 8,289 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 282,723 of which 168,176 are phantom shares (cash) and 114,547 are shares.

37,067 shares have been transferred during 2023 (2022: 1,790 shares). Vesting of shares for 2023 is an expense of DKK 13m (2022: DKK 19m).

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected annual dividends per share (DKK) at grant date	Expected term	Fair value per share at time of granting
2020 Special Reward	0	267.00	34.87%	-0.55%	6.33	3 years	247.87

§ **Accounting policies**
The Group has set up equity-settled share option plans and RSUs. Treasury shares are used for the share option plans and the RSUs. The value of services received in exchange for granted share based payment is measured at the fair value of the share based payment granted.

The equity-settled share options and RSUs are measured at the fair value at grant date and recognised in the income statement under staff costs over the vesting period. The counter posting is recognised directly in equity as a shareholder transaction.

At initial recognition of the share options, an estimate is made over the number of share based payment that the employees will vest, cf. the service conditions described above in this note. Subsequent to initial recognition, the estimate of share based payments to be vested is adjusted whereby the total recognition is based on the actual number of vested share based payments.

The fair value of the granted share options is calculated using the Black-Scholes option-pricing model. Terms and conditions for each grant are taken into account when calculating the fair value.

The share based payment programmes are recognised at fair value over the vesting period and expensed as staff cost. The accrual is recorded under other payables or on equity depending on whether settlement is done in cash or shares, respectively.

5.4 Cash flows

DKK million	2023	2022
Non-cash operating items		
Change in provisions	26	-8
Change in write-down of inventories for the year	-14	6
Change in provision for defined benefit plans and jubilee obligations	12	16
Vesting of share option plans and employee shares expensed in the Income statement	29	30
Non-cash operating items	**53**	**45**
Change in working capital		
Change in inventories	5	-61
Change in receivables, such as trade receivables, prepaid costs, etc.	13	-463
Change in current liabilities, such as trade payables, deferred income, current account with joint ventures, etc.	-356	530
Change in working capital	**-338**	**6**

§ **Accounting policies**

The statement of cash flows has been prepared using the indirect method, and shows the consolidated cash flows from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows to/from investing activities. Cash flows from acquisitions of enterprises are recognised in the Cash flow statement from the date of acquisition. Cash flows from divestment of enterprises are recognised up until the date of disposal. Cash flows from operating activities is calculated on the basis of the profit/loss before depreciation and amortisation (EBITDA) adjusted for the cash flow effect of non-cash operating items, changes in working capital (such as trade payables, deferred income, current account payables to joint ventures, trade receivables, prepaid costs, etc.), payments related to pensions and other provisions, payments relating to financial items and corporation tax paid.

Cash flows from investing activities includes payments in connection with the acquisition and divestment of enterprises and activities and of non-current intangible assets, tangible assets and investments. Cash flows from financing activities includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders, purchase of treasury shares, cash received from exercise of share options and the obtaining and repayment of bank loans and mortgage loans and other long-term and short-term debt. Payment of lease liabilities is included under financing activities and the related interest is included as a financial item under operating activities. Cash and cash equivalents comprise cash at banks and on hand.

5.5 Acquisitions and non-controlling interests

2024
FRS Iberia Group
On 17 September 2023 it was announced that the DFDS Group had entered into an agreement to acquire FRS Iberia/Maroc, a division of the German short-sea ferry company FRS GmbH & Co. KG. Closing of the transaction was completed on the 10 January 2024. The purchase price amount to DKK 1.5bn.

FRS Iberia/Maroc operates three short-sea ferry routes across the Strait of Gibraltar connecting Spain and Morocco. The acquisition is aligned with DFDS' strategy to develop and expand the transport network focused on moving goods in trailers by ferry, road & rail as well as moving passengers.

The acquisition expands DFDS' Mediterranean route network that today connects Europe with Türkiye and Tunisia, respectively. The region's organic market growth is expected to continue to exceed growth levels in northern Europe underpinned by nearshoring of manufacturing closer to end markets in Europe.

Due to the acquisition date being 10 January 2024 DFDS Group has only had limited access to data to complete the initial accounting for the acquisition. A full overview will be disclosed in the Q1 2024 report.

2023
McBurney Transport Group
On 28 February 2023, the acquisition of McBurney Transport Group based in Northern Ireland was completed and the DFDS Group obtained control as from this date. The acquisition is included in the Logistics Division.

The company is focused on moving refrigerated and dry goods in trailers by road and ferry between the island of Ireland and the UK. The acquisition of McBurney Transport Group is aligned with DFDS' strategic focus on cold chain logistics. It overlaps with existing activities in the region and offers opportunities to connect with other parts of DFDS' pan-European transport network.

DFDS paid DKK 1,178m for the acquired company. In addition, an earn-out agreement was entered into according to which the seller is entitled to an additional payment based on the McBurney Transport Groups' financial performance for the following 12 months period after the acquisition. Trade receivables have been recognised at the acquisition date at a fair value of DKK 236m equal to their face value.

DFDS measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Revenue included in the 2023 reporting is DKK 1.1bn and EBITDA of DKK 187m. If the transaction had been completed as of 1 January 2023 revenue from 1 January to 31 December 2023 is estimated to have been DKK 1.3bn and EBITDA of DKK 219m. Transaction and acquisition costs amounts to DKK 12m which are recognised in the income statement line item cost of sales, general and administration.

In connection with the acquisition, DFDS has measured identifiable intangible assets, i.e. customer relationships etc. which are recognised in the acquisition balance sheet at their fair value. The preliminary fair value is DKK 214m at the acquisition date.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is preliminarily measured at DKK 446m.

The goodwill represents primarily the value of the staff and know-how taken over and expected synergies from combining the acquired Group with the existing DFDS activities and network. The goodwill is not deductible for tax purposes. Goodwill is allocated entirely to the Logistics Division.

Estron Group
On 11 September 2023 the acquisition of Estron Group based in Rotterdam, The Netherlands was completed and the DFDS Group obtained control as from this date. The acquisition is included in the Logistics Division.

The acquisition of Estron Group expands DFDS' transport network in several ways. By adding road transport capacity to the existing full-load operation to and from the UK, involving both ferry and road transport, DFDS can align this service with the existing operations from DFDS' location in Vlaardingen, the Netherlands. In addition, Estron Group's part-load and warehousing operations complement the existing similar operations based in Wijchen, the Netherlands.

Trade receivables have been recognised at the acquisition date at a fair value of DKK 63m which is the same as their face value. In connection with the acquisition DFDS has measured identifiable intangible assets i.e., customer relationships etc. which are recognised in the acquisition balance sheet at their preliminary fair value of DKK 7m.

DFDS measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is preliminary measured at DKK 77m.

The goodwill represents primarily the value of the staff and know-how taken over and expected synergies from combining the acquired Group with the existing DFDS activities and network. The goodwill is not deductible for tax purposes. The goodwill has been allocated to both the Ferry division and Logistics Division which are both expected to benefit from this transaction.

Other 2023 acquisitions
Lundby Åkeri
On 1 September 2023 it was announced that the DFDS Group had acquired all activities from Lundby Åkeri AB headquartered in Sweden. The DFDS Group obtained control as from this date and the acquired activities is after the acquisition included in the Logistics Division. The purchase price for the acquired activities amounts to DKK 18m.

D.R. Macleod
On 22 May 2023 it was announced that he DFDS Group had acquired all activities from D.R. MacLeod headquartered in Scotland. The DFDS Group obtained control as from this date and the acquired activities is after the acquisition included in the Logistics Division. The purchase price for the acquired activities amounts to DKK 26m.

5.5 Acquisitions and non-controlling interests (continued)

DKK million	McBurney Transport Group	Estron Group	Other acquisi-tions	Total acquisi-tions 2023	Total acquisi-tions
Non-current intangible assets	214	14	6	234	234
Land and buildings	144	277	0	421	421
Equipment etc.	331	29	35	394	394
Deferred tax	0	5	0	5	5
Inventories	4	2	0	6	6
Trade receivables including work in progress services	236	63	0	299	299
Other receivables	33	10	0	44	44
Cash at hand and in bank	229	18	0	247	247
Deferred tax liability	-93	0	-1	-95	-95
Interest bearing debt	-159	-327	0	-485	-485
Trade payables	-123	-42	0	-166	-166
Other current liabilities	-67	-75	0	-142	-142
Net assets acquired	**749**	**-25**	**39**	**763**	**763**
Goodwill at acquisition	446	77	5	528	528
Total purchase price	**1,195**	**52**	**44**	**1,291**	**1,291**
Contingent consideration assumed	-17	0	0	-17	-17
Cash and bank balances acquired	-229	-18	0	-247	-247
Paid contingent consideration regarding prior years acquisitions	-	-	-	-	7
Cash flow impact from acquisitions	**949**	**34**	**44**	**1,027**	**1,033**

2022

The purchase price allocation for Lucey Transport Logistics (acquired 30 September 2022), primeRail (acquired 10 May 2022) and ICT Logistics (acquired 19 January 2022) are finalised and unchanged compared to the Annual Report for 2022.

Acquisition of non-controlling interests

Acquisition of shares by DFDS A/S in AB DFDS Seaways during 2023 amounts to DKK 8m (2022: less than DKK 1m), equivalent to an ownership of 1.74% (2022: 0.01%) after which the company is owned 98.84% (2022: 97.1%). Badwill of DKK 17m (2022: Badwill of less than DKK 1m) is recognised directly in equity.

Significant accounting estimates

In applying the acquisition method of accounting, estimates are an integrated part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Significant estimates are typically applied in accounting for property, plant and equipment and customer relationships. As a result of the uncertainties in fair value estimation, measurement period adjustments may be applied.

Accounting policies

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Business combinations where control is obtained by the Group are recognised using the acquisition method. The identifiable assets, liabilities, and contingent liabilities of newly acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date on which the Group obtains actual control over the acquired enterprise. Positive differences (goodwill) between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under non-current intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Allocation of goodwill to cash-generating units is described in notes 3.1.1 and 3.1.4.

Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a different functional currency than the Group's presentation currency are treated as assets and liabilities of the foreign enterprise and are translated and converted at first recognition to the functional currency of the foreign enterprise at the exchange rate on the transaction date.

The purchase consideration of an enterprise is the fair value of the agreed payment in the form of assets transferred, liabilities assumed, and equity instruments issued to seller. If part of the consideration is contingent on future events or fulfilment of agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in the income statement when incurred. If, at acquisition date, uncertainty exist regarding the identification and measurement of acquired assets, liabilities or contingent liabilities, or determination of the purchase price, initial recognition and measurement is done based on preliminary values. The preliminary values may be adjusted until 12 months from the acquisition date, provided the initial recognition was preliminary or incorrect. Changes in estimates regarding contingent considerations are recognised in the income statement as financial items.

Incremental acquisitions after control have been obtained, i.e., purchase of minority interests, are recognised directly in equity. Disposal of minority interests not resulting in loss of control is likewise recognised directly in equity. Gains or losses on disposal of subsidiaries, associates and joint ventures are calculated as the difference between the disposal consideration and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity as well as anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which previously were recognised directly in equity, are included in the calculation of the gain/ loss. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

5.6 Guarantees, collateral and contingent liabilities

Guarantees issued by banks on behalf of the Group amount to DKK 224m (2022: DKK 226m). In addition, the Group has issued two guarantees in relation to defined benefit pension schemes in the UK of an amount up to DKK 125m (2022: DKK 148m).

The Group is part in various legal disputes. The outcome of these disputes is not considered likely to influence DFDS' financial position significantly, besides what is already recognised in the balance sheet.

Certain ferries with a total carrying amount of DKK 5,752m (2022: DKK 8,596m) have been pledged as security for mortgage on ferries and bank loans with a total carrying amount of DKK 4,002m (2022: DKK 5,353m).

At year end 2023 DKK 14m (2022: DKK 175m) of the cash was deposited on restricted bank accounts.

5.7 Contractual commitments

DKK million	**2023**	2022
Contractual commitments, term 0-1 year	64	59
Contractual commitments, term 1-5 years	27	27
Contractual commitments, term after 5 years	0	0
Contractual commitments (undiscounted)	**91**	**86**

The Group's contractual commitments in 2023 include the purchase of EU Allowances related to the EU Emissions Trading System (ETS) regulations. The purchase of ETS allowances has been done via forward instruments with physical delivery. These instruments are treated as off-balance sheet items as the own-use exemption under IFRS 9 is applied.

The Group contractual commitments in 2023 and 2022 include a Vessel Share Agreement in the Netherlands.

5.8 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 41.6%, through Lauritzen Fonden Holding Aps, exercises de facto control over DFDS A/S. Accordingly, the members of the Board of Directors and the Executive Board at Lauritzen Fonden as well as all companies owned by Lauritzen Fonden are related parties. Furthermore, related parties comprise DFDS' Executive Board and Board of Directors, leading employees, and close members of the family of those, DFDS' subsidiaries, associates and joint ventures, reference is made to note 5.10.

In addition to intra-group balances and transactions (primarily charter hire, financing and commissions etc.), which are eliminated on consolidation, usual Executive Board and Board of Directors remuneration (reference is made to note 2.4 and 5.1), share options and restricted share units to the Executive Board and leading employees (reference is made to note 5.3) and the below transactions, a distribution of dividends of DKK 5.00 per share has been carried out during the year. The table below depicts material transactions with related parties.

DKK million	**Sale of services**	**Purchase of services**	**Receiv-ables**	**Liabilities**
2023				
Associates and joint ventures	33	211	38	3
2022				
Associates and joint ventures	36	167	23	12

5.9 Events after the balance sheet date

On 10 January 2024, the Group completed the acquisition of FRS Iberia/Maroc, a key player on the strait of Gibraltar short-sea ferry market connecting Spain and Morocco.

On 9 February 2024, a share buyback of DKK 431m was announced and launched on 12 February 2024 to 31 December 2024.

On 16 February 2024, DFDS awarded 103,780 restricted share units and 444,804 share options to the Executive Board, a number of key employees and other managerial staff. The theoretical value is DKK 37m calculated according to the Black-Scholes model.

No other material events have occurred after 31 December 2023 that have consequences for the 2023 annual report.

5.10 Company overview

Company	Ownership share 2023	Country	City	Currency	Share Capital
Parent Company					
DFDS A/S [5]		Denmark	Copenhagen	DKK	1,172,631,560
Subsidiaries:					
DFDS Belgium N.V. [2]		Belgium	Gent	EUR	2,355,976
N&K Cold Chain Logistics (Shanghai) Co., Ltd.		China	Shanghai	CNY	2,901,420
DFDS Logistics s.r.o. [2]		Czech Republic	Prague	CZK	1,100,000
DFDS Germany ApS [2]		Denmark	Copenhagen	DKK	500,000
Lundvej 15 ApS [2]		Denmark	Copenhagen	DKK	100.000
Dronningens Kvarter 1 ApS [2]		Denmark	Copenhagen	DKK	43,500,00
DFDS Logistics A/S		Denmark	Esbjerg	DKK	600,000
DFDS Stevedoring A/S [2]		Denmark	Esbjerg	DKK	502,000
DFDS Logistics Denmark A/S		Denmark	Herning	DKK	500,000
DFDS Køletransport A/S		Denmark	Hobro	DKK	1,500,000
DFDS Logistics OÜ [2]		Estonia	Tallinn	EUR	3,000
DFDS Logistics OY [2]		Finland	Turku	EUR	2,520
DFDS Seaways S.A.S. [2]		France	Dieppe	EUR	37,000
Dunes Bail SNC		France	Paris	EUR	1,000
Flandres Bail SNC		France	Paris	EUR	1,000
DFDS Germany ApS & Co. KG [2,]		Germany	Cuxhaven	EUR	25,000
DFDS Logistics Deutschland GmbH		Germany	Neuenkirch-en-Vörden	EUR	25,000
DFDS Beteiligungs GmbH		Germany	Neuenkirch-en-Vörden	EUR	25,000
DFDS Logistics GmbH		Germany	Neuenkirch-en-Vörden	EUR	25,000
DFDS Grundstücksverwaltungs GmbH & Co KG.		Germany	Neuenkirch-en-Vörden	EUR	20,000
ICT Logistics GmbH		Germany	Norderstedt	EUR	25,000
DFDS Rail (primeRail) GmbH [2]		Germany	Troisdorf	EUR	98,000
Alphatrans-Szállítás Szolgáltató Kft.		Hungary	Gyula	HUF	3,000,000

Company	Ownership share 2023	Country	City	Currency	Share Capital
DFDS Seaways Ireland Ltd.		Ireland	Dublin	EUR	100
Lucey Transport Logistics Ltd. [2]		Ireland	Dublin	EUR	3,000
DFDS Logistics Contracts (Ireland) Ltd. [2]		Ireland	Dublin	EUR	200
McBurney Refrigeration (Ireland) Ltd. [2]		Ireland	Dublin	EUR	100
Bond Delivery Ireland Ltd. [2]		Ireland	Dublin	EUR	100
Samer Seaports & Terminals SRL	60.00	Italy	Trieste	EUR	2,800,000
DFDS SIA		Lativa	Liepaja	EUR	113,886
AB DFDS Seaways [2]	98.31	Lithuania	Klaipeda	EUR	95,252,000
UAB DFDS Trucking		Lithuania	Klaipeda	EUR	89,782
Alphatrans International Trucking B.V.		Netherlands	Brielle	EUR	18,000
DFDS Logistics Nijmegen B.V.		Netherlands	Nijmegen	EUR	40,840
DFDS Transport B.V.		Netherlands	Nijmegen	EUR	22,689
Estron Beheer B.V.		Netherlands	Rotterdam	EUR	181,600
Estron Holding B.V.		Netherlands	Rotterdam	EUR	11,345
DFDS Warehousing Rotterdam B.V.		Netherlands	Rotterdam	EUR	18,000
Estron B.V.		Netherlands	Rotterdam	EUR	22,500
DFDS Holding B.V.		Netherlands	Vlaardingen	EUR	40,000,000
DFDS NewCo B.V. [2]		Netherlands	Vlaardingen	EUR	1
DFDS Logistics B.V.		Netherlands	Vlaardingen	EUR	455,000
DFDS Seaways B.V.		Netherlands	Vlaardingen	EUR	18,400
DFDS Logistics Wijchen B.V.		Netherlands	Wijchen	EUR	20,000
DFDS Trucking Wijchen B.V.		Netherlands	Wijchen	EUR	18,152
DFDS Warehousing Wijchen B.V.		Netherlands	Wijchen	EUR	18,152
DFDS Distri Holding B.V.		Netherlands	Winterswijk	EUR	18,000
DFDS Expeditie Holding B.V.		Netherlands	Winterswijk	EUR	18,000
DFDS Property and Equipment B.V.		Netherlands	Winterswijk	EUR	20,000
DFDS Logistics Winterswijk B.V.		Netherlands	Winterswijk	EUR	108,310
DFDS Property Nijmegen B.V.		Netherlands	Winterswijk	EUR	18,000
DFDS Property and Equipment Winterswijk B.V.		Netherlands	Winterswijk	EUR	77,140

1 Unless otherwise indicated, the companies are 100% owned by the DFDS Group.
2 The Company is directly owned by the Parent Company DFDS A/S
3 Relief in accordance with Sec. 264b German Commercial Code (HGB).
4 Due to minority protection in the shareholders' agreements the DFDS Group does not have a controlling interest.
5. Includes Estonian branch, French branch, Lithuanian branch and UK branch of DFDS A/S.

5.10 Company overview (continued)

Company	Ownership share 2023	Country	City	Currency	Share Capital
NorthSea Terminal AS		Norway	Brevik	NOK	1,000,000
DFDS Logistics AS [2]		Norway	Lysaker	NOK	20,538,000
DFDS Spedition Norge AS		Norway	Oslo	NOK	500,000
DFDS Seaways AS [2]		Norway	Oslo	NOK	12,000,000
DFDS Polska Sp. z o.o. [2]		Poland	Poznan	PLN	10,005,000
DFDS Logistics Polska Sp. z o.o.	80.00	Poland	Szubin	PLN	50,000
DFDS Investments Sp. z o.o.	80.00	Poland	Szubin	PLN	5,000
DFDS Logistics Solutions Romania SRL		Romania	Bucharest	RON	147,050
Romania Transport Group SRL		Romania	Tibod	RON	1,000
N&K Spedition Spain S.L.	80.00	Spain	Tarragona	EUR	60,000
DFDS Seaways Hispania S.L. [2]		Spain	Valencia	EUR	3,000
DFDS Logistics Services AB [2]		Sweden	Gothenburg	SEK	1,100,000
DFDS AB		Sweden	Gothenburg	SEK	500,000
DFDS Logistics Contracts AB		Sweden	Gothenburg	SEK	50,000
DFDS Logistics Partners AB	85.00	Sweden	Gothenburg	SEK	1,000,000
DFDS Professionals AB [2]	87.50	Sweden	Gothenburg	SEK	25,000
DFDS Turkey Denizcilik ve Tasi Yati A.Ş.		Türkiye	Istanbul	EUR	342,000,000
Trieste Newholdco Denizcilik ve Taşımacılık A.Ş.		Türkiye	Istanbul	EUR	461,635,380
Trieste Holdco Denizcilik ve Taşımacılık A.Ş.		Türkiye	Istanbul	EUR	464,440,121
Trieste Midco Denizcilik ve Taşımacılık A.Ş.		Türkiye	Istanbul	EUR	475,242,795
DFDS Denizcilik ve Tasimacilik A.Ş.	98.80	Türkiye	Istanbul	EUR	369,967,159

Company	Ownership share 2023	Country	City	Currency	Share Capital
McBurney Transport Group Ltd. [2]		United Kingdom	Ballymena	GBP	947,934
Bondelivery NI Ltd. [2]		United Kingdom	Ballymena	GBP	260,110
Huisman International (UK) Ltd.		United Kingdom	Corby	GBP	100
DFDS Logistics Ltd. [2]		United Kingdom	Immingham	GBP	15,150,000
DFDS Logistics Contracts Ltd.		United Kingdom	Immingham	GBP	2,571,495
DFDS Logistics Services Ltd. [2]		United Kingdom	Immingham	GBP	100
DFDS Logistics Property Ltd.		United Kingdom	Immingham	GBP	250,000
DFDS Seaways Holding Ltd. [2]		United Kingdom	Immingham	GBP	250,000
DFDS Seaways Plc. [2]		United Kingdom	Immingham	GBP	40,250,000
LLC DFDS		Ukraine	Kiev	UAH	357,644
Associates:					
Bohus Terminal Holding AB	65.00	Sweden	Gothenburg	SEK	50,000
Gothenburg RO/RO Terminal AB	65.00	Sweden	Gothenburg	SEK	5,000,000
DeaL Energy A/S	50.00	Denmark	Hellerup	DKK	500,000
Euro Asia cold Chain Logistic	52.04	China	Shanghai	CNY	22,100,000

22 Dormant entities

Parent Financial Statements 2023

Income statement 1 January – 31 December

DKK million	Note	2023	2022
Revenue	1	11,292	11,621
Costs:			
Ferry and other ship operation and maintenance	2	-3,239	-3,591
Port terminal operations		-2,424	-2,452
Transport solutions and warehouse solutions		-428	-472
Employee costs	3	-1,656	-1,485
Cost of sales and administration	4	-1,122	-963
Operating profit before depreciation and amortisation (EBITDA)		**2,422**	**2,658**
Profit on disposal of non-current assets, net		102	32
Depreciation on tangibles and right-of-use assets	5	-1,505	-1,489
Operating profit before amortisation (EBITA)		**1,019**	**1,200**
Amortisation on intangibles	5	-55	-44
Operating profit (EBIT)		**964**	**1,157**
Financial income	6	1,331	644
Financial costs	6	-795	-192
Profit before tax		**1,500**	**1,608**
Tax on profit	7	0	0
Profit for the year		**1,500**	**1,608**

Statement of comprehensive income 1 January – 31 December

DKK million	Note	2023	2022
Profit for the year		**1,500**	**1,608**
Other comprehensive income			
Items that are or may subsequently be reclassified to the Income statement:			
Value adjustment of hedging instruments for the year		-75	210
Value adjustment transferred to operating costs		-110	9
Value adjustment transferred to financial costs		43	11
Value adjustment transferred to non-current tangible assets		0	7
Foreign exchange adjustments, foreign branches		4	-33
Tax on items that are or may be reclassified to the Income statement	7	0	-42
Items that are or may subsequently be reclassified to the Income statement		**-138**	**162**
Total other comprehensive income after tax		**-138**	**162**
Total comprehensive income		**1,362**	**1,770**

Balance sheet 31 December Assets

DKK million	Note	**2023**	2022
Goodwill		116	116
Software		342	320
Development projects in progress		17	12
Non-current intangible assets	8	**476**	**448**
Land and buildings	9	20	22
Terminals	9	29	27
Ferries and other ships	9	5,036	6,397
Equipment, etc.	9	189	199
Assets under construction and prepayments	9	218	172
Right-of-use assets	10	2,338	1,818
Non-current tangible assets		**7,831**	**8,635**
Investments in subsidiaries	11	11,465	9,289
Investments in associates, joint ventures and securities		2	2
Receivables	12	28	75
Prepaid costs		0	3
Derivative financial instruments	22,23	132	263
Deferred tax assets	15	0	0
Other non-current assets		**11,627**	**9,631**
Non-current assets		**19,933**	**18,714**
Inventories	13	198	183
Receivables	12	2,185	2,210
Prepaid costs		89	77
Derivative financial instruments	22,23	20	29
Cash		381	489
Current assets		**2,872**	**2,988**
Assets		**22,806**	**21,702**

Balance sheet 31 December Equity and Liabilities

DKK million	Note	**2023**	2022
Share capital		1,173	1,173
Reserves		371	501
Retained earnings		9,910	8,975
Equity		**11,453**	**10,649**
Interest-bearing liabilities	19	4,811	3,955
Deferred tax	15	6	6
Pension and jubilee liabilities	17	9	9
Other provisions	18	7	31
Derivative financial instruments	22,23	59	71
Non-current liabilities		**4,893**	**4,071**
Interest-bearing liabilities	19	3,778	4,622
Trade payables		1,398	1,650
Other provisions	18	49	16
Corporation tax		4	36
Other payables	21	977	428
Derivative financial instruments	22,23	52	49
Prepayments from customers		202	182
Current liabilities		**6,460**	**6,982**
Liabilities		**11,353**	**11,053**
Equity and liabilities		**22,806**	**21,702**

Statement of change in equity 1 January – 31 December 2023

DKK million	Share capital	Translation reserve	Hedging reserve	Reserve for development costs	Treasury shares	Retained earnings	Total
Equity at 1 January 2023	**1,173**	**-36**	**232**	**333**	**-28**	**8,975**	**10,649**
Comprehensive income for the year							
Profit for the year						1,500	1,500
Other comprehensive income after tax	0	5	-142	0	0	0	-138
Total comprehensive income	**0**	**5**	**-142**	**0**	**0**	**1,500**	**1,362**
Transactions with owners							
Dividends paid						-293	-293
Dividends on treasury shares						12	12
Share-based payments						23	23
Share buyback					-21	-279	-300
Cash from sale of treasury shares related to exercise of share options					1	-1	0
Capitalised development costs, additions				27		-27	0
Total transactions with owners 2023	**0**	**0**	**0**	**27**	**-21**	**-565**	**-559**
Equity at 31 December 2023	**1,173**	**-31**	**90**	**360**	**-48**	**9,910**	**11,453**

The Parent Company's share capital is divided into 58,631,578 shares of DKK 20 each. All shares have equal rights. There are no restrictions on voting rights. The shares are fully paid up. The Board of Directors proposes to the 2024 Annual General Meeting that a dividend of DKK 3.00 per share is paid in 2024. In addition, DKK 431m will be distributed through a share buyback under the Safe Harbour rules starting on 12 February 2024 and expiring on 31 December 2024 .

Statement of change in equity 1 January – 31 December 2022

DKK million	Share capital	Translation reserve	Hedging reserve	Reserve for development costs	Treasury shares	Retained earnings	Total
Equity at 1 January 2022	**1,173**	**-3**	**-4**	**307**	**-25**	**7,908**	**9,355**
Comprehensive income for the year							
Profit for the year						1,608	1,608
Other comprehensive income after tax	0	-33	236	0	0	-42	162
Total comprehensive income	**0**	**-33**	**236**	**0**	**0**	**1,566**	**1,770**
Transactions with owners							
Dividends paid						-235	-235
Dividends on treasury shares						5	5
Extraordinary dividends paid						-235	-235
Extraordinary dividends on treasury shares						5	5
Share-based payments						15	15
Purchase of treasury shares					-2	-30	-32
Capitalised development costs, additions				26		-26	0
Total transactions with owners 2022	**0**	**0**	**0**	**26**	**-2**	**-499**	**-475**
Equity at 31 December 2022	**1,173**	**-36**	**232**	**333**	**-28**	**8,975**	**10,649**

The Parent company's share capital is divided into 58,631,578 shares of DKK 20 each. All shares have equal rights. There are no restrictions on voting rights. The shares are fully paid up.

Statement of cash flows 1 January – 31 December

DKK million	Note	2023	2022
Operating profit before depreciation and amortisation (EBITDA)		**2,422**	**2,658**
Adjustments for non-cash operating items, etc.	24	12	9
Change in working capital	25	-114	280
Payment of pension liabilities and other provisions		-1	-55
Interest etc., received		109	65
Interest etc., paid		-414	-193
Taxes paid		-32	-1
Cash flows from operating activities		**1,982**	**2,764**
Investments in ferries including dockings, etc.		-494	-1,121
Sale of ferries		1,466	0
Investments in other non-current tangible assets		-51	-115
Sale of other non-current tangible assets		0	4
Investments in non-current intangible assets		-82	-70
Acquisition of enterprises, associates, joint ventures, and activities	11	-1,185	-406
Group internal acquisition of enterprises	11	-1	0
Group internal divestment of enterprises		38	28
Capital contributions to subsidiaries, purchase of minority shares, etc.	11	-139	-108
Dividends received from subsidiaries		3	166
Other investing cash flows		-3	1
Cash flows from investing activities		**-447**	**-1,622**
Free cash flows		**1,535**	**1,142**

DKK million	Note	2023	2022
Proceed from bank loans and loans secured by mortgage in ferries	20	1,500	3,894
Repayment and instalments of bank loans and loans secured by mortgage in ferries	20	-3,233	-1,980
Proceed from issuance of corporate bonds	20	981	0
Repayment of corporate bonds incl. settlement of cross currency swap	20	0	-1,000
Payment of lease liabilities	20	-875	-940
Change in Group internal financing, net	20	564	-579
Acquisition of treasury shares and share buyback		-300	-32
Other financing cash flows		0	-33
Dividends paid		-281	-459
Cash flows from financing activities		**-1,644**	**-1,128**
Net cash flows		**-109**	**14**
Cash and cash equivalents at 1 January		489	475
Cash and cash equivalents at 31 December		**381**	**489**

Notes

Note 1 Revenue

DKK million	Ferry Division	Logistics Division	Non-allocated	2023 Total
Geographical markets				
North Sea	6,114	-	0	6,114
Baltic Sea	1,299	-	0	1,299
Continent	-	374	0	374
Nordic	-	422	0	422
UK/Ireland	3,036	18	0	3,053
Other	0	0	31	31
Total	**10,448**	**813**	**31**	**11,292**
Product and services				
Seafreight and shipping logistics solutions	6,395	0	0	6,395
Transport solutions	23	544	0	567
Passenger seafare and onboard sales	3,352	0	0	3,352
Terminal services	93	0	0	93
Charters including related income	388	0	0	388
Agency and other revenue	197	269	31	497
Total	**10,448**	**813**	**31**	**11,292**

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities). Revenue from leasing activities amounts to DKK 388m (2022: DKK 415m). Onboard sales amounts to DKK 1,607m (2022: DKK 1,286m).

Note 1 Revenue (continued)

DKK million	Ferry Division	Logistics Division	Non-allocated	2022 Total
Geographical markets				
North Sea	6,146	-	0	6,146
Baltic Sea	1,564	-	0	1,564
Continent	-	409	0	409
Nordic	-	370	0	370
UK/Ireland	3,088	15	0	3,015
Other	0	0	28	28
Total	**10,798**	**795**	**28**	**11,621**
Product and services				
Seafreight and shipping logistics solutions	7,153	0	0	7,153
Transport solutions	24	585	0	610
Passenger seafare and onboard sales	2,799	0	0	2,799
Terminal services	159	0	0	158
Charters including related income	415	0	0	415
Agency and other revenue	247	210	28	485
Total	**10,798**	**795**	**28**	**11,621**

Note 2 Costs

DKK million	**2023**	2022
Ferry and other ship cost including charter related cost	-1,362	-1,240
Bunker	-1,878	-2,351
Total ferry and other ship operation and maintenance	**-3,239**	**-3,591**

Note 3 Employee costs

DKK million	2023	2022
Wages, salaries and remuneration	-1,388	-1,255
Hereof capitalised employee costs	44	47
Defined contribution pension plans	-94	-81
Other social security costs	-70	-67
Share based payment, reference is made to note 16	-17	-12
Employee shares	-5	-4
Other employee costs	-127	-115
Government grants (Covid-19)	2	3
Total employee costs	**-1,656**	**-1,485**
Full time equivalents (FTE)	3,116	2,820

Reference is made to note 5.1 of the consolidated financial statements for a description of the Parent company's remuneration to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent company and the Group.

Note 4 Fees to auditors appointed at the Annual General Meeting

DKK million	2023	2022
Audit fees	-3	-3
Other assurance engagements	0	0
Tax and VAT advice	-3	-1
Non-audit services	-5	0
Total fees	**-11**	**-4**

In relation to fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark reference is made to the consolidated financial statements note 5.2

Note 5 Amortisation and depreciation for the year

DKK million	2023	2022
Amortisation and depreciation for the year:		
Software	-55	-44
Total amortisation for the year	**-55**	**-44**
Land & Buildings	-2	-2
Terminals	-7	-5
Ferries and other ships	-537	-463
Equipment etc.	-48	-38
Right-of-use assets	-911	-981
Total depreciation for the year	**-1,505**	**-1,489**
Total amortisation and depreciation for the year	**-1,560**	**-1,534**

Note 6 Financial income and costs

DKK million	2023	2022
Financial income		
Interest income from banks, etc.	27	3
Interest income from subsidiaries	47	16
Foreign exchange gains, net [1]	0	35
Reversal of impairment of investments in subsidiaries [2]	1	364
Dividends received from subsidiaries	1,224	166
Other financial income	33	60
Total financial income	**1,331**	**644**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.	-229	-84
Interest expense on lease liabilities [3]	-89	-86
Interest expense to subsidiaries	-76	-9
Foreign exchange losses, net [1]	-29	0
Impairment of investments in subsidiaries [3]	-358	0
Other financial costs	-14	-15
Transfer to assets under construction	0	1
Total financial costs	**-795**	**-192**
Financial income and costs, net	**536**	**451**

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in DFDS A/S also consist of the Group's gross transactions. Transactions entered into on behalf of subsidiaries are transferred to the subsidiaries on back-to-back terms.

Except for interest income (net) relating to interest swap agreements of DKK 0m (2022: DKK -1m) interest income and interest expenses relate to financial instruments measured at amortised cost.

Note 7 Tax

DKK million	2023	2022
Current joint tax contributions	0	-33
Movement in deferred tax for the year	0	-11
Adjustment to deferred tax in respect of prior years	0	2
Tax for the year	**0**	**-42**
Tax for the year is recognised as follows:		
Tax in the income statement	0	0
Tax in other comprehensive income	0	-42
Tax for the year	**0**	**-42**
Tax in the income statement can be specified as follows:		
Profit before tax	1,500	1,608
Income subject to tonnage tax	-855	-1,069
Profit before tax subject to corporate income tax	**645**	**539**
22% tax of profit before tax	-142	-118
Tax effect of:		
Non-taxable/non-deductible items [4]	145	119
Adjustments of tax in respect of prior years	0	2
Corporate income tax	**3**	**3**
Tonnage tax	-3	-3
Tax in the income statement	**0**	**0**
Effective tax rate (%)	0.9	2.5
Effective tax rate before adjustment of prior years' tax (%)	3.0	15.2

The ferry activities are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules at the standard corporate tax rate of 22%.

DFDS A/S and its Danish subsidiaries are subject to compulsory joint taxation with Lauritzen Fonden Holding ApS and its Danish controlled enterprises. Lauritzen Fonden Holding ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, DFDS A/S and its Danish subsidiaries are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

1 Foreign exchange gains in 2023 amounts to DKK 303m (2022: DKK 509m) and foreign exchange losses amounts to DKK 333m (2022: DKK 474m).
2 Reference is made to note 30.
3 Reference is made to note 10.
4 Primarily relates to tax exempt dividends from subsidiaries, write down of investment in subsidiaries and interest restriction.

Note 8 Non-current intangible asset

DKK million	Goodwill	Software	Development projects in progress	Total
Cost at 1 January 2023	116	698	12	826
Additions	0	0	82	82
Disposals	0	-51	0	-51
Transfers	0	77	-77	0
Cost at 31 December 2023	**116**	**724**	**17**	**857**
Amortisation and impairment losses at 1 January 2023	0	377	0	377
Amortisation charge	0	55	0	55
Disposals	0	-50	0	-50
Amortisation and impairment losses at 31 December 2023	**0**	**381**	**0**	**381**
Carrying amount at 31 December 2023	**116**	**342**	**17**	**476**

DKK million	Goodwill	Software	Development projects in progress	Total
Cost at 1 January 2022	116	640	14	771
Additions	0	0	70	70
Disposals	0	-15	0	-15
Transfers	0	72	-72	0
Cost at 31 December 2022	**116**	**698**	**12**	**826**
Amortisation and impairment losses at 1 January 2022	0	348	0	348
Amortisation charge	0	44	0	44
Disposals	0	-15	0	-15
Amortisation and impairment losses at 31 December 2022	**0**	**377**	**0**	**377**
Carrying amount at 31 December 2022	**116**	**320**	**12**	**448**

The Parent company's carrying amount of goodwill DKK 116m (2022: DKK 116m) relates to the acquisition of two freight- and passenger routes in 2016 and 2011, respectively, and one freight route in 2005.

The carrying amount of software and development projects in progress primarily relates to a passenger booking system, a transport management system to the Logistics Division, an onboard sales system, an ERP system, and digital initiatives in general.

For information regarding impairment tests reference is made to note 3.1.4 in the consolidated financial statements.

Note 9 Non-current tangible assets

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2023	25	81	11,681	524	172	12,483
Foreign exchange adjustments	0	0	4	0	0	4
Additions	0	1	11	0	530	543
Disposals	0	0	-1,481 [1]	-43	0	-1,524
Transfers	0	8	431	45	-484	0
Cost at 31 December 2023	**25**	**90**	**10,646**	**526**	**218**	**11,506**
Depreciation and impairment losses at 1 January 2023	3	54	5,284	325	0	5,666
Foreign exchange adjustments	0	0	2	0	0	2
Depreciation charge	2	7	537	48	0	594
Disposals	0	0	-212	-38	0	-250
Transfers	0	0	0	2	0	1
Depreciation and impairment losses at 31 December 2023	**5**	**61**	**5,611**	**337**	**0**	**6,014**
Carrying amount at 31 December 2023	**20**	**29**	**5,036**	**189**	**218**	**5,492**

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2022	11	72	9,720	440	1,192	11,435
Additions	0	0	0	0	1,238	1,238
Disposals	-9	0	-166	-16	0	-190
Transfers	23	10	2,126 [2]	99	-2,257	0
Cost at 31 December 2022	**25**	**81**	**11,681**	**524**	**172**	**12,483**
Depreciation and impairment losses at 1 January 2022	10	49	4,986	302	0	5,347
Depreciation charge	2	5	463	38	0	508
Disposals	-9	0	-166	-15	0	-189
Depreciation and impairment losses at 31 December 2022	**3**	**54**	**5,284**	**325**	**0**	**5,666**
Carrying amount at 31 December 2022	**22**	**27**	**6,397**	**199**	**172**	**6,817**

1 Primarily relates to sale and leaseback of three vessels during 2023.

2 Primarily relates to two new vessels delivered in 2022.

Note 10 Right-of-use assets and lease liabilities

The Parent company has lease contracts for various items of land & buildings, terminals, ferries, equipment etc. in its operations. The Parent company's obligations under the leases are secured by the lessors' title to the leased assets. There are several lease contracts that include extension and termination options, these options are negotiated by management to provide flexibility in managing the asset portfolio. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2023	157	128	4,328	37	4,650
Foreign exchange adjustments	0	0	4	0	4
Additions/Remeasurement	22	93	1,359 [1]	0	1,474
Disposals	0	0	-680	-37	-717
Cost at 31 December 2023	**181**	**220**	**5,011**	**0**	**5,412**
Depreciation and impairment losses at 1 January 2023	16	59	2,728	29	2,832
Foreign exchange adjustments	0	0	2	0	2
Depreciation charge	18	11	877	6	911
Disposals	0	0	-638	-35	-673
Depreciation and impairment losses 31 December 2023	**34**	**70**	**2,968**	**0**	**3,073**
Carrying amount at 31 December 2023	**146**	**150**	**2,042**	**0**	**2,338**

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2022	62	57	3,585	49	3,752
Additions/Remeasurement	155	71	1,443 [2]	6	1,676
Disposals	-60	0	-700	-18	-778
Cost at 31 December 2022	**157**	**128**	**4,328**	**37**	**4,650**
Depreciation and impairment losses at 1 January 2022	60	50	2,405	28	2,543
Depreciation charge	16	9	946	10	981
Disposals	-60	0	-623	-9	-692
Depreciation and impairment losses 31 December 2022	**16**	**59**	**2,728**	**29**	**2,832**
Carrying amount at 31 December 2022	**141**	**68**	**1,600**	**8**	**1,818**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	**2023**	2022
As at 1 January	1,878	1,242
Additions/Remeasurement	1,578	1,676
Instalments	-875	-940
Disposals	-44	-88
Foreign exchange adjustments	30	-11
Total lease liabilities at 31 December	**2,567**	**1,878**

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	**2023**	2022
Within 1 year	1,038	930
1-3 years	790	423
3-5 years	645	293
After 5 years	488	562
Total lease liability, non-discounted	**2,961**	**2,208**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	**2023**	2022
Non-current liabilities	1,628	1,022
Current liabilities	939	856
Total lease liabilities	**2,567**	**1,878**

1 Primarily relates to sale and leaseback operation of three vessels during 2023

2 Primarily relates to the Group internal charter contracts.

Note 10 Right-of-use assets and lease liabilities (continued)

The following amounts are recognised in the income statement:

DKK million	2023	2022
Expenses relating to low-value assets (included in cost of sales and administration)	-4	-3
Interest expenses on lease liabilities	-89	-86
Depreciation, ships	-877	-946
Depreciation, other non-current assets	-34	-36
Gain arising from sale and leaseback transactions	95	0
Total amount recognised in the income statement	**-909**	**-1,070**

The following amounts from leases are recognised in the statement of cash flows:

DKK million	2023	2022
Net cash flows from operating activities, gross	-4	-3
Interest etc. paid	-89	-86
Net cash flows from operating activities, net	-93	-89
Net cash flows from financing activities	-875	-940
Total cash outflow from leases	**-968**	**-1,029**

In 2023 the Parent company paid DKK 964m (2022: DKK 1,027m) regarding lease agreements whereof interest expenses related to lease liabilities amount to DKK 89m (2022: DKK 86m), and instalments of lease liability amount to DKK 875m (2022: DKK 940m).

There is no material impact on other comprehensive income. At 31 December 2022 the Parent company was committed to low-value leases where the total commitment was DKK 13m (2022: DKK 12m). The Parent Company has no lease contracts including fixed and variable payments.

Note 10 Right-of-use assets and lease liabilities (continued)

The Parent company as a lessor

The Parent company has entered into several operating leases of its ferries. Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating lease commitments (lessor)

DKK million	2023	2022
Minimum lease payments (income)		
Ferries		
Within 1 year	312	353
1-3 years	442	577
3-5 years	0	177
Total ferries	**754**	**1,107**

The specified minimum payments are not discounted. Operating lease- and rental income recognised in the income statement amounts to DKK 388m in 2023 (2022: DKK 415m). The contracts are entered into on usual conditions.

Note 11 Investments in subsidiaries

DKK million	2023	2022
Cost at 1 January	9,368	8,832
Additions [1]	2,556	539
Disposals	-23	-3
Cost at 31 December	**11,901**	**9,368**
Accumulated impairment losses at 1 January	-79	-445
Disposals	0	2
Impairment losses [2]	-358	0
Reversal of prior year impairment losses [2]	1	364
Accumulated impairment losses at 31 December	**-436**	**-79**
Carrying amount at 31 December	**11,465**	**9,289**

Reference is made to the company overview in the consolidated financial statements note 5.10. The carrying amount of investments in subsidiaries is tested for impairment at least at year-end.

1 2023: Addition relates to in kind dividend from a subsidiary (DKK 1,221m), addition of McBurney Group (DKK 1,195m), capital injection in a subsidiary (DKK 132m) and acquisition of minority shares in AB DFDS Seaways (DKK 8m).

2 Reference is made to note 30.

Note 12 Receivables

DKK million	2023	2022
Other non-current receivables	0	15
Interest-bearing receivables from subsidiaries	28	60
Total non-current receivables	**28**	**75**
Trade receivables	721	782
Interest-bearing receivables from subsidiaries [1]	736	648
Non-interest-bearing receivables from subsidiaries	416	416
Receivables from associates and joint ventures	25	22
Other receivables and current assets	287	343
Total current receivables	**2,185**	**2,210**

The carrying amount of receivables is in all material respects equal to the fair value.

DKK million	2023	2022
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	72	122
31-60 days	7	8
61-90 days	4	5
91-120 days	4	4
More than 120 days	0	26
Past due, but not impaired	**87**	**166**
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	17	15
Write-downs	9	14
Realised losses	-2	-3
Reversed write-downs	-9	-8
Write-downs at 31 December	**15**	**17**

Note 12 Receivables (continued)

DKK million	2023	2022
Age distribution of write-downs:		
Days past due:		
Up to 30 days	0	1
31-60 days	0	0
61-90 days	0	0
91-120 days	0	1
More than 120 days	15	14
Write-downs at 31 December	**15**	**17**

Write-downs and realised losses are recognised in ferry and other ship operation and maintenance costs in the Income statement. Reference is made to note 4.1 in the consolidated financial statements for a description of credit risk.

1 The carrying amount of Interest-bearing receivables from subsidiaries relates to current credit facilities that are made available to subsidiaries.

Note 13 Inventories

DKK million	2023	2022
Bunker	117	126
Goods for sale	89	78
Write-down of inventories end of year	-7	-22
Total inventories	**198**	**183**

Write-down of inventories during the year is an income of DKK -14m (2022: expense of DKK 6m).

Note 14 Distribution to shareholders and treasury shares

Distribution to shareholders
A dividend of DKK 5.00 per share was paid in March 2023 (corresponding to DKK 281m excluding dividend on treasury shares) and further, a share buyback of 1,071,428 shares was made during February 2023 for a total purchase sum of DKK 300m – i.e., a total distribution to the shareholders in 2023 of DKK 581m. The Board of Directors proposes to the 2024 Annual General Meeting in March 2024 that a dividend of DKK 3.00 per share is paid in 2024 (corresponding to DKK 169m excluding dividend on treasury shares). In addition, DKK 431m will be distributed through a share buyback under the Safe Harbour rules starting on 12 February 2024 and expiring on 31 December 2024.

Treasury shares
Information regarding the Parent company's and the Group's holding of treasury shares is identical. Reference is made to the consolidated financial statements note 4.7.

Note 15 Deferred tax

DKK million	Land and buildings, terminals and other equipment	Provisions	Tax loss carried forward	2023 Total
Deferred tax at 1 January	6	0	0	6
Recognised in other comprehensive income	1	-1	0	0
Adjustment regarding prior years recognised in the income statement	0	0	0	0
Deferred tax at 31 December, net	**7**	**-1**	**0**	**6**

DKK million	Land and buildings, terminals and other equipment	Provisions	Tax loss carried forward	2022 Total
Deferred tax at 1 January	6	0	-9	-3
Recognised in other comprehensive income	0	0	11	11
Adjustment regarding prior years recognised in the income statement	0	0	-2	-2
Deferred tax at 31 December, net	**6**	**0**	**0**	**6**

DKK million	2023	2022
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax liabilities	6	6
Deferred tax at 31 December, net	**6**	**6**

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until end of 2031. DFDS A/S is liable to a contingent tax that may realise at the withdrawal from the tonnage taxation scheme. DFDS A/S controls the withdrawal and has no plans to withdraw from the scheme and consequently no deferred tax has been recognised.

Note 16 Share based payment

Information regarding long-term incentives for the Parent company and the Group is identical. Reference is made to the consolidated financial statements note 5.3.

Employee recognition
In recognition of the contribution made by DFDS' employees in a year with exceptional challenges, the Board of Directors has 22 December 2020 awarded up to 50 shares free of charge to each employee. The shares will vest over a three-year period from January 2021 to December 2023 on a straight-line basis. Only employees working through the full vesting period will be entitled to the shares. If an employee retires or leaves his job because of disability during the period until December 2023 the employee is entitled to the full number of shares when the employee leaves. The shares are in most countries awarded as a phantom share programme whereby the entitled employees will receive a cash payment in December 2023 equal to the value of 50 DFDS shares.

In total 2,362 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 81,382 of which 16,262 are phantom shares (cash) and 65,120 as shares.

34,680 shares have been transferred during 2023 (2022: none). Vesting of shares for 2023 is an expense of DKK 5m (2022: DKK 4m).

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
2020 Special Reward	0.00	267.00	34.87%	-0.55%	6.33	3 years	247.87

Note 17 Pension and jubilee liabilities

The Parent company contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Parent company has no legal or constructive obligation to pay further contributions irrespective of the financial situation of these insurance companies or the return of the underlying investments. Pension costs from such plans are expensed in the income statement when incurred. The Parent company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK million	**2023**	2022
Provision for jubilee liabilities	9	9
Total actuarial liabilities	9	9

Note 18 Other provisions

DKK million	**2023**	2022
Other provisions at 1 January	46	112
Addition from acquisition of enterprises	17	7
Provisions made during the year	7	1
Used during the year	-7	-54
Reversal of unused provisions	-7	-19
Other provisions at 31 December	**56**	**46**
Other provisions are expected to be payable in:		
0-1 year	49	16
1-5 years	0	24
After 5 years	7	6
Other provisions at 31 December	**56**	**46**

Of the Parent company's provision of DKK 56m (2022: DKK 46m), DKK 38m (2022: DKK 31m) is net present value of earn-out agreements regarding acquisitions; DKK 7m (2022: DKK 7m) is restructuring provisions, DKK 3m (2022: DKK 1m) is redelivery provisions, and DKK 7m (2021: DKK 6m) is other provisions.

Note 19 Interest-bearing liabilities

DKK million	2023	2022
Issued corporate bonds [1]	992	283
Bank loans and mortgage on ferries and other ships	2,191	2,650
Lease liability	1,628	1,022
Total interest-bearing non-current liabilities	**4,811**	**3,955**
Issued corporate bonds [1]	265	0
Bank loans and mortgage on ferries and other ships	806	2,079
Lease liability	939	856
Payables to subsidiaries [2]	1,767	1,687
Total interest-bearing current liabilities	**3,778**	**4,622**
Total interest-bearing liabilities	**8,589**	**8,576**

The fair value of the interest-bearing liabilities amounts to DKK 8,591m (2022: DKK 8,587m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to issued corporate bonds of nominal NOK 1,900m for which the fair value measurement is categorised within level 2 due to a limited active market. The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds nominal NOK 1,900m has been calculated based on the quoted bond price in March 2023 and August 2023 which is the latest quoted price (2022: quoted bond price in June 2019). DKK 1,373m of the Interest-bearing liabilities in the Parent company fall due after five years (2022: DKK 1,905m). No unusual conditions in connection with borrowings are made. The loan agreements can be settled at fair value plus a small surcharge, whereas premature settlement of the corporate bonds requires a repurchase of the bonds. Reference is made to note 23 for financial risks, etc.

DKK million	2023	2022
DKK	3,569	4,446
EUR	2,941	3,120
SEK	514	371
NOK	1,363	340
GBP	192	292
USD	9	7
Total interest-bearing liabilities	**8,589**	**8,576**

Note 20 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in Interest-bearing liabilities, Derivative financial instruments related to issued corporate bonds and payables to subsidiaries, non-interest-bearing. The changes arising from cash flows form part of the cash flows from financing activities in the statement of cash flows.

			Non-cash changes				
DKK million	1 Jan. 2023	Cash flows	Foreign exchange move-ments	New/ disposed/ remea-sured leases	Fair value changes	Other changes	31 Dec. 2023
Changes in 2023							
Interest-bearing liabilities:							
Bank loans and mortgage on ferries	4,729	-1,733	3	0	0	-2	2,998
Issued corporate bonds	283	981	-8	0	0	1	1,257
Lease liabilities	1,878	-875	31	1,534	0	0	2,567
Payables to subsidiaries, interest-bearing	1,687	81 [3]	0	0	0	0	1,767
	8,576	**-1,546**	**26**	**1,534**	**0**	**-1**	**8,589**
Derivative financial instruments:							
Derivatives related to issued corporate bonds	8	0	0	0	20	0	28
Other:							
Payables to subsidiaries, non-interest-bearing	172	539 [3]	0	0	0	0	711
Total liabilities from financing activities	**8,757**	**-1,007**	**26**	**1,534**	**20**	**-1**	**9,329**
Receivables from subsidiaries		-55 [3]					
Total cash flows		**-1,062**					

1 The Parent company has issued a 5-year corporate bond in 2019 of NOK 400m. During 2023 the Group has issued two corporate bonds of NOK 1,000m and NOK 500m respectively (DKK 992m). Reference is made to the consolidated financial statements note 4.5.

2 The carrying amount of Interest-bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.

3 Cash flows related to payables/receivables from subsidiaries are presented net in the statement of cash flows under financing activities in the line "Change in Group internal financing, net" by DKK 564m.

Note 20 Changes in liabilities arising from financing activities (continued)

DKK million	1 Jan. 2022	Cash flows	Non-cash changes: Foreign exchange move-ments	Non-cash changes: New/ disposed/ remea-sured leases	Non-cash changes: Fair value changes	Non-cash changes: Other changes	31 Dec. 2022
Changes in 2022							
Interest-bearing liabilities:							
Bank loans and mortgage on ferries	2,818	1,914	0	0	0	-2	4,729
Issued corporate bonds	1,230	-898	-49	0	0	1	283
Lease liabilities	1,242	-940	-11	1,587	0	0	1,878
Payables to subsidiaries, interest-bearing	1,946	-259 [1]	0	0	0	0	1,687
	7,235	**-183**	**-61**	**1,587**	**0**	**-2**	**8,576**
Derivative financial instruments:							
Derivatives related to issued corporate bonds	77	-101	0	0	32	0	8
Other:							
Payables to subsidiaries, non-interest-bearing	126	46 [1]	0	0	0	0	172
Total liabilities from financing activities	**7,438**	**-239**	**-61**	**1,587**	**32**	**-2**	**8,757**
Receivables from subsidiaries		-366 [1]					
Total cash flows		**-604**					

Note 21 Other payables

DKK million	**2023**	2022
Holiday pay obligations, etc.	183	158
Payables to subsidiaries	711	172
Payables to associates and joint ventures	3	12
Public authorities (VAT, duty, etc.)	23	30
Other payables	46	45
Accrued interests	10	11
Total other payables	**977**	**428**

1 Cash flows related to payables to/receivables from subsidiaries are presented net in the statement of cash flows under financing activities in the line "Change in Group internal financing, net" by DKK -579m.

Note 22 Information on financial instruments

DKK million	**2023**	2022
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	56	100
Derivatives, related to interest-bearing activities	96	192
Financial assets measured at amortised cost:		
Trade receivables, receivables from subsidiaries, receivables from associates and joint ventures, other receivables and cash	2,581	2,728
Financial assets measured at fair value through the income statement:		
Securities	1	1
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-59	-111
Derivatives, related to interest-bearing activities	-52	-8
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, leases, trade payables, payables to subsidiaries, payables to associates and joint ventures and other payables	-10,759	-10,469
Total	**-8,136**	**-7,567**

Note 22 Information on financial instruments (continued)

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

			2023
	Level 1	**Level 2**	**Level 3**
Derivatives, financial assets	0	152	0
Securities, financial assets	0	0	1
Derivatives, financial liabilities	0	-111	0
Total	**0**	**41**	**1**

			2022
	Level 1	**Level 2**	**Level 3**
Derivatives, financial assets	0	291	0
Securities, financial assets	0	0	1
Derivatives, financial liabilities	0	-119	0
Total	**0**	**172**	**1**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4.1 in the consolidated financial statements for description of the valuation method.

Securities, financial assets measured at fair value through the income statement comprise other shares and equity investments as well as other investments of DKK 1m (2022: DKK 1m). These consist of minor unlisted shares and investments.

Note 23 Financial and operational risks

DFDS' risk management policy
The description of DFDS' risk management policy, financial risks and capital management is identical for the Group and the Parent company. Reference is made to the consolidated financial statements note 4.1.
The following specifications for the Parent company are different to the similar specifications for the Group.

Financial risks
Interest rate risks
An increase in the interest rate of 1%-point compared to the actual interest rates in 2023 would, other things being equal, have increased net interest payments by DKK 24m for the Parent company in 2023 (2022: DKK 27m). A decrease in the interest rate of 1%-point compared to the actual interest rates in 2023 would, other things being equal, have had a positive effect of DKK 24m (2022: DKK 10m).

Liquidity risks
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Note 23 Financial and operational risks (continued)

DKK million	0-1 year	1-3 years	3-5 years	After 5 years
				2023
Non-derivative financial assets				
Cash	381	0	0	0
Trade receivables	721	0	0	0
Non-interest bearing receivables from subsidiaries	416	0	0	0
Interest bearing receivables from subsidiaries	736	0	0	0
Receivables from associates and joint ventures	25	0	0	0
Other receivables and current assets	287	28	0	0
Derivative financial assets				
Commodity swaps	13	0	0	0
Interest swaps & caps	0	0	11	78
Cross currency interest rate swaps	0	7	0	0
Forward exchange contracts and currency swaps	7	11	11	14
Total financial assets	2,585	46	22	92
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-959	-1,217	-312	-1,055
Issued corporate bonds	-341	-748	-355	0
Lease liabilities (non-discounted)	-1,038	-790	-645	-488
Trade payables	-1,398	0	0	0
Payables to associates and joint ventures	-3	0	0	0
Payables to subsidiaries	-711	0	0	0
Other payables	-56	0	0	0
Derivative financial liabilities				
Interest rate swaps and caps	0	-5	-12	0
Cross currency interest rate swaps	-34	0	-1	0
Forward exchange contracts and currency swaps	-18	-13	-13	-15
Total financial liabilities	-4,559	-2,772	-1,338	-1,558
Total	**-1,974**	**-2,726**	**-1,316**	**-1,467**

Besides the contractual maturities the Parent company has issued guarantees for DKK 6,304m (2022: DKK 7,013m). These are not presented in the above table as the contractual maturity is not possible to predict. Reference is made to note 27.

Assumptions for the maturity table
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions. The non-discounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Note 23 Financial and operational risks (continued)

DKK million	0-1 year	1-3 years	3-5 years	After 5 years
				2022
Non-derivative financial assets				
Cash	489	0	0	0
Trade receivables	782	0	0	0
Non-interest bearing receivables from subsidiaries	416	15	0	0
Interest bearing receivables from subsidiaries	648	60	0	0
Receivables from associates and joint ventures	22	0	0	0
Other receivables and current assets	343	3	0	0
Derivative financial assets				
Commodity swaps	27	0	0	0
Interest swaps & caps	0	90	38	64
Forward exchange contracts and currency swaps	2	24	17	30
Total financial assets	2,729	192	55	94
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-2,193	-743	-811	-1,619
Issued corporate bonds	-14	-290	0	0
Lease liabilities (non-discounted)	-930	-423	-293	-562
Trade payables	-1,650	0	0	0
Payables to associates and joint ventures	-12	0	0	0
Payables to subsidiaries	-1,859	0	0	0
Other payables	-51	0	0	0
Derivative financial liabilities				
Commodity swaps	-1	0	0	0
Cross currency interest rate swaps	0	-8	0	0
Forward exchange contracts and currency swaps	-48	-17	-17	-28
Total financial liabilities	-6,758	-1,481	-1,121	-2,209
Total	**-4,029**	**-1,289**	**-1,066**	**-2,115**

Note 24 Non-cash operating items

DKK million	2023	2022
Change in provisions	2	-14
Change in write-down of inventories for the year	-14	6
Change in provision for defined benefit plans and jubilee obligations	2	1
Vesting of share option plans and employee shares expensed in the income statement	22	16
Non-cash operating items	**12**	**9**

Note 25 Change in working capital

DKK million	2023	2022
Change in inventories	-1	-26
Change in receivables, such as trade receivables, prepaid costs, etc.	114	-149
Change in current liabilities, such as trade payables, deferred income, current account with joint ventures, etc.	-226	455
Change in working capital	**-114**	**280**

Note 26 Acquisition and divestments of enterprises, activities, and non-controlling interests

Acquisition and disposals
During 2023 the Parent company has purchased McBurney Transport Group. For further details reference is made to the consolidated financial statements note 5.5.

Note 27 Guarantees, collateral and contingent liabilities

Guarantees issued by banks on behalf of the Parent company amount to DKK 25m. The Parent company has issued guarantees of DKK 6,304m (2022: DKK 7,013m) of which the Parent company issued guarantees on behalf of subsidiaries of 6,179m (2022: DKK 6,865m). In addition, the Parent company has issued guarantees up to DKK 125m (2022: DKK 148m) to defined benefit pension schemes in the UK.

Certain ferries with a total carrying amount of DKK 2,984m (2022: DKK 4,298m) have been pledged as security for mortgage on ferries with a total carrying amount of DKK 1,803m (2022: DKK 2,954m).

Note 28 Contractual commitments

DKK million	2023	2022
Contractual commitments, term 0-1 year	49	0
Contractual commitments, term 1-5 years	27	0
Total contractual commitments (undiscounted)	**76**	**0**

The Parent's contractual commitments in 2023 include the purchase of EU Allowances related to the EU Emissions Trading System (ETS) regulations. The purchase of ETS allowances has been done via forward instruments with physical delivery. These instruments are treated as off-balance sheet items as the own-use exemption under IFRS 9 is applied.

There are no contractual commitments in 2022.

Note 29 Related party transactions

Description of the Parent company's related parties is equal to the description for the Group. Reference is made to the consolidated financial statements note 5.8.

DKK million					2023
	Sale of service	**Purchase of service**	**Receivables**	**Liabilities**	**Capital contribution**
Associates and joint ventures	13	211	25	3	0
Subsidiaries	1,329	1,465	1,179	2,520	131

					2022
	Sale of service	**Purchase of service**	**Receivables**	**Liabilities**	**Capital contribution**
Associates and joint ventures	14	131	22	12	0
Subsidiaries	1,403	1,381	1,124	1,930	108

Note 30 Impairment testing

Introductions
DFDS impairment test all non-current assets at least once every year and in case of indication of impairment.

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the consolidated financial statements note 3.1.4.

Impairment tests of investments in subsidiaries, associate, and joint venture
Impairment tests are carried out for each subsidiary, associate, and joint venture in the Parent company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The expected net cash flows are assessed on entity level based of approved forecasts for 2024 and business plans beyond 2024. The projections include the estimated impact of long-term strategic decisions and assessment of opportunities for future growth and required investments. A Gordon growth cash flow model has been applied for calculating the NPV and a long-term growth rate of 2.3% has been applied.

Determination of discount rate
The Parent company uses a discount rate determined for each subsidiary, associate or joint venture, according to the business area to which it belongs. The applied discount rate for 2023 is based on the WACC assumptions for the Group with reference to note 3.1.4. The WACC applied is 7.4% (2022: 7.6%).

2023
In 2023 investments in subsidiaries have been impaired by DKK 358m in total as the calculated value-in-use of the individual investments is lower than the book value. Write-downs in previous years have been reversed by DKK 1m. The reversals are recognised under financial items.

2022
In 2022 investments in subsidiaries have been impaired by DKK 0m in total as the calculated value-in-use of the individual investments is lower than the book value. Write-downs in previous years have been reversed by DKK 364m. The reversals are recognised under financial items.

Note 31 Events after the balance sheet date

On 10 January 2024, the Group completed the acquisition of FRS Iberia/Maroc, a key player on the strait of Gibraltar short-sea ferry market connecting Spain and Morocco. Reference is made to the consolidated financial statements note 5.5.

On 16 February 2024, DFDS awarded 103,780 restricted share units and 444,804 share options to the Executive Board, a number of key employees and other managerial staff. The theoretical value is DKK 37m calculated according to the Black-Scholes model.

Note 32 Accounting policies

The 2023 financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Critical accounting estimates and assessments
In the process of preparing the Parent company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

In the opinion of Management, the accounting estimates and judgements mentioned in note 1 under section “Significant estimates and judgements” of the consolidated financial statement are also significant in the preparation of the Parent company financial statements. Furthermore, impairment test of investments in subsidiaries requires critical accounting estimates and assessments.

Impairment testing of investments in subsidiaries
Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 30.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent company financial statements that are material to the financial reporting, other than those disclosed in section 1 to the consolidated financial statements.

Description of accounting policies

The Parent company accounting policies are consistent with the accounting policies described in the consolidated financial statements with the following exceptions:

Business combinations
In the Parent company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the ‘book value method’ by which differences, if any, between purchase price and book value of the acquired/sold enterprise/activity are recognised directly in equity.

Translation of foreign currencies
Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as financial income and costs in the Parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are

Note 32 Accounting Policies (continued)

recognised directly in the profit for the year as financial income and costs.

Dividends from investments in subsidiaries, associates and joint ventures
Dividends from investments in subsidiaries, associates and joint ventures are recognised in the Parent company’s Income statement for the year in which the dividends are declared. If distributions exceed the subsidiary’s, the associate’s or the joint venture’s comprehensive income for the period, an impairment test is carried out.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures are measured at cost in the Parent company’s balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as financial cost in profit for the year. If the Parent company has a legal or constructive obligation to cover a deficit in subsidiaries, associates and joint ventures, a provision for this is recognised.

Equity
Reserves for development costs
The reserve for development costs comprises of DFDS’ development costs corresponding to the capitalised development cost in the balance sheet. The reserve is non distributable and cannot be used to cover deficit. The reserve is dissolved upon disposal of the development cost either by sale or if the development cost is no longer part of the entity’s operation. The reserve will then be transferred to the distributable reserves. The reserve will be reduced, and the distributable reserves increased concurrently with either depreciations or write-downs.

For a description of the hedging reserve, revaluation of securities and treasury shares, reference is made to consolidated financial statements, note 4.6.

IFRS 16 practical expedient
From 1 January 2024, DFDS will no longer apply the practical expedient not to account for each lease component within lease contracts separately. DFDS will instead separate the non-lease components from the lease components. In addition, DFDS has elected to no longer capitalise short-term leases of ferries, but only those expected to be extended. For additional information refer to the Group consolidated financial statements. Preliminary assessment indicates that this change in policy will reduce the 31 December 2023 right-of-use assets (DKK -438m), right-of-use liabilities (DKK -464m) and retained earnings (DKK -26m). Depreciation in 2023 is expected to be reduced by DKK -291m and operating cost to increase by DKK 273m. Minor impact is expected on interest cost, profit on disposal of non-current assets, exchange rate gain/loss, prepaid cost and other payables.

Reports

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the Annual report of DFDS A/S for the financial year 1 January - 31 December 2023.

The Annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the Parent company financial statements give a true and fair view of the Group's and the Parent company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the Parent company's operations and financial matters, of the result for the year and of the Group's and the Parent company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent company.

In our opinion, the annual report with the file name DFDS-2023-12-31-en.zip is prepared in accordance with the ESEF Regulation.

We recommend that the Annual report be adopted at the Annual General Meeting.
Copenhagen, 22 February 2024

Executive Board

Torben Carlsen President & CEO	**Karina Deacon** Executive Vice President & CFO

Board Of Directors

Claus V. Hemmingsen Chair	**Klaus Nyborg** Vice Chair	**Minna Aila**	**Anders Götzsche**
Marianne Henriksen	**Kristian Kristensen**	**Jill Lauritzen Melby**	**Lars Skjold-Hansen**
Dirk Reich			

Independent Auditor's Reports

TO THE SHAREHOLDERS OF DFDS A/S

Report on the audit of the financial statements

Our Opinion
In our opinion, the consolidated financial statements and the Parent company financial statements give a true and fair view of the Group's and the Parent company's financial position at 31 December 2023 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The consolidated financial statements and Parent company financial statements of DFDS A/S for the financial year 1 January to 31 December 2023 (pages 87 - 166) comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information for the Group as well as for the Parent company. Collectively referred to as the "financial statements".

Basis for opinion
We conducted our audit in accordance with International Standards 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 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 Group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were first appointed auditors of DFDS A/S on 23 March 2021 for the financial year 2021. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 3 years including the financial year 2023.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisitions
The Group made a number of acquisitions in 2023 of which the acquisition of McBurney Transport Group is considered a significant acquisition for the Group.

The Group prepared purchase price allocations ('PPA') for the acquisitions made during 2023 resulting in various assets and liabilities being separately valued. In order to determine the fair value of the separately identified assets and liabilities as part of the acquisitions, the valuation methodologies require input based on assumptions about the future and use of discounted cash flow forecasts.

The significant judgements and estimates involved in the PPA mainly related to assessing the fair value of customer relationships and property, plant and equipment including right-of-use assets.

We focused on the PPA because it involves the identification of the acquired assets and liabilities and their respective fair values, which requires complex and subjective judgements and estimates by Management, which are material for the Financial Statements.

Reference is made to note 5.5 in the consolidated financial statements.

How our audit addressed the Key Audit Matter
As part of our audit, we assessed whether the acquisitions made during 2023 met the criteria of a business combination in accordance with IFRS Accounting Standards.

Our focus for 2023 was on the acquisition of McBurney Transport Group, where we audited the acquisition balance before adjustments as well as the purchase price adjustments ('PPA') made.

We reconciled the purchase price to the Share Purchase Agreement, assessed the contingent consideration, and verified the cash paid to documentation for bank transfers.

We audited the PPA adjustments made by Management by assessing the main judgements and estimates, hereunder the methodologies and models used. We tested the main data and challenged significant assumptions applied by Management. We also tested the calculations made in the PPA model.

We involved our internal valuation experts in assessing the valuation methodologies and the significant assumptions used by management.

Finally, we assessed the disclosures relating to business combinations.

Valuation of goodwill, terminals, ferries and other related assets
The carrying amount of non-current tangible assets (including right of use assets) as well as intangible assets is significant to the consolidated financial statements.

Management monitors the carrying value of the above-mentioned assets based on defined CGU's and performs impairment tests, if any indication of impairment or reversal of previous impairments exist. Furthermore, goodwill is tested once a year for impairment.

Management's assessment of the recoverability of the carrying amount of the above-mentioned assets is based on value-in-use calculations. Furthermore, independent broker valuations are obtained to assess the fair value less cost to sell of ferries and other ships.

Bearing in mind the generally long-lived nature of the above-mentioned assets, the significant assumptions in estimating the value-in-use calculations are the scenarios applied, revenue, EBIT margin, future investments, and growth expectations. The impairment tests performed did not lead to impairments or reversals of impairments being recognised in the consolidated financial statements.

We focused on this area as the amounts involved are significant and because Management is required to perform estimates and exercise judgements and because of the inherent complexity in estimating the value-in-use.

Reference is made to note 3.1.4 in the consolidated financial statements.

How our audit addressed the Key Audit Matter
As part of our audit, we challenged the impairment indicator assessment performed by Management. We considered the appropriateness of the CGUs defined by Management and the methodology used by Management to assess the carrying amount of non-current assets assigned to CGUs.

We carried out risk assessment procedures in order to obtain an understanding of IT systems, business processes and relevant controls regarding data and assumptions used in the impairment models. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls that we planned to rely on, we tested whether they were performed on a consistent basis.

We assessed the impairment tests prepared by Management and tested the mathematical accuracy of the relevant value-in-use models, tested the data and challenged the significant assumptions applied in relation to scenarios, revenue, EBIT margin, future investments and growth expectations, etc. We further assessed Management's estimates of useful life and residual values.

In assessing the discounting rates (WACCs) and the overall methodology applied, we involved our valuation specialists.

Finally, we assessed the disclosures of these matters in the consolidated financial statements.

Statement on the Management's Review
Management is responsible for Management's Review (pages 1 - 86).

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, in our view, Management's Review is in accordance with the consolidated financial statements and the Parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in 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 Group's and the Parent 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 unless Management either intends to liquidate the Group or the Parent 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 about 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 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 these financial statements.

As part of an audit 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 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 Group's and the Parent 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation
As part of our audit of the financial statements we performed procedures to express an opinion on whether the annual report of DFDS A/S for the financial year 1 January to 31 December 2023 with the filename DFDS-2023-12-31-en is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of DFDS A/S for the financial year 1 January to 31 December 2023 with the file name DFDS-2023-12-31-en is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 22 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Rasmus Friis Jørgensen	Thomas Wraae Holm
State Authorised	State Authorised
Public Accountant	Public Accountant
mne28705	mne30141

Other

Fleet list year-end 2023

Freight ferries (ro-ro)	Year built	GT	Lane metres	TEU[3]	Deployment
North Sea					
Ficaria Seaways	2006/09/11	37,939	4,731		Gothenburg-Immingham
Begonia Seaways	2004/09/14	37,939	4,731		Gothenburg-Ghent
Ark Germania	2014	33,313	3,000	342	Esbjerg-Immingham
Freesia Seaways	2005/09/14	37,939	4,731		Gothenburg-Immingham
Humbria Seaways[1]	2020	60,465	6,690		Gothenburg-Ghent
Primula Seaways	2004/14/16	37,985	4,650		Gothenburg-Ghent
Flandria Seaways[1]	2020	60,465	6,690		Gothenburg-Zeebrugge
Petunia Seaways	2004/13	32,523	3,831		Gothenburg-Immingham
Magnolia Seaways	2003/13	32,523	3,831		Vlaardingen-Felixstowe
Selandia Seaways	1998/13	24,803	2,772		Cuxhaven-Immingham
Hollandia Seaways	2019	60,465	6,690		Vlaardingen-Immingham
Scandia Seaways[1]	2021	60,465	6,690		Vlaardingen-Immingham
Suecia Seaways	1999/11/14	24,613	2,772	180	Vlaardingen-Felixstowe
Britannia Seaways	2000/11/14	24,613	2,772	180	Cuxhaven-Immingham
Transporter[2]	1991	6,620	1,250	296	Oslo-Immingham
Tulipa Seaways	2017	32,391	4,076		Vlaardingen-Felixstowe
Acacia Seaways	2017	32,835	4,076		Vlaardingen-Immingham
Ark Dania[6]	2014	33,313	3,000	342	Esbjerg-Immingham

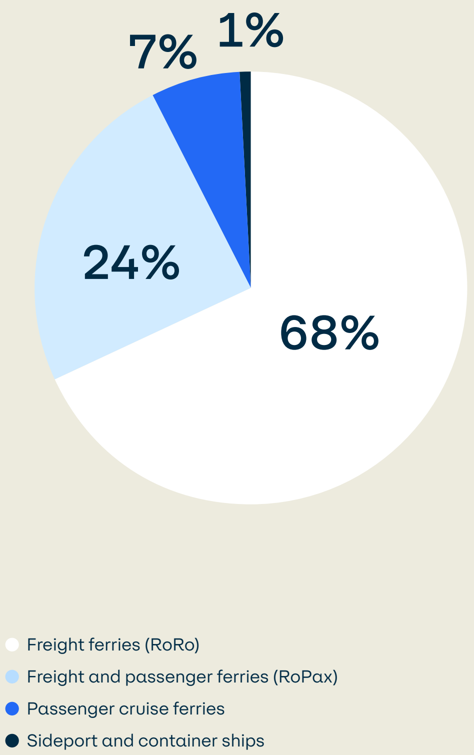
1 Chartered (bareboat charter)
2 Chartered (time charter)
3 TEU: 20 foot container unit
4 Short-sea day ferry
5 VSA: Vessel sharing agreement with owner/charterer
6 SCA: Slot charter agreement with DFDS

Freight ferries (ro-ro)	Year built	GT	Lane metres	TEU[3]	Deployment
Mediterranean					
Fadiq[1]	2017	32,770	4,076		Istanbul-Sete
Ephesus Seaways	2019	60,465	6,690		Istanbul-Trieste
Troy Seaways	2019	60,465	6,690		Istanbul-Trieste
Zeugma Seaways	2008/17/19	34,236	4,350		Istanbul-Sete
Assos Seaways	2005/19	29,060	3,726		Istanbul-Trieste
Artemis Seaways	2005/20	29,060	3,726		Mersin-Trieste
Dardanelles Seaways	2006/19	29,060	3,726		Istanbul-Sete
Paqize[1]	2010	29,429	3,663		Mersin-Trieste
Cappadocia Seaways	2002/20	26,525	3,214		Istanbul-Trieste
Aspendos Seaways	2005/19	29,060	3,726		Istanbul-Sete
Olympos Seaways	2002/20	26,525	3,214		Istanbul-Sete
Pergamon Seaways	2013/20	31,595	4,094		Istanbul-Trieste
Galata Seaways	2010/19	34,215	4,350		Istanbul-Trieste
Myra Seaways	2009/17/19	34,236	4,350		Mersin-Trieste
Sumela Seaways	2008/18/19	34,236	4,350		Istanbul-Sete
Pol Maris[2]	2010	29,004	3,663		Istanbul-Trieste
Pol Stella[2]	2009	29,004	3,663		Istanbul-Trieste
Alf Pollak[2]	2018	32,936	4,076		Istanbul-Trieste
Maria Grazia Onorato[2]	2019	32,936	4,076		Istanbul-Sete
Mont Ventoux[5]	1996	18,469	2,025		Marseille-Tunis
Ark Futura	1996/00	18,725	2,308	246	Marseille-Tunis
Baltic Sea					
Finlandia Seaways	2000	11,530	1,899	300	Klaipeda-Køge-Fredericia
Channel					
Botnia Seaways	2000	11,530	1,899	300	Tilbury-Calais
Chartered out/not allocated					
Belgia Seaways	2000	21,005	2,475		Idle
Gallipoli Seaways	2001/20	26,525	3,214		Chartered out
Midas[2]	1990	5,873	1,032		Stand-by

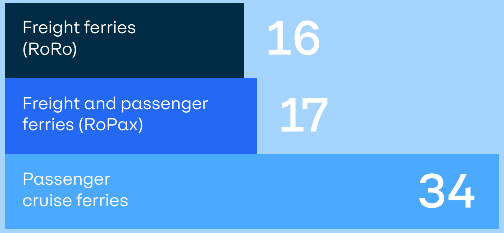
Fleet list year-end 2023 continued

Freight and passenger ferries (ro-pax)	Year built	GT	Lane metres	Passengers	TEU[3]	Deployment
Channel						
Dunkerque Seaways[4]	2005	35,923	2,900	780		Dover-Dunkirk
Delft Seaways[4]	2006	35,923	2,900	780		Dover-Dunkirk
Dover Seaways[4]	2006	35,923	2,900	780		Dover-Dunkirk
Côte Des Flandres[4]	2005	33,940	1,900	2,000		Dover-Calais
Côte Des Dunes[4]	2001	33,796	1,900	2,473		Dover-Calais
Côte d'Opale[1]	2021	40,331	3,100	927		Dover-Calais
Côte d'Albâtre[1]	2006	18,940	1,270	600		Newhaven-Dieppe
Seven Sisters[1]	2006	18,940	1,270	600		Newhaven-Dieppe
Athena Seaways	2007/15	26,141	2,593	462		Rosslare-Dunkerque
Optima Seaways	1999	25,263	2,300	336		Rosslare-Dunkerque
Baltic Sea						
Victoria Seaways	2009/14	25,675	2,500	600		Kiel-Klaipeda
Aura Seaways	2021	56,043	4,500	600		Kiel-Klaipeda
Regina Seaways[1]	2010/15	25,666	2,500	600		Karlshamn-Klaipeda
Luna Seaways	2022	56,043	4,500	600		Karlshamn-Klaipeda
Sirena Seaways	2002/03	22,382	2,056	623		Paldiski-Kappelskär
Chartered out/not allocated						
Patria Seaways	1991	18,332	1,800	213		Chartered out
Passenger cruise ferries						
Pearl Seaways	1989/01/05/14	40,231	1,482	2,168		Oslo-Frederikshavn-Copenhagen
Crown Seaways	1994/05/14	35,498	1,370	2,044		Oslo-Frederikshavn-Copenhagen
King Seaways	1987/93/06	31,788	1,410	1,534		Newcastle-Ijmuiden
Princess Seaways	1986/93/06	31,356	1,410	1,364		Newcastle-Ijmuiden
Sideport ships						
Lysvik Seaways[2]	1998/04	7,409			160	Westcoast Norway-Continent/UK
Lysbris Seaways[2]	1999/04	7,409			160	Westcoast Norway-Continent/UK

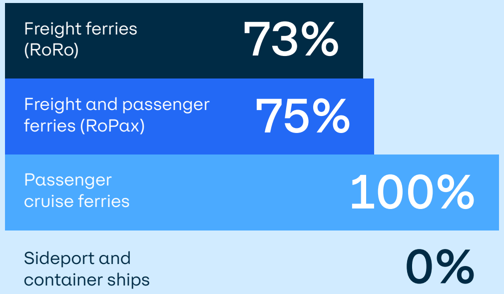
Gross tons fleet distribution, year-end 2023



Average age of owned ferries in route network, year-end 2023



Ownership shares of fleet, year-end 2023



Glossary

AGM: Annual general meeting

BAF: Bunker adjustment factor, surcharge for price changes in bunker fuel oil

Bareboat charter: Lease of a ship without crew for an agreed period

Bunker: Oil-based fuel used by ferries

Charter: Lease of a ship for an agreed period

Charter-out: Leasing of a ship to an external party for an agreed period

Door-door transport solution: Transport of goods in a trailer from customer pick-up point to final destination

Ferry: Vessel with one or more ramps that enables passenger cars and trailers, with or without an accompanying truck, to be rolled on and off. Freight can also be carried by trailer equivalents, i.e. a rolling cassette carrying industrial goods that do not fit in a trailer or containers.

Ferry route: Sailings typically between only two ports, and hence over reasonably short distances, on a fixed sailing schedule, often with one or more daily departures. Route can transport both passengers and freight trailers according to demand and ferry types deployed

Green transport: Transport by ferries, trucks, or rail powered by green electricity or sustainable fuels

Intermodal: Transport solution that combines different transport modes (road, rail, ferry)

Lane metre: An area on a ship deck one lane wide and one metre long. Used to measure freight volumes

Logistics solution: A solution for operating one or more parts of a supply chain besides transport. Typically includes storage, cross docking of consignments, picking and packing, assembly, and distribution. Plus information processing, e.g. booking and tracking

MGO: Marine gas oil, also known as marine diesel with sulphur content at or below 0.1%

Non-allocated items: Corporate costs not allocated to divisions

Northern Europe: The Nordic countries, Benelux, the United Kingdom, Ireland, France, Germany, Poland, and the Baltic nations

Power-to-X: Process that converts electricity to sustainable fuels, for example via electrolysis

Ro-pax: Combined freight and passenger ferry

Ro-ro: Roll on-roll off: Freight ferry on which trailers and trailer equivalents are driven or tugged on and off

Scrubber: Exhaust gas cleaning system that removes suplhur oxides from a vessel’s boiler exhaust gases

Short sea: Shipping between destinations with a duration of typically 1-3 days. Converse is deep-sea shipping between continents with a duration of weeks

Sideport ship: Ship with ramps for loading/unloading via ports in the ship's side

Space charter: Third-party lease of space on a ferry deck

Stevedoring: Loading and unloading ferries in a port terminal

Time charter: Lease of a ferry with crew for an agreed period

Tonnage tax: Taxation levied on ships according to ship tonnage, i.e. weight of ships

Trailer: An unpowered vehicle for transport of goods pulled by a truck

Vessel sharing agreement/slot charter: Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity

Whistleblower scheme: System enabling employees or stakeholders to report anonymously on potential breaches to rules, guidelines or regulations

Financial definitions

Operating profit before depreciation (EBITDA)
Profit before interest, tax, depreciation, amortisation, and impairment on non-current assets

Operating profit (EBITA)
Profit before interest, tax, and amortisation

Operating profit (EBIT)
Profit before interest and tax

EBIT margin

$$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}} \times 100$$

Net operating profit after taxes (NOPAT)
Operating profit (EBIT) minus payable tax for the period adjusted for the tax effect of net finance cost

Invested capital
Non-current intangible and tangible assets plus net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) minus pension and jubilee liabilities and other provisions

Return on invested capital (ROIC)

$$\frac{\text{NOPAT}}{\text{Average invested capital}} \times 100$$

ROIC before acquisition intangibles (ROIC BAI), %[1]

$$\frac{\text{NOPAT excluding amortisation on acquisition intangible assets}}{\text{Average invested capital excluding acquisition intangible assets}} \times 100$$

Weighted average cost of capital (WACC)
Average capital cost for net interest-bearing liabilities and equity, weighted according to the capital structure

Acquisition intangibles[1]
Intangible assets recognised in connection with acquisition of enterprises and activities (goodwill and other non-current intangible assets)

Free cash flow, FCFE
Cash flow from operating activities minus cash flow from investing activities

Adjusted free cash flow, FCFE[1]
Free cash flow excluding acquisitions/divestments minus payment of lease liabilities and currency contracts related to leases

Return on equity

$$\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$$

Equity ratio[1]

$$\frac{\text{Equity}}{\text{Total assets}} \times 100$$

Net interest-bearing debt (NIBD)
Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities

Financial leverage, times[1]

$$\frac{\text{NIBD}}{\text{EBITDA including pro forma EBITDA for acquired companies}}$$

Earnings per share (EPS)

$$\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Weighted average number of circulating shares}}$$

P/E ratio

$$\frac{\text{Share price at year-end}}{\text{Earnings per share (EPS)}} \times 100$$

FCFE yield[1]

$$\frac{\text{Adjusted free cash flow}}{\text{Market value at year-end plus non-controlling interests}} \times 100$$

Total distribution yield[1]

$$\frac{\text{Total distribution to shareholders}}{\text{Market value at year-end plus non-controlling interests}} \times 100$$

Cash pay-out ratio[1]

$$\frac{\text{Total distribution to shareholders}}{\text{Adjusted free cash flow}}$$

Dividend return[1]

$$\frac{\text{Paid dividend per share}}{\text{Share price at beginning of year}}$$

Equity per share

$$\frac{\text{Equity excluding non-controlling interests at year-end}}{\text{Number of circulating shares at year-end}}$$

Price/book value

$$\frac{\text{Share price at year-end}}{\text{Equity per share at year-end}}$$

Market value
Number of shares, excluding treasury shares, times share price

No. of ferries
Owned and chartered ferries and other ships

Roundings may in general cause variances in sums and percentages in this report.

1 This key figure, ratio or elements thereof are not defined or deviate from the definitions of the Danish Finance Society.

ESG definitions

Total distance sailed
Total distance sailed for vessels in commercial operation

CO_2 emissions per GT nautical mile (Own fleet)
Emissions measured as gCO_2 per gross tonnage nautical mile for vessels in commercial operation (Own fleet)

CO_2 emissions per GT nautical mile (Route network)
Emissions measured as gCO_2 per gross tonnage nautical mile for vessels in commercial operation (Route network)

Total fuel consumption (Route network)
Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) for vessels in commercial operation (Route network)

Spills (>1 barrel)
Incidents of oil spills larger than one barrel into the sea from vessels in operation

Total workforce
Percentage of women in total workforce (end of period)

Non-office based
Percentage of women of total number of non-office based employees (end of period)

Office based
Percentage of women of total number of office based employees (end of period)

Senior management
Percentage of women of total number of senior management positions defined as EVPs and VPs (end of period)

Managers
Percentage of women of total number of management positions, excluding senior management, defined as positions with responsibility for at least one other employee (end of period)

Lost time injury frequency (LTIF), sea
Number of registered work-related accidents disabling a seafarer to work for more than 24 hours per one million exposure hours

Lost time injury frequency (LTIF), land
Number of registered work-related accidents disabling a land-based employee work for more than 24 hours per one million exposure hours

Colleagues
Number of fatalities among employees caused by work-related accidents

Contractors
Number of fatalities among third-party contractors caused by work-related accidents while operating for DFDS

Representation of women on Board of Directors (AGM elected members)
Percentage of women of total number of members of the Board of Directors, excluding staff appointed members, elected at the Annual General Meeting

Board nationality – non-Danish (AGM elected members)
Percentage of non-Danish members of total number of members of the Board of Directors elected at the Annual General Meeting

Independent directors (AGM elected members)
Percentage of independent directors of total number of members of the Board of Directors elected at the Annual General Meeting

Attendance at Board meetings (All Board members)
Percentage of total number of Board meetings attended (Not gender specific)

Whistle-blower reporting
Number of cases of whistle-blower reports

Moving for all to grow since 1866

DFDS has enabled trade and travel since the company was founded in 1866 by C.F.Tietgen's merger of four Danish steamship companies. Goods and coal from the UK, the world's industrial locomotive at the time, were sailed to Scandinavia and other regions where markets for textiles and energy, amongst other things, were developing. The new shipping lines conversely created access for farmers in these regions to supply the UK's rapidly growing demand for food and raw materials.

DFDS developed quickly in line with the growth it helped create. At the turn of the century, DFDS' steam ships also connected farmers around the Black Sea with the new Russian industrial area around St. Petersburg. Routes were launched to the USA bringing back soya cake as feed to European farmers. This supported their transformation from exporters of livestock to producers and exporters of processed products like butter and bacon. DFDS also opened new routes to connect Danish and Scandinavian cities with each other and the world. All this was based on a fleet of more than 120 ships, among the largest in the world at the time.

For many years DFDS transported emigrants seeking a better future to the USA. During the world wars, DFDS kept up supplies of critical food and coal to people in Europe helping to uphold jobs and industry.

After the second world war, DFDS' fleet, many now powered by diesel engines, kept moving: Goods from USA to Europe, people between countries, goods between UK and mainland Europe, between the Mediterranean and Scandinavia, and to and from Iceland. At the end of the 1960'es, DFDS were the among the first to develop a roll-on-roll-off solution, paving the way for more efficient shipping of freight units such as trailers carrying industrial cargo.

The logistics activities were developed from 1972 to complement the ferry routes with door-door road transport solutions and to provide solutions in other markets as well. Following a restructuring in 2000 to re-focus the Group on the ferry network, the scope of the logistics activities were realigned to overlap with the geographic regions of the ferry network.

Since then the network has been further expanded and strengthened in and around Europe through organic growth and acquisitions. Key milestones have been the addition of Norfolkline in 2010, operating on the North Sea and the Channel, and UN RoRo in 2018. The latter significantly expanded the route network in the Mediterranean and at the beginning of 2024, DFDS also entered the ferry market on the Strait of Gibraltar through an acquisition. In recent years, several larger logistics acquisions have added further capabilities to the network.

Towards the end of 2023, a new strategy was launched focused on unlocking value by leveraging the expanded network to drive organic growth.

*Abbreviation in Danish for The United Steamship Company.

Financial calendar 2024

15 March
Annual general meeting (AGM)

8 May
Q1 report 2024

14 August
Q2 report 2024

7 November
Q3 report 2024

Addresses of DFDS' subsidiaries, locations and offices are available from www.dfds.com
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