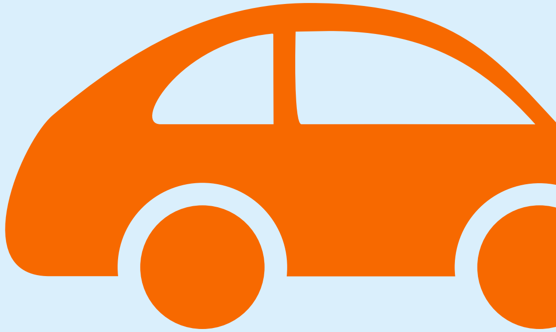
Annual Report **2022**

Freight ferry in the Pendik Port Terminal in Istanbul about to depart for Europe carrying Turkish export goods

DFDS A/S - Marmorvej 18, DK-2100 Copenhagen Ø - CVR 14 19 47 11

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

… and people in cars & on foot



Freight ferry

Road transport

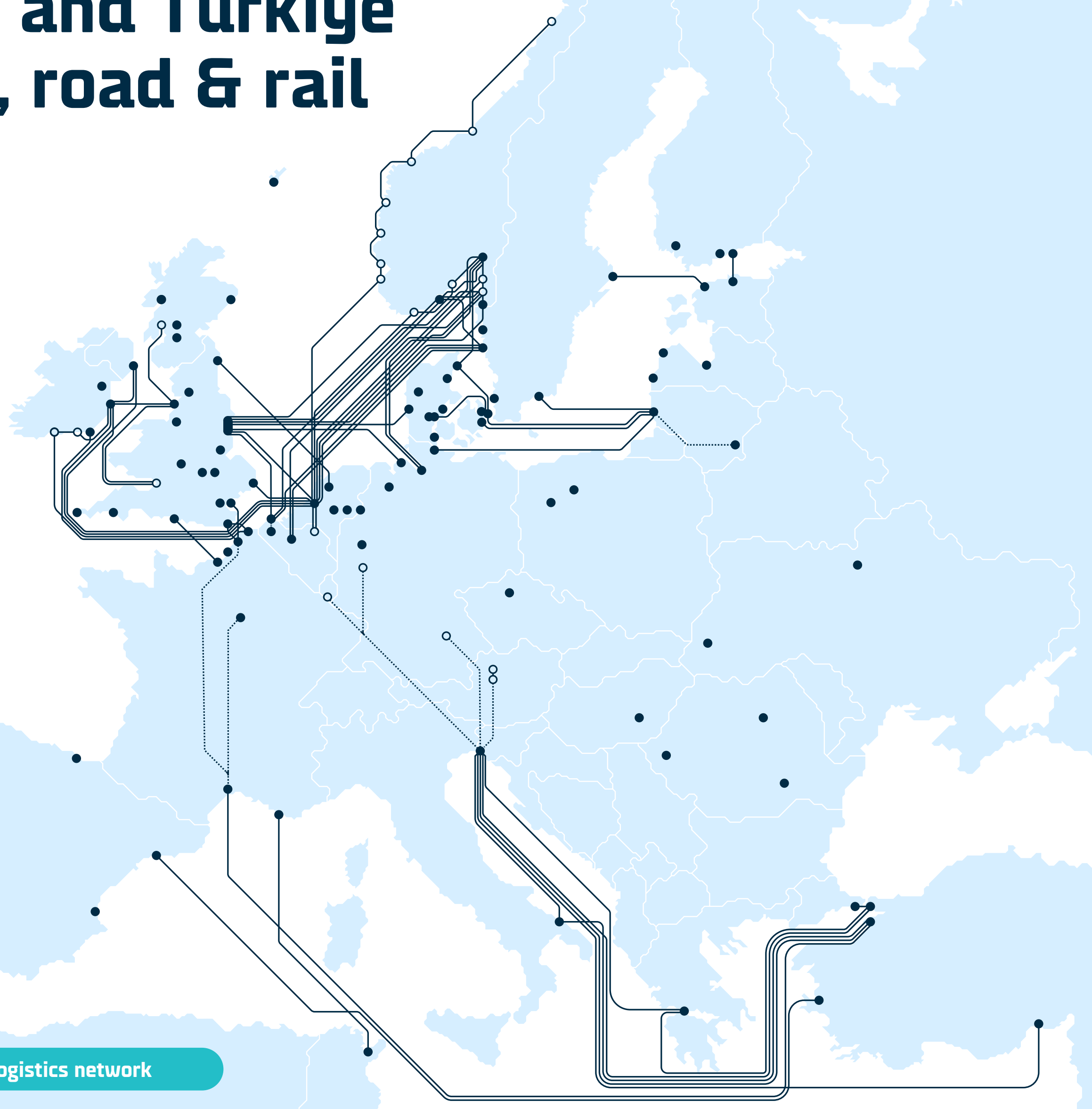
Rail services

Contract logistics

Ferry passengers

* And trailer equivalents such as rolling cassettes to carry heavy industrial goods and containers as well as finished vehicles

We keep Europe and Türkiye moving by ferry, road & rail



11,500
Employees

17
Freight ferry routes

+70
Logistics locations

9
Freight & passenger ferry routes

Click for more information about our ferry and logistics networks

Our ferry network

Our logistics network

Our purpose

We move goods and people providing vital services for trade and travel in and around Europe

We move with our customers to grow businesses and horizons in partnership

We move for all to grow

We move to make the transport of goods and people sustainable for the benefit of us all

We move to provide safety & wellbeing and diversity, equity & inclusion for all

Moving to adapt to changes from geopolitical events

Adapting to keep people and goods moving sits at the heart of our strategy. The current geopolitical changes bring both challenges and opportunities. Here's four stories about how we adapted

Adapting to new trade flows in a time of war

Read more on p 18

Nearshoring of supply chains stands to benefit Türkiye

Read more on p 35

Systems make Brexit go around

Read more on p 47

Adapting to changing travel patterns

Read more on p 60

Claus V. Hemmingsen, Chair of Board of Directors and Torben Carlsen, President & CEO

Joint letter from the Chair and CEO

Keeping people and goods moving

We are ready to face new challenges and make the most of opportunities

2022 was in many ways a good year for DFDS. Financial results surpassed the initial outlook as our freight network again proved its resilience and we kept goods moving. Passengers also returned faster than anticipated.

We raised the return on invested capital to above our 8% target, we resumed dividend payments, and from Q3 our financial leverage was back in the target range.

Despite these achievements, we have not quite felt an urge to celebrate as the war in Ukraine, rising geopolitical tensions, and elevated financial uncertainty, have all cast shadows over 2022. As it looks now, these shadows will continue to linger in the coming year.

Our transport services and solutions unite and connect people through trade and travel. Geopolitical tensions – not least the war in Ukraine – have, however, both created some divides but also strengthened ties between some parts of the world.

Adapting to keep people and goods moving in spite of adverse circumstances sits at the heart of our strategy. We take comfort from the strong resilience our people and network have demonstrated through major disruptions, like Brexit and Covid, together with our proven ability to identify new growth opportunities in changing markets.

The geopolitical changes we are witnessing bring both challenges and opportunities. Activities in the Baltics, and in other parts of Europe, are adversely impacted by the war in Ukraine. In the meantime, some freight volumes are rerouted to Central Asia through our Mediterranean network. This network is also benefiting from nearshoring of manufacturing to Europe, as customers seek to reduce the risk of supply chain disruptions. As a response to Brexit, we built a new customs clearance business to assist customers trading between the EU and the UK. And we are adapting sales and marketing strategies on our route between Norway and Denmark to replace overseas Asian passengers that we no longer can take for granted.

Despite the events of 2022, DFDS has emerged as a stronger company from the year.

Green transformation – progress and dilemmas

Notwithstanding the gravity of current geopolitical events, climate change and its inherent risks remain our single most significant challenge.

In the short term, we are on track to reduce ferry emissions by 45% per nautical mile by 2030. In 2022, we further set a target to reduce logistics emissions by 50% in absolute terms by 2030.

The reduction targets are underpinned by detailed plans and progress is developing as expected, hence we are confident in our ability to meet these targets. Furthermore, we put increasing efforts into external reporting to ensure transparency on our progress.

The longer-term transformation to fully de-carbonise by 2050 is, in this early phase, more challenging. Together with partners and stakeholders, we face several and significant dilemmas.

Energy infrastructure providers, fuel producers, and ferry and other shipping operators, all depend on each other to take an active part in the green transformation. We need early movers and we need commitments and investments to gain scale and speed in this early and unchartered phase of the transformation. Fortunately, we begin to see many examples of such role modelling behaviour.

At DFDS we are engaging and partnering with suppliers and customers to work through the complexity and the dilemmas. Together, we are rethinking business processes and we are finding new ways of collaborating to gain viable traction in the green transformation.

Some highlights on our progress in 2022 are: a 4% reduction in ferry emission intensity, the introduction of the first of 125 e-trucks, successful test of biofuel on a freight ferry, and hosting a biodiversity conference for shipping and academia where we among other things learnt to focus more on underwater noise reduction. We also made progress on specific green transformation projects: green corridor projects for Denmark-UK and Sweden-Belgium were further developed, freight ferry retro-fittings to green methanol is on track for 2025, and we were awarded external funding to test and develop new technologies.

Moving people forward

We are paying more attention and devoting more resources to developing and retaining our people as well as to attracting the right talents for the future.

As a provider of services and solutions, our people make the difference throughout the network – on the ferries, on the ground, in warehouses and in our offices. It is through our people that we adapt operations to keep goods and people moving in continually changing circumstances.

For our truck drivers, port terminal and warehousing staff, seafarers on deck and in engine rooms, we are focused on providing optimal working and living opportunities. For our commercial people, digital specialists, and back-office staff tying it all together, a priority is to accommodate the growing demand for more flexibility in working conditions.

Our diverse workforce is a strength, and we are proactively seeking to enhance diversity through more focus on gender equality, inclusion, and personal development opportunities. More than ever, we are inviting all our people to make their mark on the company.

Employee engagement increased during the year according to our annual employee engagement survey. In a number of select countries, certain employee groups were compensated by a living conditions package, including a one-off payment, to alleviate the sudden rise in daily living costs.

"Despite the events of 2022, DFDS has emerged as a stronger company from the year".

"Our diverse workforce is a strength, and we are proactively seeking to enhance diversity through more focus on gender equality, inclusion, and personal development opportunities".

We continue to enhance our efforts within Health and Safety. We still see considerable opportunities to fulfil our ambition of nobody – own employees or contractors – being harmed during operations. We were deeply saddened in 2022 by a fatality in Türkiye and remain committed to Safety as a key element in our operational diligence.

Strong revenue and earnings growth

Our financial position was strengthened considerably in 2022 as EBITDA increased 45% to DKK 4.9bn before special items on the back of a revenue increase of 47% to DKK 26.9bn.

As passengers came back faster than expected, almost 90% of passenger earnings that were lost to Covid-19 were regained during the year. The full-year financial impact of the acquisition of HSF Logistics Group came through as the integration progressed as expected, and recurring logistics earnings were improved as well.

Freight ferry earnings for the North Sea and Mediterranean networks increased while Channel and Baltic Sea earnings were reduced by overcapacity on the Dover Strait, created by the entry of a third ferry operator, and the war in Ukraine, respectively.

The return on invested capital (ROIC) was raised to 8.6%, not least due to the return of passengers. ROIC thereby again exceeded our target return rate of 8%.

Financial leverage came back into the target range of an NIBD/EBITDA multiple of 2.0-3.0, and proposed capital distribution totals DKK 586m comprising a dividend of DKK 286m and a share buyback of DKK 300m. The latter was successfully completed on 22 February 2023.

We ended 2022 with a considerable expansion of our logistics presence on the island of Ireland and in the UK through the acquisitions of Lucey Transport and McBurney Transport Group. We expect to continue to grow our freight activities both organically and by acquisitions in the coming years and look forward to a full year of more normalised passenger activity in 2023.

Moving forward in 2023

The outlook visibility for 2023 is impaired by the war in Ukraine and by elevated financial uncertainty as potential measures to lower the current high inflation are widely expected to lead to an economic slowdown.

We expect a high share of our freight and passenger earnings to remain resilient in 2023 but nevertheless anticipate a decline in freight volumes in parts of the network.

We live in a world with heightened geopolitical tensions and we are consequently more alert to our ability to adapt to unforeseen events. Adapting to a changing world is a DFDS focus area and as our four 'geopolitical' feature stories in this report illustrate, these changes bring significant challenges but as we see it often also good and unique opportunities.

As a final remark, we wish to extend a big thank you to all our colleagues in DFDS for your ability to adapt so successfully to all the large and small changes that 2022 sent our way. We would equally like to extend our gratitude to all our customers, partners, and stakeholders for our current and continued collaboration.

2022 was eventful and turned out to be a record year for DFDS in many ways. We hope 2023 will grant us all similar opportunities. DFDS will under all circumstances be prepared to adapt and serve our customers, all whilst pursuing the green transition further.

"We expect to continue to grow our freight activities both organically and by acquisitions in the coming years and look forward to a full year of more normalised passenger activity in 2023".

Management review

Financial statements

This report constitutes DFDS' Communication on Progress to the UN Global Compact. It covers the DFDS Group's CSR approach and activities for the financial year 1 January to 31 December 2022.

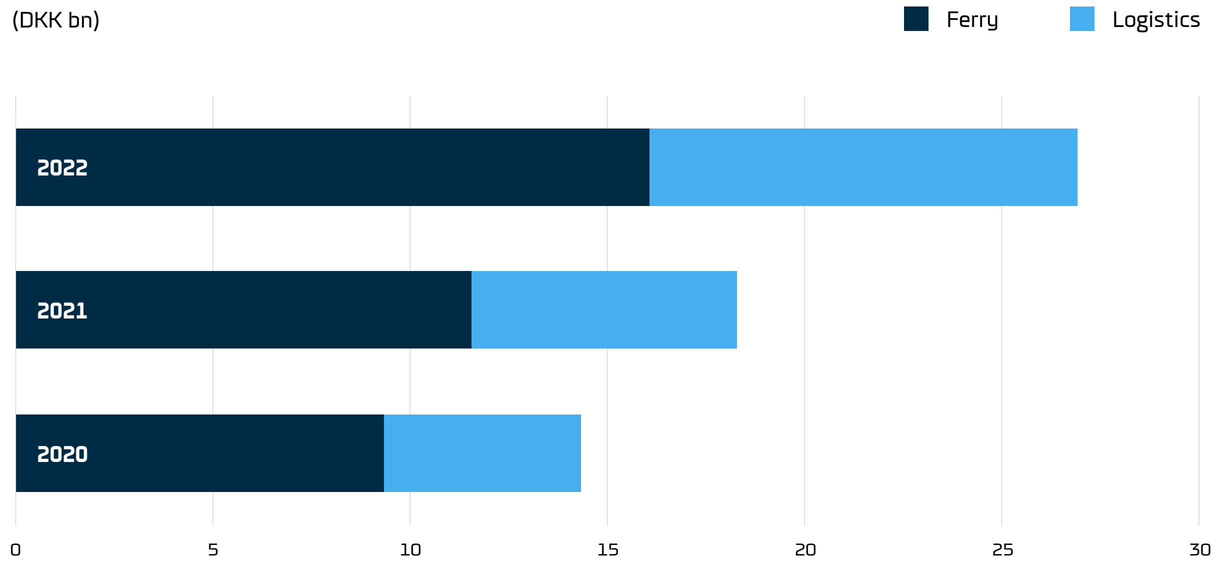
The report is an integral part of the management review of DFDS' Annual Report 2022 and by publishing this document, we fulfil the requirements of Sections 99a and 99b of the Danish Financial Statements Act.

Management review

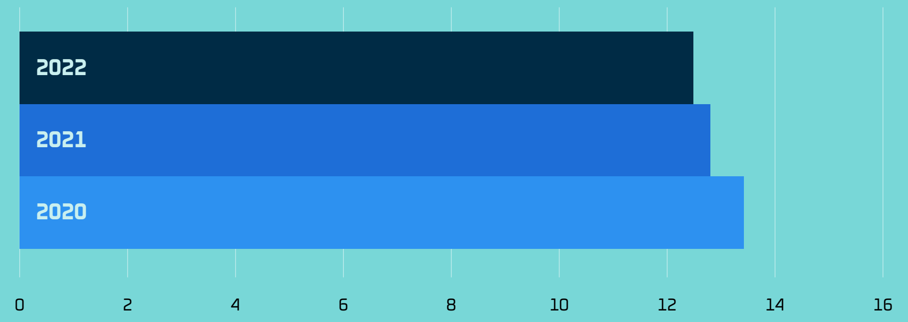
Key results 2022

Revenue per division

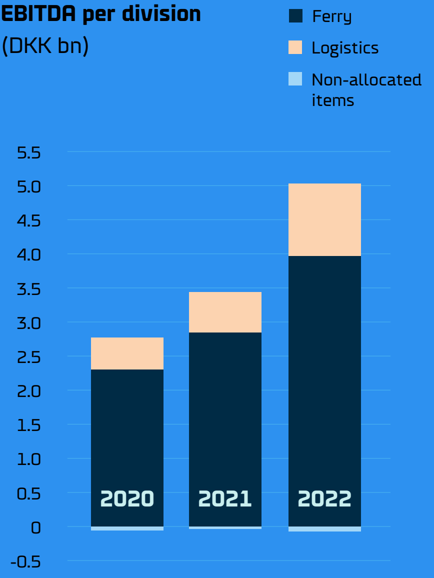
(DKK bn)



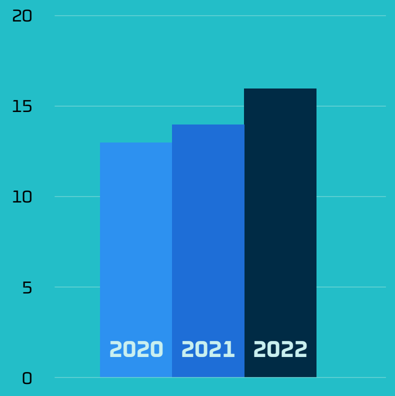
CO_2 emissions own fleet
(per GT mile)



EBITDA per division
(DKK bn)



Female ratio of managers
(%)



Key figures

DKK m	2022[1] EUR m	2022	2021	2020	2019	2018[2]
Income statement						
Revenue[4]	3,612	26,873	18,279	14,310	16,798	15,762
– Ferry Division[3) 4)]	2,262	16,831	12,216	9,784	12,403	11,162
– Logistics Division[3]	1,535	11,423	7,155	5,301	5,116	5,324
– Non-allocated items and eliminations[3]	-186	-1,382	-1,092	-776	-722	-724
Operating profit before depreciations (EBITDA) and special items	666	4,955	3,411	2,732	3,633	2,988
– Ferry Division[3]	533	3,966	2,852	2,315	3,254	2,713
– Logistics Division[3]	143	1,066	593	462	421	330
– Non-allocated items	-10	-76	-35	-45	-42	-55
Operating profit (EBIT) before special items	330	2,457	1,313	858	1,751	1,909
Special items, net	3	25	34	-117	-101	-49
Operating profit (EBIT)	334	2,482	1,348	741	1,650	1,859
Financial items, net	-46	-343	-278	-275	-278	-165
Profit for the year	271	2,019	976	442	1,313	1,637
Capital						
Total assets	4,583	34,084	30,721	27,006	26,863	22,132
Equity	1,766	13,135	11,554	10,600	10,356	9,255
Net-interest-bearing debt	1,897	14,109	13,481	11,361	11,954	8,513
Invested capital, end of period	3,705	27,554	25,369	22,121	22,476	17,908
Cash flows						
Cash flows from operating activities	602	4,480	3,208	2,499	2,997	2,289
Cash flows from investing activities	-402	-2,989	-3,210	-1,618	-2,651	-4,802
Free cash flow	200	1,491	-1	882	346	-2,513
Adjusted free cash flow	118	881	1,051	420	-150	769

	Unit	2022	2021	2020	2019	2018[2]
Key operating and return ratios						
Average number of employees	FTE	11,510	8,874	8,213	8,367	7,791
Revenue growth	%	47.0	27.9	-15.8	5.6	9.7
EBITDA margin	%	18.4	19.1	19.6	21.9	19.0
Operating margin	%	9.1	7.3	6.1	10.6	12.1
Return on invested capital (ROIC)	%	8.7	5.3	3.0	7.6	13.1
ROIC before special items	%	8.6	5.2	3.5	8.1	13.5
Return on equity	%	16.4	8.7	4.2	13.5	20.7
Key capital and per share ratios						
Financial leverage	times	2.8	3.7	4.2	3.3	2.8
Equity ratio	%	38.5	37.6	39.3	38.6	41.8
Earnings per share (EPS)	DKK	35.09	16.70	7.60	22.90	29.00
Dividend paid per share	DKK	8.00	0	0	4.00	4.00
Number of shares, end of period	'000	58,632	58,632	58,632	58,632	58,632
Share price	DKK	256	349	275	325	262
ESG key figures						
Scope 1 emissions (CO_2e)	1,000 tonnes	2,697	2,544	2,014	2,253	1,871
Scope 2 emissions - location based (CO_2e)	1,000 tonnes	8	7	6	7	9
Direct CO_2e emissions (Scope 1+2)	1,000 tonnes	2,705	2,551	2,020	2,260	1,880
CO_2e intensity	$kgCO_2e$/DKK	0.1024	0.1480	0.1446	0.1362	0.1196
Emissions per GT mile - Own fleet (CO_2)[5]	gCO_2	12.5	12.8	13.4	13.9	-
Lost-time injury frequency (LTIF) - Sea	Incidents/mio. hrs.	4.5	4.3	4.1	4.5	5.5
Lost-time injury frequency (LTIF) - Land	Incidents/mio. hrs.	7.9	7.4	5.9	6.7	3.8
Female ratio - Total workforce	%	24	24	23	25	23
Female ratio - Board of Directors	%	33	33	33	33	33

1 Applied exchange rate for Euro as of 31 December 2022: 7.4395 (Average) and 7.4365 (End).

2 2018 comparative numbers are not restated to IFRS16.

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 2018-2019 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.

5 Emission allocation to “own fleet” performance was not possible in 2018 due to missing data source allocation.

Definitions on page 180.

Significant growth delivered

Strong financial result achieved despite headwind from geopolitical events

Return of passengers exceeded initial expectations

Freight ferry routes delivered resilient performance

Logistics margins restored and growth boosted by acquisitions

On track to meet short-term emission reduction targets

Group earnings were during 2022 'normalised' by the return of ferry passengers as travel restrictions were removed through the spring.

The return on invested capital, ROIC, increased to 8.6% to again move above our minimum return requirement of 8%. Our financial position was in turn strengthened and leverage returned to the target range.

Overall, our freight ferry network delivered resilient performance as geopolitical events brought both challenges and opportunities.

We continued to pursue organic growth for our logistics services by investing in people, equipment, and warehousing capacity. We expanded the scope of customer offerings and gained new competencies, wider geographical reach, and scale benefits from three acquisitions.

We are on track to deliver on our short-term emission reduction targets and firmed up our commitment by adding a 2030 target for our logistics emissions.

We made progress on fulfilling the ambition to deploy a green freight ferry by 2025. This is the first step in a long journey to decarbonise our ferry operations in collaboration with customers, green fuel providers, and technology partners. We also engaged with public energy infrastructure providers that play a decisive role in the green transformation.

We raised our focus on Health & Safety, made progress on job engagement as reported in our groupwide MyVoice survey, and introduced a Diversity & Inclusion toolbox.

Impacts from external macro events in 2022

In 2022, our markets and results were impacted by several external macro events:

Direct impacts of the war in Ukraine

The outbreak of war in Ukraine in February 2022 disrupted mainly the Baltic Sea freight ferry operations as the transport of vehicles registered in Russia was stopped from the beginning of March 2022, ahead of the EU's sanctions that came into effect on 16 April 2022. Moreover, all land transport to and from Russia was stopped.

In July 2022, an agreement to sell logistics activities operated in Russia was entered into with no material financial impact. The remaining logistics activities in the region were successfully adapted away from Russia, including the provision of logistics support in Ukraine to international relief organisations. Russian goods were also removed from shops on the passenger ferries.

Indirect impacts of the war in Ukraine – slowdown triggered by higher energy prices and inflation
As a consequence of the war in Ukraine, energy prices shot up. This raised inflation significantly for both consumers and businesses in key European markets which through the year impacted economic growth negatively. Supply chains for certain industries were disrupted by an irregular supply of components, e.g. automotive, and energy-intensive manufacturing was reduced, e.g. steel. Northern European freight ferry volumes thus weakened towards the end of the year. Passenger ferry demand was less impacted.

The considerable increase in energy prices, including bunker oil, was passed on to customers through our well established freight ferry bunker surcharge model. Cost coverage models for the logistics activities were improved and the increases in fuel, truck driver costs, warehousing energy costs, and other costs were likewise passed on to customers in 2022.

Oil pricing dynamics between refined products and heavy bunker oil were changed by the war. This led to a widening of price spreads between various fuel types which improved the return on scrubber installations.

Geopolitical impacts on supply chains
Global and regional geopolitical tensions increased in 2022 following the outbreak of war in Ukraine. This, in combination with historically high intercontinental container rates, intensified the demand for more robust supply chains that businesses are addressing in mainly two ways: by raising inventory levels in locations close to end markets, and by allocating more manufacturing to facilities closer to end markets, so-called nearshoring.

The demand for warehousing solutions in Europe therefore continued to increase in 2022, and manufacturing is starting to be redistributed globally. As part of this process, cost competitive regions or countries such as northern Africa, Türkiye, and eastern Europe, are expected to gain market share versus Asia in the coming years. The drop in container rates and improved performance of supply chains towards the end of 2022 will likely reduce the pace of nearshoring while geopolitical tensions on the other hand will underpin the nearshoring trend.

Accelerated green transition
The war in Ukraine has highlighted the need and urgency to reduce the World's reliance on fossil fuels and accelerate the green transition of society. New regulation and green energy partnerships are needed to spark investments in infrastructure and green fuel availability.

Return of passengers post Covid-19
Travel restrictions imposed to contain the spread of Covid-19 were gradually removed in Europe towards the end of Q1 and the first part of Q2 in 2022. Passengers subsequently returned and in the Q3 high season passengers numbers were in many markets on the same level as or even above pre-Covid-19 levels.

Overseas ferry passengers only returned to Europe in small numbers in 2022 and current forward bookings indicate no material uplift for the segment in 2023.

Key financial results of 2022

Revenue increased 47% to DKK 26,873m compared to 2021. The initial 2022 outlook range for revenue growth announced on 8 February 2022 was 23-27%. The revenue growth outlook was raised to around 30% at Q1, to around 35% on 18 July, to around 40% at Q2, and to around 45% at Q3. The successive revenue outlook increases were mainly due to the development in revenue from bunker surcharges that are pegged to the oil price. Moreover, the return of passengers strengthened through the year which also increased revenue more than anticipated.

The operating profit (EBITDA) before special items increased 45% to DKK 4,955m in 2022 compared to 2021 as passenger earnings recovered following the removal of travel restrictions through the spring. In addition, the Logistics Division's earnings were increased by a full-year impact from the acquisition of HSF Logistics Group in September 2021 as well as a general earnings improvement.

The following changes were made to the outlook for EBITDA before special items during 2022:

- 8 February: Outlook range of DKK 3.9-4.4bn announced
- 18 July: Outlook range raised to DKK 4.4-4.8bn following a strong recovery in passenger earnings as well as higher freight ferry earnings
- 16 November: Outlook range raised to DKK 4.8-5.0bn by higher than expected passenger earnings and steady freight earnings from both ferry and logistics.

DFDS Group, key financial figures

DKK m	**2022**	2021	2020
Revenue	26,873	18,279	14,310
EBITDA*	4,955	3,411	2,732
EBIT*	2,456	1,313	858
Profit before tax*	2,114	1,035	466
Profit for the period	2,019	976	442
Adjusted free cash flow, FCFE	881	1,051	420
Invested capital, end of year	27,554	25,369	22,121
Net interest-bearing debt/EBITDA*, times	2.8	3.7	4.2
Return on invested capital (ROIC)*, %	8.6	5.2	3.5
Average number of employees, FTE	11,510	8,874	8,213

* Before special items

On a divisional level, the Ferry Division's EBITDA before special items increased 39% to DKK 3,966m. The Logistics Division's EBITDA before special items increased 80% to DKK 1,066m, partly due to the acquisition of HSF Logistics Group consolidated from 14 September 2021, and constitutes 22% of the Group's EBITDA.

The adjusted free cash flow (FCFE) was DKK 881m which included DKK 2,707m of investments comprising operating investments of DKK 1,838m and ferry new-buildings/purchase/sale of DKK 871m which included delivery of one new-building.

Financial leverage, measured by the ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA) before special items, was 2.8 at year-end compared to 3.7 at year-end 2021. The equity ratio was 38% at year-end 2022.

The average number of full-time employees (FTE) increased 30% to 11,510 in 2022 mainly due to the full-year impact of the acquisition of HSF Logistics Group. The total headcount was 12,074 at the end of 2022.

Major events in 2022

A quarterly overview of the year's major events is provided on page 17. The most important of these actions were:

Completion of ferry new-building program

The delivery of the second of the two combined freight and passenger ferries (ro-pax) marked the end of a fleet renewal program started in 2016. The program also included six freight ferries (ro-ro) and one chartered ro-pax ferry.

There are currently no plans to contract new-buildings for the next three years and likewise no commitments to

Revenue up

47%

to DKK 26.9bn

EBITDA up

45%

before special items

to DKK 5.0bn

ROIC

8.6%

before special items

Equity ratio

38%

purchase ferries, apart from green fuel retro-fittings of likely two freight ferries by 2025.

Acquisitions expanded customer offerings and scale
In 2022, four acquisitions were completed or agreed:

- ICT Logistics: Danish logistics provider specialised in transports of full- and part-load trailers between Scandinavia, Eastern Europe, and CIS countries. Complements existing logistics customer offerings and fits with Baltic Sea route network. Annual revenue 2021: DKK 260m Consolidation date: 30 January 2022

- primeRail: German provider specialised in rail transport solutions. Initial focus on solutions for Mediterranean freight customers. Annual revenue 2021: DKK 310m. Consolidation date: 1 April 2022

- Lucey Transport Logistics: Irish domestic provider of transport and logistics solutions to primarily consumer goods companies. Complements existing regional customer offerings. Annual revenue 2021: DKK 240m. Consolidation date: 30 September 2022

- McBurney Transport Group (agreed, completion expected in 2023): Northern Irish provider focused on transports of full and part-load trailers, mostly cold chain, between island of Ireland and the UK by road and ferry. Also provides warehousing and related logistics services. Complements existing regional customer offerings. Annual revenue 2022: DKK 1.3bn.

2022 was in addition the first full-year for the acquisition of HSF Logistics Group that was completed in September 2021.

Major events 2023
On 9 February 2023, an auction share buyback of DKK 300m was announced and launched on 10 February 2023. The buyback was completed on 22 February 2023 with a total of 1,071,428 shares purchased at a price of DKK 280 per share which equalled a total purchase sum of DKK 300m.

On 16 February 2023, DFDS awarded 41,584 restricted stock units and 198,545 share options to the Executive Board and a number of key employees. The theoretical value of the awards is DKK 22.0m calculated according to the Black-Scholes model.

On 29 December 2022, DFDS announced it had entered into an agreement to acquire 100% of McBurney Transport Group. Completion of the acquisition was subject to regulatory approval. The required regulatory approvals were received on 23 February 2023.

2022 major events

Q1

- Logistics warehouse for dry goods opened in Borås, Sweden
- New-building Aura Seaways, combined freight and passenger ferry (ro-pax), deployed on Karlshamn-Klaipeda
- Acquisition of ICT Logistics completed
- EU Mobility Package 1 comes into effect
- Ferry transport of Russian registered trucks and trailers stopped in Baltic Sea route network
- Full- and part-load transport service opened between Sweden and Norway
- Ferry competitor on Dover Strait suspends sailings from end of March until April/May
- Travel restrictions related to Covid-19 removed or eased end of quarter and into next quarter
- New HQ in Copenhagen inaugurated

Q2

- Opening of expanded freight ferry (ro-ro) port terminal in Vlaardingen
- Acquisition of primeRail agreed and completed
- Liverpool cold store of 16,000m^2 acquired, previously leased
- Rail service for trailers between Sète and Calais opened
- New-building Luna Seaways, combined freight and passenger ferry (ro-pax), deployed on Karlshamn-Klaipeda

Q3

- Acquisition of Lucey Transport Logistics agreed and completed
- BBB- investment grade credit rating awarded from Scope
- Start of biofuel trial on Acacia Seaways deployed between the Netherlands and the UK
- E-methanol partnership joined with Liquid Wind, Gothenburg Port, and Stena Line
- Peder Gellert Pedersen retires from position as EVP and Head of Ferry Division

Q4

- Dover-Calais space charter agreement becomes fully operational
- Strategic dialogue entered into with Ekol Logistics. Application for pre-clearance of possible acquisition submitted to Turkish competition authorities
- Fatal accident in Pendik Terminal, Istanbul, with consequential demise of one colleague
- Agreement to acquire McBurney Transport Group announced
- Logistics warehouses for dry goods opened in Poznan, Poland, and in Taulov, Denmark. Land acquired in Denmark for two warehousing projects
- First electric trucks deployed in contract logistics operation in Ghent
- New five-year management contract awarded for Newhaven-Dieppe
- Mathieu Girardin joins as EVP and Head of Ferry Division

Adapting to new trade flows

Swift decisions on employee security, sanctions, and operations were required as the outbreak of war in Ukraine disrupted lives and the flow of goods.

Overnight Yurii Rozhkov's life as a truck driver changed dramatically when his native country Ukraine was invaded. Since the outbreak of war, business and trade flows in countries around Russia have adapted to the new circumstances.

In a matter of months, our Ukrainian logistics activities were refocused from transporting goods between Ukraine and the EU to transporting aid for international relief organisations to Ukraine such as food, medicine, medicinal equipment, and clothes.

See the full story and follow Yurii in a video as he loads a generator in Taulov, Denmark, bound for Kharkiv, Ukraine, and reflects on the impact of the war

Five focused strategy drivers

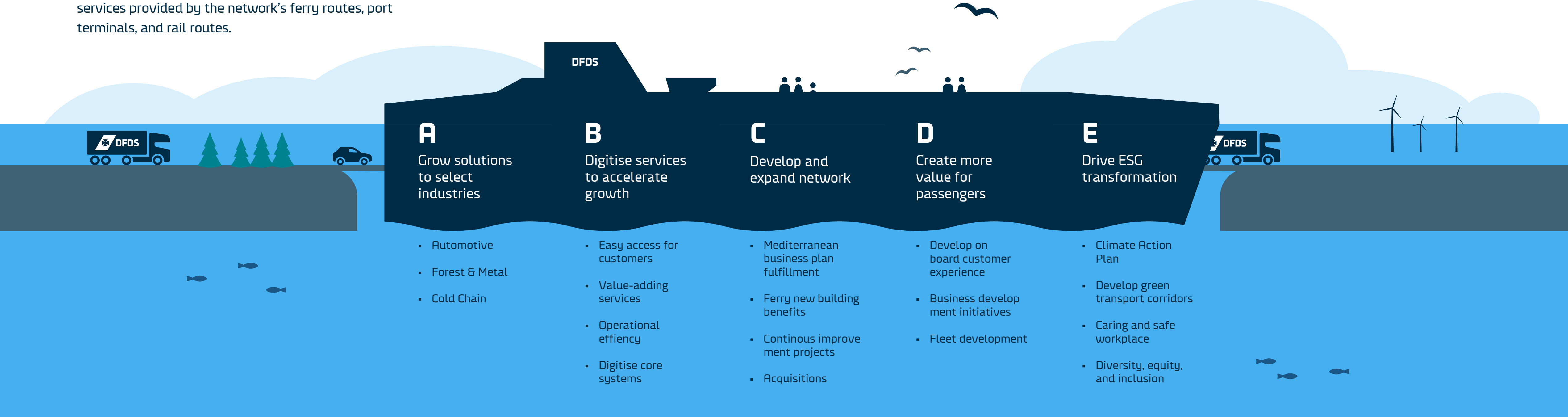
Our strategy is focused on five key areas to drive growth, earnings, and sustainability.

A. Grow freight solutions to industries
As the geographic and solution capabilities of DFDS' network evolve, a wider range of industries are being targeted for sales of transport and logistics solutions.

Forwarders and hauliers are the key customer groups for services provided by the network's ferry routes, port terminals, and rail routes.

Transport solutions for trailers, full- and part-loads, as well as contract logistics solutions are offered to a wide range of producers and retailers. Specialised capabilities are in place to serve producers of heavy industrial goods - such as automotive, forest, and metal – and food producers/retailers requiring temperature-controlled solutions. In addition, warehousing space is being expanded in Sweden, Denmark, Poland, and the UK in the coming years to provide a platform for continued growth.

Across industries and customer groups, the demand for decarbonisation, digitisation, innovation, and robust supply chains is growing. Investing in development of better solutions to meet this demand is therefore a strategic priority linked to other strategy drivers: digital (B), network growth (C), and ESG transformation (E).



B. Digitise services to accelerate growth
The key objectives of the digital strategy is to digitise customer relationships, automate for operational efficiency, drive standardisation, and support sustainability goals through digital solutions.

Providing freight customers with an easy way to create ferry and logistics bookings is a high priority. In 2022, the share of digital ferry bookings was increased to 90% and the digital share of logistics bookings was raised from 50% to more than 70%. The digitalisation and efficiency of customs clearance was also improved and recognised with an industry innovation award.

The digitalisation of passenger activities was accelerated by a rollout of a new restaurant and retail system across the routes carrying passengers. The onboard customer experience for cabin access, restaurant bookings, and shopping was improved by the new system.

The DFDS app continues to show the value of having a convenient way to digitally interact with DFDS across users such as trucks drivers, planners, and passengers. The number of monthly users increased 143% in 2022 and is now fivefold higher than in 2020.

The rollout of a new core reporting system for finance, procurement, and people functions – ERP system, D365 - progressed well in 2022. At the end of the year 12 entities are now live on the platform.

Ensuring that systems are scalable and always working are critical objectives. Continuous improvement of systems is an integrated part of how we work and in 2022 significant progress on the modernisation of the system architecture was made to support and enable continued growth.

Cyber security continues to be a top priority. To enhance resilience and raise awareness about the threat from cyber security among all employees, a company-wide cyber security training program was launched in 2022.

An important foundation for the digital strategy is to retain and attract people with general and highly specialised digital skills. Digital development hubs are therefore grown outside headquarters, for example in Istanbul, to lessen the dependency on a few large hubs and thereby spread recruitment risks.

Standardisation
A groupwide standardisation project was launched in the autumn of 2022 to support continued earnings growth through cost efficiency from scalability, uniform customer experiences, enhanced development speed of digital solutions, data-driven responsiveness, and faster integration of acquisitions.

C. Develop and expand network
Already in 2022, the Mediterranean ferry route network exceeded the 2023 EBITDA earnings goal that was set in 2018 in connection with the acquisition of UN RoRo.

A possible next step for the Mediterranean transport network, that today combines ferry and rail transport, is to add road transport and logistics solutions. This would mirror DFDS' proven northern European business model. A strategic dialogue has therefore been initiated with Ekol Logistics, a major Turkish logistics company, to explore a possible acquisition of its international road haulage activities.

The ferry fleet renewal program, covering nine new-buildings launched in 2016, was completed in 2022. The current ferry capacity is overall expected to be sufficient to accommodate freight volumes in 2023 and 2024, and no future purchase or new-building commitments have therefore been entered into. Short-term changes in demand for additional capacity will expectedly be met by fleet rotations or chartering of ferries.

Growth is also pursued by business development initiatives. For the Ferry Division this includes opening of new routes, expansion of port terminals, and collaborations in the form of space charter agreements.

The Logistics Division's business development is currently focused on expanding warehouse capacity driven by growing demand for supply chain security. Growth is also pursued via large tenders from both existing and new customers.

Acquisition strategy
Growth is furthermore pursued through acquisitions of which four were announced or completed in 2022 as described on page 16. Acquisitions are a key tool to expand the scope of customer offerings and gain scale advantages. Due to the mature nature of the ferry sector, especially in northern Europe, and DFDS' existing market position, ferry acquisition opportunities are limited. The logistics market is, on the other hand, more fragmented and offers more opportunities to grow through acquisitions.

Objectives for ferry acquisitions are to expand the route network to new European markets and to leverage the scale of existing routes. The latter can also bring environmental benefits through higher capacity utilisation.

Objectives for logistics acquisitions are to access trailer flows that use or could use the ferry network, and to further develop niche areas, e.g. cold chain, preferably with trailer volumes carried by ferry as well as road or rail.

The minimum after tax return requirement for acquisitions is currently 8%.

D. Create more value for passengers
The passenger strategy is focused on transport passengers travelling by car in combination with freight and leisure passengers travelling mainly without a car.

Both areas recovered strongly in 2022 with the exception of the overseas leisure segment on the Oslo-Frederikshavn-Copenhagen route. The recovery was supported by improved customer offerings on several routes – two Baltic new-buildings, one Channel new-building, duty-free sales introduced on UK routes, new leg Oslo-Frederikshavn, and concept development targeting transport passengers on the two leisure routes.

Revenue per passenger from both seafare and onboard spending was raised above pre-Covid19 levels in all regions in 2022. This was partly driven by own improvements, including UK duty-free sales.

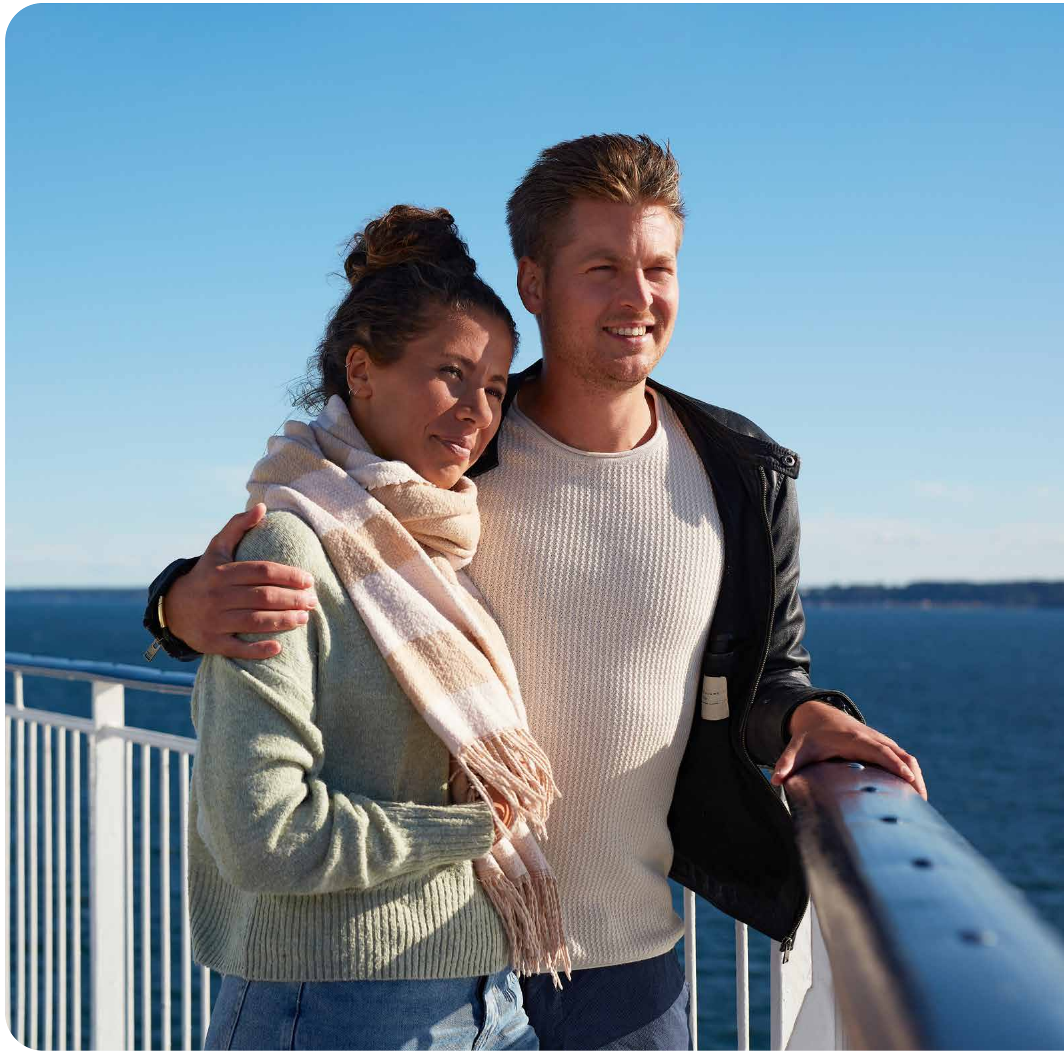
Replacement of around 150,000 overseas leisure passengers is being addressed by creating more compelling reasons-to-go on the leisure routes. This includes more focus on continual product improvements and a substantial expansion of the onboard event program.

E. Drive ESG transformation
Our Climate Action Plan sets out plans and targets for the green transformation. Short-term reduction targets are set for 2030, underpinned by specific projects, and a long-term target to become climate neutral is set for 2050.

Strategies for and progress on ESG is reported on pages 25-32 in this report.

Strategy goals – Win23
The Win23 program comprises the plans and financial ambitions linked to the strategy for achievement by 2023.

The overall financial ambition is to reach an EBITDA of around DKK 5bn in 2023. The EBITDA earnings target was achieved in 2022 despite headwind in certain business areas.



Business model

Resources

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

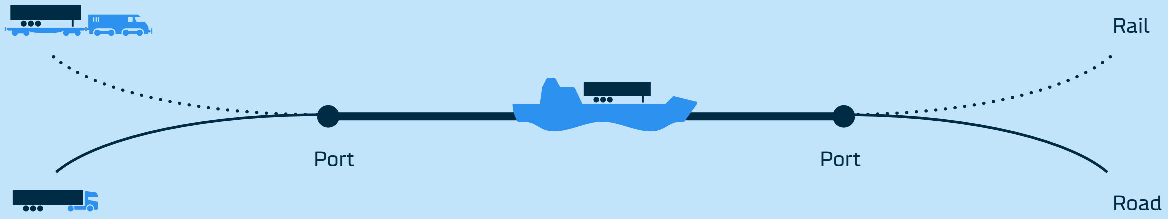
Transport equipment and facilities
- Ferries
- Trucks and trailers
- Warehouses and distribution centre

Energy – fossil and sustainable fuels

Financing – equity and loans

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

*And trailer equivalents such as rolling cassettes for heavy industrial goods and containers as well as finished vehicles



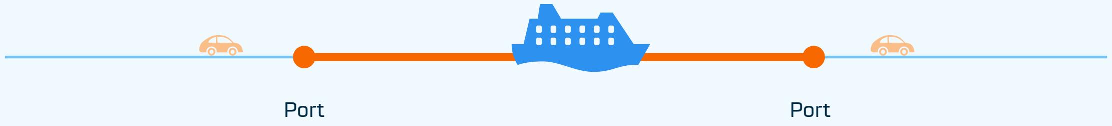
And we also offer contract logistics solutions

Warehousing

Cold chain distribution centres

Customs clearance and digital services

We move passengers in cars and on foot by ferry



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

Ferry business model

Our ferries are deployed on fixed routes connecting two ports. Most routes have daily departures. The routes carry only freight or a combination of freight and passengers.

Freight: Goods are carried in trailers that can be driven on and off the ferry ramps. Trailers can be accompanied by a truck or be unaccompanied. The latter is tugged on and off as part of port operations.

Ferries also carry trailer equivalents such as rolling cassettes for transport of heavy industrial goods, e.g. metals, paper, other forest products, and containers. Finished vehicles can also transported.

Because of its mobility, trailers are used mainly to carry goods for delivery within days, mostly 1-3 days.

Passengers: Nine of 26 routes carries passengers, most of them travelling in cars. Bringing an own car with luggage is a unique selling point for ferries. Two overnight routes target leisure segments that usually travel without a car.

Market and route location/ports

The choice of ports to connect is critical for a ferry route typically sailing between only two ports. Important criteria are:

- Market size, growth potential, and competitive structure
- Road and rail infrastructure linked to ports
- Industrial and other production within each port's catchment area
- Population density (determines consumption and passenger market potential)
- Port terminal parking space for trailers and equivalents.

The ports we call are either leased for longer periods or owned. We also operate some leased ports ourselves.

Customer offering

The routes offer four main offerings in different combinations contingent on market demand:

- Freight only – unaccompanied freight units
- Combined freight and passenger, overnight – accompanied and unaccompanied freight units
- Combined freight and passenger, short sea – accompanied freight units
- Passenger routes, overnight – deck space mainly used for cars, seasonal freight capacity
- Port terminal services, e.g. warehousing, cross-docking, workshops
- Rail solutions to and from port terminals

All routes offer a fixed departure and arrival schedule. The reliability of the schedule and continuous adaptation of capacity to match market requirements is of particular importance to freight customers. Duty-free sales on-board and from border shops are offered if possible.

Ferry types & capacity

The main ferry types are ro-ro ferries for freight only routes, ro-pax ferries for combined routes, and cruise ferries for passenger routes. In addition, ferries are custom built to specifications such as:

- Freight and passenger capacity requirements
- On board facilities
- Speed
- Deck strength and ramps
- Ice class.

Both chartered and owned ferries are deployed, including short- and long-term charter periods. A route's capacity is determined by the number of ferries deployed, the size of the ferries, and sailing frequency.

Key value drivers: Volumes and volume growth ▪ Capacity deployed and utilisation ▪ Unit costs ▪ High operating cost leverage as ferry and port costs are fixed and constitute over half of total costs ▪ Freight pricing driven by transport alternatives, efficiency, cost inflation, and surcharges ▪ Passenger pricing mainly online and dynamic.

Key enablers: The knowledge and expertise of our people ensuring our ferries depart and arrive on time, that load and unload ferries in ports, take care of passengers, and make it all come together in offices ▪ Customer relations ▪ Digital solutions, both customer facing and operations.

Logistics business model

Our logistics solutions include transport, distribution, storage, and value-added services to manufacturers, food producers, and retailers.

The customer value proposition includes performance enhancement, cost-efficiency, reliability, and customer service.

The geographic focus overlaps to a large extent with DFDS' ferry route network.

Sector specific solutions are focused on the automotive, forest product, and metal sectors as well as food producers requiring temperature-controlled logistics (cold chain).

Forwarding, dry and cold chain

Transport of trailers often covering multiple modes (road, rail, ferry) according to delivery, equipment, environmental, and other requirements as well as online booking and tracking. Primary activities are:

- Full loads (FTL) for dry and reefer trailers
- Part loads (LTL) for dry and reefer trailers
- On contract or spot terms. Large flows mostly contract based, from months to 1-2 years
- Haulage mostly outsourced
- Overlap of trade lanes with own ferry route network
- Customs clearance and other processing services.

Transport equipment is owned or leased.

Contract logistics, dry

Operation or management of parts of customer supply chains. Solutions are developed in partnership with customers and include:

- Inbound transport to warehouses, including ferry transport
- Warehousing: storage, picking/packing, and inventory management
- Value-added services: wrapping, packaging, cleaning, and repairs
- Cross docking of part-load consignments
- Distribution using mainly third-party providers
- Just-in-sequence transport to assembly lines
- Last mile delivery
- Management of customer supply chains using the customer's own facilities and equipment or third-party providers (4PL).

Warehouses are owned or leased. Sector specific solutions can require special equipment for handling heavy goods such as steel or paper.

Cold chain logistics

Solutions for fresh or frozen foods requiring temperature-controlled supply chains, including strict hygiene standards in distribution centres and in transport equipment. Solutions include:

- Inbound reefer transport to distribution centres
- Operation of distribution centres
- Storage and cross docking of part-load consignments
- Rental of specialised packaging, e.g. plastic box pallets, crates, and pallets
- Cleaning and repair of reusable packaging
- Distribution by inhouse haulage, including drivers, or third-party providers
- Last-mile delivery
- Customs clearance and other processing services.

Distribution centres are owned or leased. Customer contracts are typically longer term, up to around five years.

Key value drivers: Forwarding: balance between front and back loads ▪ Empty running ratio ▪ Sector specific market developments ▪ Volume growth ▪ Management and procurement of outsourced transport services ▪ Contract cost adjustment flexibility ▪ Contract logistics: capacity utilisation of facilities ▪ Pricing driven by carrier costs, supply/demand balance of carrier markets, efficiency, and cost.

Key enablers: The knowledge and expertise of our people that plan transport solutions, pick up and deliver freight on time, store and distribute fresh produce at the right temperatures, and make it all come together in offices ▪ Customer relations ▪ Carrier network and relations ▪ Digital solutions, both customer facing and operations.

Driving the ESG transformation

Sustainable and responsible business conduct is an integral part of DFDS' overall strategy. It provides the foundation for our commitments to society and stakeholders. We are committed to driving environmental transformation within shipping and logistics based on ambitious climate actions and investments in innovative services and technologies. We act as a responsible and caring employer, who puts people first and provides a safe, healthy, attractive, diverse, and inclusive workplace. We ensure responsible business practices and good corporate citizenship across the business.

Our climate ambitions have been outlined in a Climate Action Plan, targeting a reduction of 45% GHG emissions from our fleet by 2030 and carbon neutrality in 2050 (compared to our 2008-baseline). For road transport and warehousing we are targeting a 75% reduction in CO_2e intensity in 2030 and carbon neutrality in 2050 (compared to our 2019-baseline which will be updated as our data coverage improves).

To improve industry collaboration and create a more sustainable direction for our sector, 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.

At this point in time, we have not committed to the Science-Based Targets initiative as the methodology to be applied for maritime transportation has only just recently been published. During 2023, we will analyse the path forward and the pertinence of the Science-Based Targets initiative for our business. The challenge is that with the current landscape of technologies, regulation, and fuel availability, the carbon reductions required already by 2040 can possibly only be achieved by replacing or retrofitting a fully functioning fleet ahead of time, which will be challenging seen from both a life-cycle-analysis perspective and a capital investment perspective.

ESG Materiality Assessment

We have conducted a double materiality assessment to identify 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. The assessment is based on a stakeholder analysis including customers, employees, investors, NGOs, ESG ratings, regulators, etc. The assessment has resulted in shortlisting of 11 material topics in relation to ESG. Each of the elements have been addressed and risk assessed, and a responsible sponsor from the Executive Management Team has been appointed.

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	

We are actively seeking solutions to decarbonise

As a ferry and logistics operator, DFDS is operating within sectors contributing to approximately 8% of global CO_2 emissions. Both sectors are vital to the global economy but are also among the hardest to decarbonise. DFDS is committed to actively seeking solutions to decarbonise its business by 2050.

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.

The great challenge to decarbonisation is to get sufficient grid capacity and supplies of renewable electricity such as wind and solar power as well as Power-to-X technologies at the scale needed to convert the green electricity into liquid fuels such as ammonia, methanol, and hydrogen. The world will need abundant renewable electricity in the future to be able to fuel the green transition. Furthermore, this will require extraction and production of enormous amounts of critical raw materials as well as supporting infrastructure.

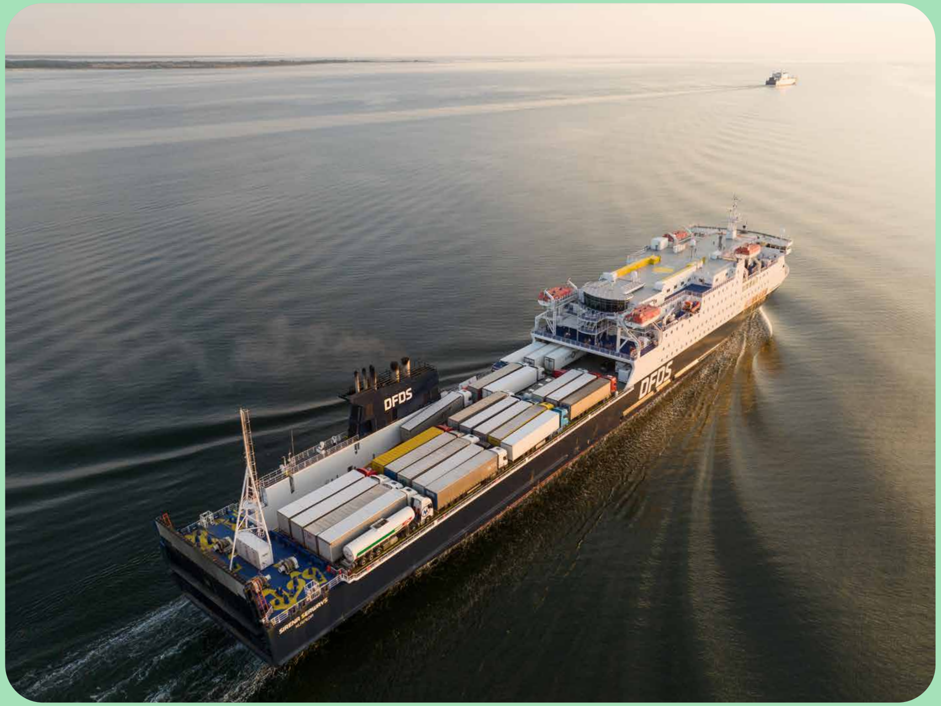
Availability of green fuel is a chicken-and-egg dilemma. Utility providers will only invest in green fuel capacity when the demand for the green fuel is there, while operators will only invest in carbon-neutral vessels and vehicles when sufficient supplies of green fuel and infrastructure are available. It means that commitments and investments are needed today to secure sufficient availability of green fuels in the future.

However, the current inadequate charging and refueling infrastructure for heavy vehicles in Europe is a fundamental barrier to green transition of the road freight industry. Ambitious and binding infrastructure targets across EU and not least sufficient and timely electrical grid capacity will be required to succeed.

With the first of DFDS' 125 electric trucks in operation and the remaining coming in 2023, DFDS' long-term sustainability commitment have started to turn into action.

When it comes to ferries, accounting for 95% of DFDS' carbon footprint, very limited supplies of sustainable energy sources are currently available. This includes eg. ammonia, methanol, and hydrogen produced based on renewable electricity and Power-to-X technology. Furthermore, ship engines and ships will have to be retrofitted, redesigned, or replaced to be able to run on zero-emission fuel.

It requires significant capital investments in ferries and trucks. But even more so, it requires collaboration and partnerships across the industry and a push for investments in green electricity and Power-to-X capacity. DFDS must and will play an active part in bringing public authorities, infrastructure companies, utility providers, customers, and suppliers together.



To increase the availability of green fuels, DFDS has entered into a number of green energy partnerships including a green hydrogen and e-fuel production facility in Copenhagen (DK), a green hydrogen and e-ammonia production facility in Esbjerg (DK), and an e-methanol production facility in Gothenburg (SE).

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 NGO´s

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

Diversity and inclusion

Responsible employer

Governance

Citizenship

Responsible sourcing

Incentives management

Business ethics

Data ethics

Environment: Driving the transformation
Our Environmental Strategy supports UN Sustainable Development Goals #13 Climate Action, #14 Life below water, and #17 Partnerships for the goals. Our climate related initiatives are embedded in our Climate Action Plan on page 29 and the ESG Framework.

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.

We aim to be a responsible neighbour, who reduces pollution, waste, and noise in the communities in which we operate. We continue our efforts to protect ocean life and biodiversity by supporting research and education that focuses on the marine environment.

Our carbon footprint
As part of an industry with a large carbon footprint, we are committed to finding solutions that will eventually transform how our industry operates. This includes minimising the risk and impact of energy consumption and CO_2 emissions, oil spills and discharges from vessels, as well as air pollution from trucks.

95% of our scope 1 and scope 2 CO_2e emissions come from our vessels, making it a natural starting point in our green transition. Consequently, a reduction in emissions from our own operations (Scope 1), and in particular from our transportation services, will automatically lead to a reduction in our customers scope 3 emissions.

However, the challenge here is twofold: vessels and vehicles are designed and built for fossil fuel, and green fuel alternatives do not currently exist at sufficient scale.

In the short term, we focus on improving and upgrading our existing fleet and reducing CO_2 emissions from our buildings and operations in general. We have identified actions such as technical upgrading of the fleet, route optimisation, and optimising the vessels' hydro-dynamic 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.

Transition towards zero-emission transport
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 that we have replaced fossil fuels with zero-emission fuels like ammonia, hydrogen, or methanol. Storing, handling, and using these new fuels differs vastly from how fossil fuel works. Finding feasible alternatives to fossil fuels calls for cross-sector collaboration and an appetite for experiments.

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 green 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.

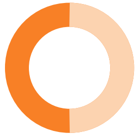
We are part of a project to develop a hydrogen factory in Copenhagen, a green ammonia production facility in Esbjerg, and an e-methanol facility in Sweden, to better understand the production of green fuels and contribute to their availability. With projects such as these, we aim to reduce the price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

Biodiversity
Marine Life is a primary environmental focus 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.

Our efforts to protect ocean life and biodiversity includes support of research and education focused 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.

Our climate strategy

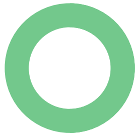
2030



50% absolute reduction in CO_2e from land transport and warehousing*

45% reduction in CO_2 intensity from ferries**

2050

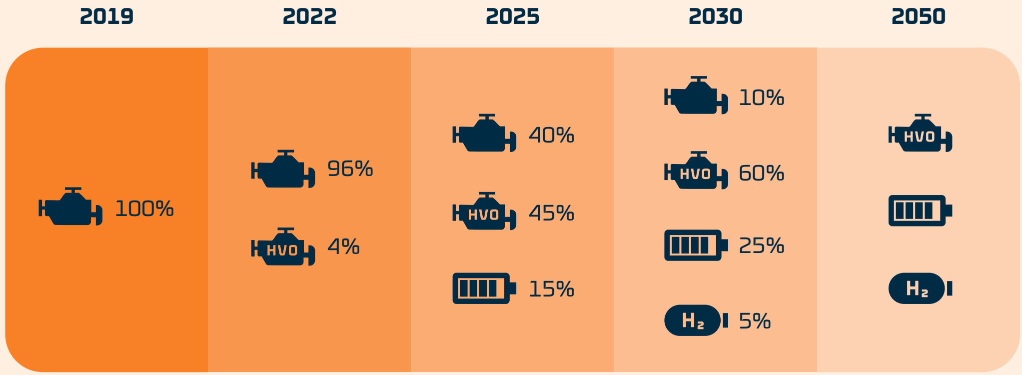


Climate neutrality

* Preliminary target from a 2019 baseline - will be revised following establishment of a new 2022 baseline
** Relative target from 2008 baseline

Truck decarbonisation plan

Illustrative composition of trucking fleet needed to achieve 2030 targets



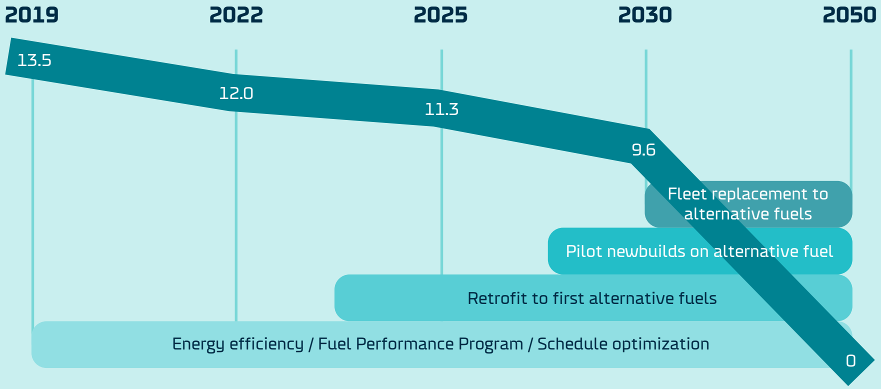
Engine type: Diesel, Biofuel, HVO, Electricity, Hydrogen

Indicative breakdown: Actual percentages of diesel alternatives will vary depending on available technologies and fuels

Ferry decarbonisation plan

Relative TtW CO_2 emission from vessels

gCO_2/Gross Tonnage/Nautical mile



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 always resell for longer time use, and hardly ever recycle ships. In the rare case that a ship must be recycled, we will use an approved yard and carry out the work in line with EU ship recycling regulations and the principles of the International Maritime Organisation's (IMO) Hong Kong International Convention.

Social: Responsible & caring employer
Our People Strategy 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, business ethics, employee engagement and community 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. We want people to be happy when they go to work and when they go home. We strive to be an inclusive and multicultural workplace and believe that diverse groups and teams make better decisions. We also support individual employees and groups of colleagues at DFDS in taking initiatives to do good in the local communities where we operate.

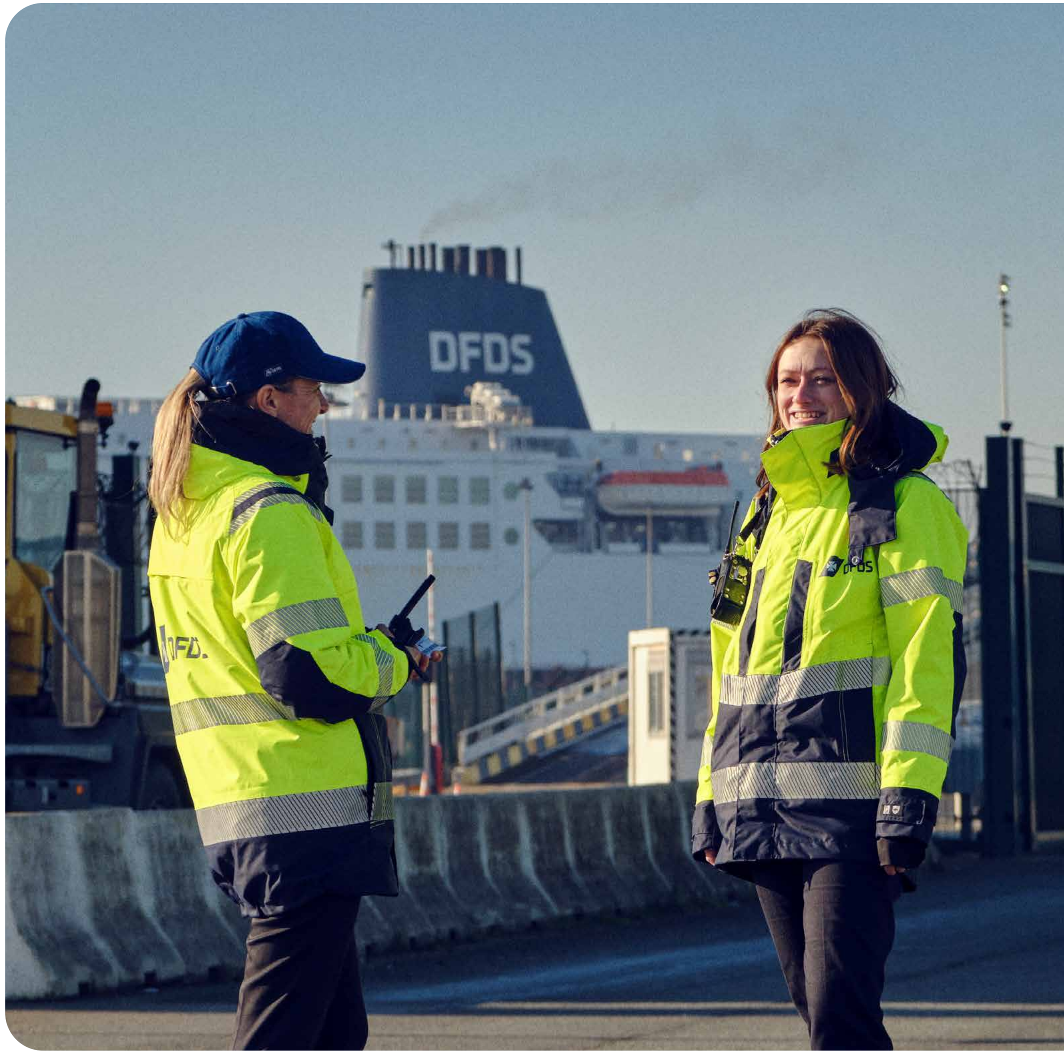
We believe that putting people first is a way to attract and retain the diverse workforce we need to successfully transform our company and industry. We need people with different perspectives and experiences for the company to develop sustainably. We prioritise building a strong internal culture where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

We want DFDS to be a company where all employees contribute to our values and business performance and where we can rely on the wealth of 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 as they arise. 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.

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

As a proxy indicator for measurement of employee satisfaction and wellbeing we make regular use employee engagement surveys. By increasing the frequency of the surveys and tailoring them to specific issues, we are keeping a constant eye on what employees deem important and where to focus.



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. We have clearly articulated responsible employer standards for topics like wages, working hours, discrimination, and child labour in our Labour Code of Conduct (LCOC). Part of our preparation for and implementation of the Corporate Sustainability Reporting Directive (CSRD) will be to continue our work with Human rights due diligence and as a result of that improve internal processes and procedures.

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 abuse. No employee should ever face humiliation, physical or mental abuse, sexual harassment, or any other form of mistreatment.

Since 2015, DFDS has also provided the possibility of anonymously reporting any concerns over material breaches of acceptable behaviour by or within the company through a whistle-blower 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 whistle-blower hotline we encourage employees to report incidents or unacceptable behaviour to their local manager, HR or to a member of the Executive Management Team. All reports are investigated thoroughly with appropriate follow-up actions. We ensure that the follow-up actions are fair to all parties involved with no retaliation and full confidentiality, reflecting the severity of the issue. The Board of Directors receives regular updates on current reports and findings.

We promote Diversity & Inclusion
DFDS works to promote and change the face of our industry, historically with a majority of 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 training sessions, toolboxes and efforts to raise awareness and to make more bias neutral decisions.

The monitoring and measures implemented to improve diversity in DFDS cover all layers of management. One of our primary priorities on the diversity agenda has been to increase the number of women in the organisation. Except for the People and Finance Divisions, female leaders are still a minority in DFDS.

We are focused on increasing the number of female non-office workers on both land and sea and have signed Danish Shipping's Charter for more women at sea. The non-office workforce has a female ratio of 12% whereas the office based workforce is more diverse with a female ratio of +40%. Our ambition is to have at least 30% women at all organisational levels. Our original target was to achieve this target in 2023. However, this is no longer realistic, and the timeframe has therefore been extended to 2028.

We want to ensure equal pay for equal work and are monitoring any unintended pay gaps across the business.

We emphasize the importance of Health & Safety
DFDS is responsible for many people and their working conditions. Operating a business where more than 60% of employees work in high-risk environments means that health & safety has very high priority.

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 and procedures regarding safety. 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.

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

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

needed to stay on track with our commitments. ESG related metrics on carbon emissions, gender diversity and health & safety are part of our management incentive programmes.

Business Ethics

Providing maritime transport and logistics services means we are in close contact with many people throughout our value chain. It is a priority for us to pay attention 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 on how to act for employees and suppliers.

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.

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 principles and covers topics like human rights, diversity & inclusion, anti-harassment and discrimination, environmental protection, anticorruption and bribery. All employees can report breaches to the Code of Conduct through our anonymous whistle-blower line. Our work with the CRSD implementation will also give us an opportunity to re-visit our existing processes and control mechanisms related to anticorruption and bribery.

Responsible supply chain

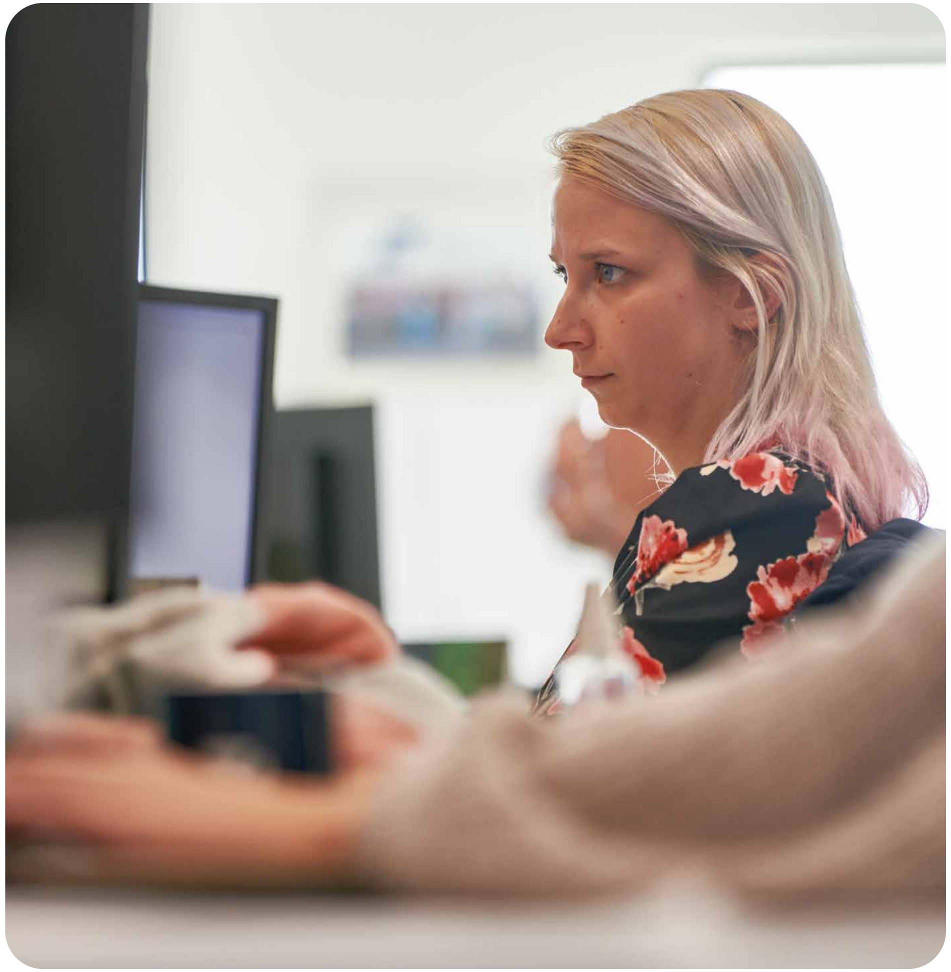
Supply chain sustainability is an integral part of DFDS' Responsible Procurement Program. We impact our supply chain through promoting human rights, environmental care, good labor practices and high ethical standards.

Our Supplier Code of Conduct incorporates the IMPA ACT fundamentals and is based on the UN Global Compact and Guiding Principles on Environment, Labor 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 support a structured and transparent approach to assessing supplier risks related to e.g., Human Rights, Business Ethics, and Environment. Increased transparency enables us to focus on suppliers with a high-risk profile. 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.

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 a vision for working with data ethically and is based on three principles: Security, Confidentiality, and Integrity.



Outlook

The outlook visibility for 2023 is impaired by especially the war in Ukraine and the current elevated financial uncertainty.

The outlook for 2023 builds on multiple assumptions that may change significantly as the year progresses.

General market growth prospects
The current consensus 2023 outlook for Europe's and Türkiye's GDP-growth (Gross Domestic Product) is 0.1% and 3.0%, respectively (Source: Thomson Reuters).

The measures that have and are being taken to lower the current high inflation is widely expected to lead to a recession in large parts of Europe. GDP-growth is thus expected to be negative in several European countries in 2023, including the UK and Germany. The war in Ukraine is likely to depress activity in neighbouring countries for its duration.

Türkiye's export to Europe slowed down towards the end of 2022 but this was offset by higher import flows as parts of the freight destined for CIS countries in Central Asia was rerouted through Türkiye.

Outlook 2023

DKK m	Outlook 2023	2022
Revenue	At same level	26,873
EBITDA before special items	4,500-5,000	4,955
Per division:		
Ferry Division	3,350-3,650	3,966
Logistics Division	1,200-1,400	1,066
Non-allocated items	-50	-76
Investments	-2,800	-2,989
Types:		
Operating	-1,600	-1,838
Ferries: sale & purchase and new-buildings	0	-871
Acquisitions	-1,200	-282

Geopolitical events could in general dampen the expected growth, both short- and long-term.

Key freight outlook assumptions for 2023
A high share of freight volumes is expected to remain resilient in 2023 but freight volumes are anticipated to decline in parts of the network if economic growth turns negative.

Mediterranean freight volumes are expected to continue to grow in 2023, especially if the rerouting of volumes to central Asian continues. Near-shoring of manufacturing in supply chains to Europe is also expected to benefit activity while lower European demand, not least in Germany, will reduce activity.

" A high share of freight volumes is expected to remain resilient in 2023"

A recession in the UK is expected to reduce both ferry and logistics volumes. In addition, Channel's ferry volumes are expected to be lower in the first half-year as a third operator ramped up capacity through Q1 2022 and a second operator suspended sailings in most of Q2 2022.

The war in Ukraine is expected to continue to depress ferry volumes in the Baltic region, especially in Q1 2023 compared to 2022.

The acquisition of McBurney Transport Group is assumed to be completed by the end of Q1 2023 which, all else being equal, will increase the Logistics Division's revenue and earnings.

Key passenger outlook assumptions for 2023

Around 90% of the passenger EBITDA covering three business units - Passenger, Channel, and Baltic Sea – was regained in 2022 following a reduction of DKK 1bn compared to the earnings level pre Covid-19.

Passenger volumes are expected to increase further in 2023 as travel restrictions remained in place through most of Q1 2022 and travel in general was still ramping up through the following quarter. Passenger earnings are therefore expected to increase in 2023.

Revenue outlook

The Group's revenue is overall expected to remain at the same level as 2022. The Ferry Division's revenue growth is expected mainly to be driven by rate increases to cover higher operating costs and by volume growth in the Mediterranean network. Channel's freight revenue is expected to decrease due to a negative full-year impact of the overcapacity on the Dover Strait. Passenger revenue is expected to increase. In addition, revenue from bunker surcharges is contingent on development in oil prices.

Logistics' revenue growth is expected to be driven by organic growth from rate increases and new activities. In addition, the full-year impact of the acquisition of Lucey Transport and the acquisition of McBurney Transport Group, assumed completed by end Q1 2023, will also increase revenue.

Earnings outlook

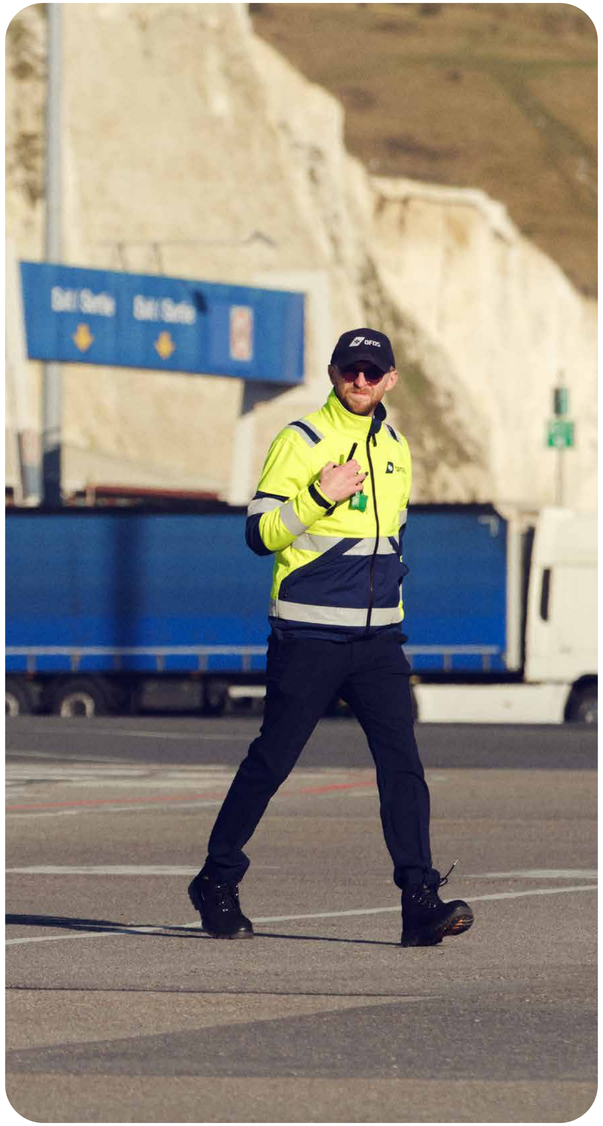
Based on the above assumptions, the Group's EBITDA before special items is expected to be within a range of DKK 4.5-5.0bn (2022: DKK 5.0bn). See outlook table for divisional split.

Investments

Operating investments, i.e. excluding acquisitions and other transactions, are expected to amount to around DKK 1.6bn:

- No purchases of new or second-hand ferries are expected
- Dockings and ferry upgrades, including energy efficiency projects: DKK 800m
- Port terminals and other equipment: DKK 400m
- Cargo carrying equipment and warehouses, mainly related to Logistics Division: DKK 300m
- Other investments, including digital: DKK 100m.

An investment of DKK 1.2bn is expected for the acquisition of McBurney Transport Group.



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.

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 and exchange rates, can furthermore impact earnings.

Future financial results may therefore differ significantly from outlook expectations

Geopolitics bring supply chains closer to Europe

Bottlenecks and rising costs are inciting companies to move production and sourcing closer to Europe. Türkiye stands to benefit from the rise in nearshoring.

Meral Güzelisik has through 2022 welcomed many new colleagues at her workplace in the Pendik port. She keeps the trade of goods between Türkiye and Europe moving as she loads and unloads the growing number of trailers carried by DFDS' freight ferries.

Covid-19, soaring container rates, delivery delays, environmental concerns, and rising political tensions have all created incentives for companies to review their supply chains.

Manufacturing has increasingly been 'nearshored' to Türkiye in recent years as the country is an industrious nation and boasts a well-educated and large workforce. Türkiye's geography and geopolitics have also led to a rerouting of trade flows through Türkiye that previously went through Russia to reach countries in Central Asia.

See the full story and follow Meral in a video as she prepares to load a freight ferry bound for Europe from the Pendik Port in Istanbul.

Divisions

Ferry Division

Earnings lifted by return of passengers

Mediterranean continued to improve performance as freight volumes increased 11%

Channel faces headwind from ferry overcapacity on Dover Strait

Emission intensity reduced 4% as short-term actions take effect

A highlight of 2022 was the return of passengers in numbers that exceeded initial expectations. The investments in fleet renewal and capacity in recent years underpinned the resilience and performance of the freight ferry route network. Delivering on reliability, frequency, and capacity is crucial for our freight customers: forwarders, hauliers, and industrials.

The war in Ukraine created challenges for the Baltic Sea route network but also rerouted freight volumes to Central Asia through our Mediterranean network that continued its growth in 2022. The competitive situation on the Dover Strait worsened during the year as the entry of a third ferry operator created overcapacity whilst the market contracted; an untenable situation has been created.

Climate Action Plan short-term initiatives contributed to a 4% decrease in emission intensity in 2022. Preparations to retro-fit freight ferries for use of green fuels by 2025 progressed as planned. The two green corridor projects advanced through engagement with customers, fuel providers, and other stakeholders.

Head of division
Mathieu Girardin

Business areas

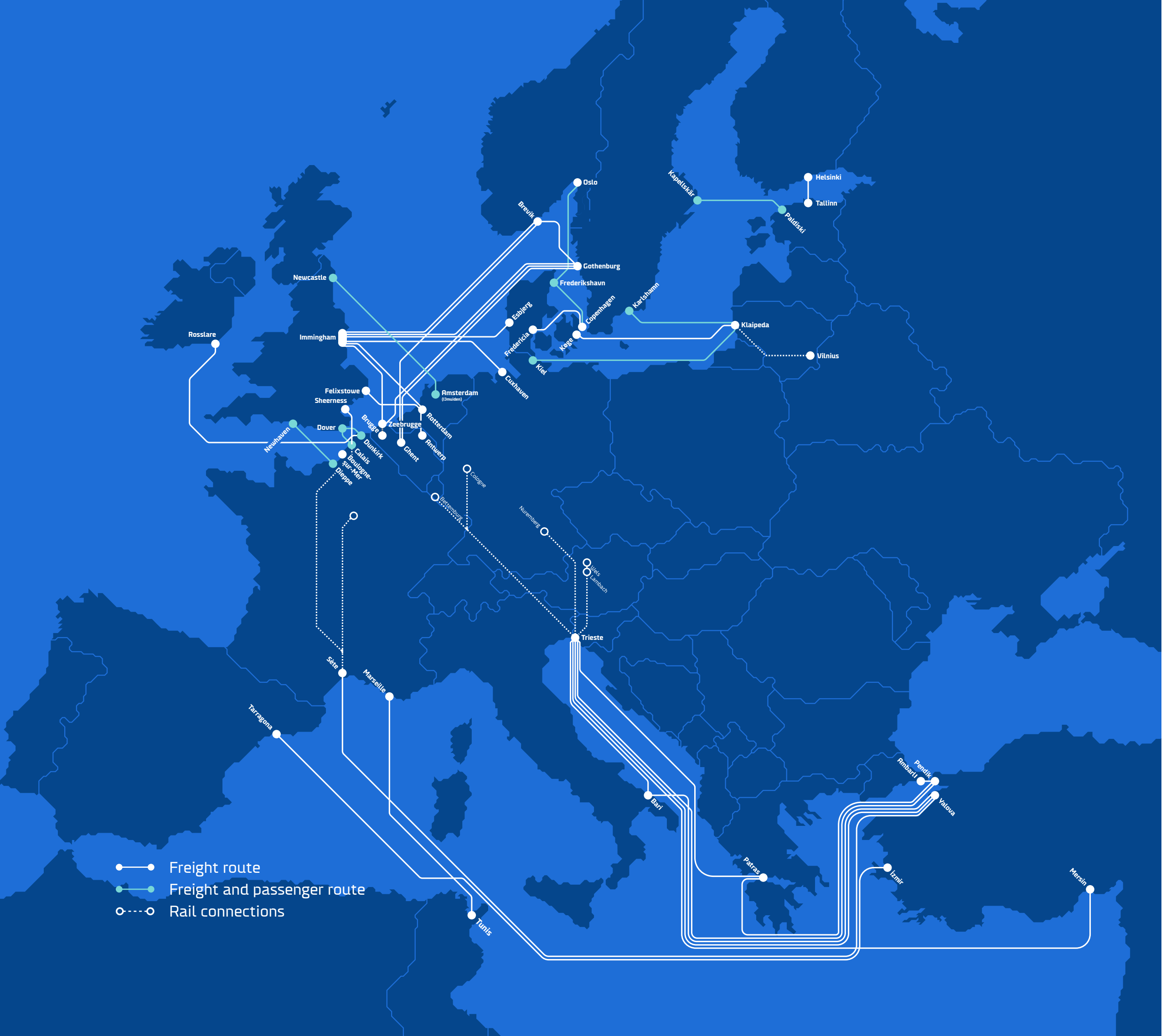
- North Sea
- Mediterranean
- Channel
- Baltic Sea
- Passenger

Revenue
increased 38% to DKK
16.8bn

EBITDA
increased 39% to DKK
4.0bn

Ferry people
6,138

Ferry routes



Our key freight and passenger offerings

Freight

- Ferry transport of freight units, accompanied and unaccompanied
- Port terminal services
- Rail Solutions
- Special Cargo

Passenger

- Short sea ferry
- Overnight ferry
- Mini cruise
- Packaged breaks
- Groups & events
- Conferences at sea

Financial performance

The Ferry Division's revenue increased 38% to DKK 16,831m compared to 2021 driven by the return of passengers, continued freight volume growth in the Mediterranean route network, and a considerable rise in bunker surcharges due to higher oil prices.

EBITDA before special items increased 39% to DKK 3,966m and EBIT before special items increased 84% to DKK 2,138m. EBIT after special items was DKK 2,156m.

The return on invested capital, ROIC, before special items increased to 9.7% in 2022 from 5.3% in 2021 due primarily to the uplift in earnings from the return of passengers reflected mainly in the ROIC for the Passenger and Channel business units.

Invested capital – ferry fleet and port terminals

The invested capital was DKK 21.4bn at year-end 2022, of which ferries amounted to DKK 14.7bn and port terminals to DKK 3.0bn. Intangible assets accounted for DKK 4.1bn, including goodwill of DKK 3.0bn mainly related to the Mediterranean business unit.

At the end of 2022, the ferry route network deployed 64 ferries, including two side-port and container ships, of which 81%, or 52, were owned and 12 were chartered in for varying periods. One freight ferry was not assigned to a route.

A fleet renewal program was launched in 2016 to grow the route network's capacity, improve cost efficiency, and lower emissions per freight unit transported. The program comprised nine new-buildings and was completed in 2022:

Ferry Division, DKK m	2022	2021	Δ	Δ %
Revenue	16,831	12,216	4,615	37.8%
EBITDA before special items	3,966	2,852	1,114	39.1%
Share of profit/loss of associates and joint ventures	-13	-13	-1	n.a.
Profit/loss on disposal of non-current assets, net	2	4	-2	n.a.
Depreciation and impairment	-1,816	-1,684	-133	7.9%
EBIT before special items	2,138	1,160	978	84.3%
EBIT-margin before special items, %	12.7	9.5	3.2	n.a.
Special items, net	18	12	6	n.a.
EBIT	2,156	1,172	984	84.0%
Invested capital, average	20,931	20,442	489	2.4%
ROIC before special items, %	9.9	5.3	4.6	n.a.
Average number of employees	6,138	5,381	757	14.1%
Number of ferries	64	64	0	0.0%
Lane metres, '000	41,746	43,011	-1,265	-2.9%
Tons, '000	613	633	-20	-3.2%
Passengers, '000	3,772	869	2,903	334.2%
Scope 1+2 emissions, 1,000 ton CO_2e	2,556	2,489	67	2.7%
CO_2e intensity (kg CO_2e/DKK)	0.153	0.204	-0.051	-25.0%
Representation of women - Land, %	30	28	2	7.1%
Representation of women - Sea, %	19	16	3	18.8%
Lost-time injury frequency (LTIF) - Sea, Incidents/mill. hours	4.5	4.3	0	4.7%
Lost-time injury frequency (LTIF) - Land, Incidents/mill. hours	11.1	11.2	-0	-1.1%

- Six freight ferries (ro-ro) with each 6,700 lane metres of freight capacity equivalent to around 450 trailers. Four deployed in North Sea and two in Mediterranean
- Two combined freight and passenger ferries (ro-pax) with each 4,500 lane metres of freight and passenger vehicle capacity and onboard facilities for 600 passengers. Deployed in Baltic Sea
- One combined freight and passenger ferry (ro-pax) with 3,100 lane meters of freight capacity and onboard facilities for 1,000 passengers (chartered on a 10-year bareboat agreement). Deployed in Channel.

There are currently no plans to build new ferries, apart from retro-fitting for green fuels of likely two freight ferries by 2025. The next major fleet investment program is expected to be renewal of the five short-sea Channel ferries for completion towards 2030. These ferries are expected to be

"The return on invested capital, ROIC, before special items increased to 9.7% in 2022."

battery powered due to the short crossing time of the Dover Strait.

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/operated in eight strategic locations. The Vlaardingen port terminal area was in 2022

expanded by 70% equal to 450 additional trailer parking spaces.

Decarbonisation activities and results

The key environmental challenge is to de-carbonise ferry operations by 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 de-carbonise.

In 2022, several initiatives were taken to lower emissions from the existing ferry fleet:

- Anti-fouling hull paint applied to 18 ferries to reduce friction in the water.
- Installation of new injection system to optimise engine combustion on two ferries to save fuel (PMI VIT).
- Installation of excess energy management systems on five ferries and installation of exhaust gas boilers on three ferries.

Fleet overview and key figures, year-end 2022

	Total fleet	Freight ferries (ro-ro)	Freight & passenger ferries (ro-pax)	Cruise ferries	Sideport and container ships	Ownership share, %	Average age of owned ships, yrs
Ferry Division	64	41	17	4	2	-	-
North Sea	20	18	-	-	2	94	12
Mediterranean	20	20	-	-	-	79	15
Channel	12	1	11	-	-	58	19
Baltic Sea	7	1	6	-	-	100	15
Passenger	4	-	-	4	-	100	33
Chartered out/not allocated ferries	1	1	-	-	-	100	22

Besides the technical installations we have initiated a group wide route optimization program. Speed has a significant impact on fuel consumption and CO_2 emissions. Slowing down and increasing the time spend at sea can thus reduce emissions with up to 10%. The analysis of sailing schedules, terminal operations and customer needs will high-light where it's feasible to implement changes.

Two freight ferries calling Gothenburg port have been upgraded for enabling the use of shore power at berth. Additional upgrades initiated on two ferries calling Vlaardingen port will be completed in the beginning of 2023.

In general there is an increasing interest and focus on shore power opportunities from ports and other stakeholders within the DFDS network. In September 2022 the first biofuel trial in DFDS was initiated with the bunkering of B100 on Acacia Seaways operation on the Vlaardingen – Felixstowe route. The biofuel used in the trial is a second-generation biofuel manufactured from various types of non-food biomass. The biofuel is ISCC (International Sustainability & Carbon Certification) certified and complies with RED II (European Renewable Energy Directive). The use of biofuel has not required any modification to Acacia Seaways and the temporary technical evaluation of the trial has positive indications. In 2022 we burned 1,902 tonnes of biofuel avoiding fossil fuel emissions of 5.5 tonnes CO_2.

In September we started the harmonised schedule as a result of the space charter agreement with P&O on the Dover-Calais route to ensure optimal utilisation of the available capacity. In 2022 the agreement resulted in 267 saved DFDS sailings avoiding emissions of 3,540 tonnes of

"Speed has a significant impact on fuel consumption and CO_2 emissions. Slowing down and increasing the time spend at sea can thus reduce emissions with up to 10%."

CO_2. In 2023 the agreement is expected to save +1,400 DFDS sailings.

In 2022, we saw a reduction in CO_2 emissions of 4% across the route network from 13.5 g/CO_2/GT per mile in 2021 to 13.0 g/CO_2/GT per mile in 2022. Own fleet emissions were reduced 2% to 12.5 g/CO_2/GT per mile from 12.8 g/CO_2/GT per mile in 2021.

In port terminals, emissions are being reduced by focus on electrification, energy efficiency improvements, and increasing use of HVO (Hydrogenated Vegetable Oil) by terminal equipment such as tugmasters.

Creating a safe and inclusive workplace

The DFDS target for gender diversity is a total workforce female gender ratio of 30%. In 2022, this ratio was 24% in the Ferry division across both land and sea. This is an increase compared to 22% in 2021. From a gender ratio perspective the ferry division can be grouped into three different employee groups who each has a different profile on both employee and manager levels: Sea-based (19%/7%), Land-based non-office (11%/3%) and Land-based office (45%/31%). There has been a general improvement of one to three percentage points across the different employee groups. The main improvement since 2021 has been the achievement of the target of 30% female representation within land based managers.

Focus for 2023 will continue to be on improvement of the ratio of females and female managers in non-office positions, and to continue efforts to ensure an inclusive culture in order to promote diversity in our workforce.

During 2022 the Crewing organisation facilitated 12 seminars for 900 crewmembers. 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 2022 there has been an increase on all parameters, especially on (work) environment where the score has increased with 0.7 to 7.5. The Ferry management team will work actively with the detailed results to maintain the positive development and increase the engagement within the division.

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 done 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 2022 the Lost Time Injury Frequency (LTIF) decreased to 11.11 compared to 11.22 in 2021. To further drive this positive development we continue to promote our Safety First culture across high-risk locations such as port terminals.

In 2022 an e-learning awareness module for safety on ro/ro cargo decks was developed and is expected to be rolled-out in 2023. In 2023, we will also implement additional fire-fighting measures on the entire DFDS fleet.

Colleagues and management were deeply saddened by the demise of a dock worker in October following an accident in

the Pendik Terminal in Istanbul. The incident was thoroughly analysed and investigated, including a review of traffic and handling operations within the terminal. Psychological and financial support were provided for the family. To avoid re-occurrence, we have invested in camera based pedestrian detection equipment for all heavy machinery on initially three of our own terminals. The remaining five owned terminals will be added in 2023.

Digitisation

A standardisation program covering both processes and software for port terminals and ferry operations was launched in 2022. As part of the program, the standard terminal system was implemented in the Pendik Terminal resulting in multiple efficiency improvements, including 10% savings in fuel consumption for tugmasters.

A new generation of ferry operations software was successfully tested towards the end of 2022. This enables automation of parts of the deck planning and a faster turnaround of ferries resulting in reduced CO2 emissions. Rollout is expected to start in 2023.

In addition, the core booking system was upgraded for faster and more stable communications to customers and authorities.

The digital experience for passengers was further improved by the new and optimised online booking flow and rolled out to cover 70% of the Channel traffic to France covering over 10,000 bookings. A 0.5 ppt conversion rate uplift was achieved for 2022 and a significant user satisfaction improvement.

In 2022, the LS Retail POS (Point of Sale) system was rolled out to most ferries and the two Channel border shops. For the latter, an online portal for duty-free shopping, including a “Click & Reserve” capability, was launched.

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. Completion is expected to take several years.

Trade between the EU and the UK has been adversely affected by the more cumbersome trade processes. This especially impacted smaller importers and exporters negatively. The rerouting of freight volumes between Ireland and the EU following Brexit is expected to remain in place. The more cumbersome trade processes have also been a catalyst for migration of some freight volumes from driver-accompanied to unaccompanied solutions.

Since the beginning of 2021, duty-free sales and customs clearance services were introduced for activities linked to the UK. Both markets are expected to continue to grow in the coming years.

Competition

The competitive landscape in most regions was overall unchanged in 2022 except for the Dover Strait. A third ferry operator, that entered Dover-Calais in June 2021 with one ferry, added a second in December 2021, and a third in Q1 2022. The addition of three ferries to a previously balanced market has created overcapacity. In addition, volumes in the Dover Strait freight market decreased in 2022, especially in the second half-year, and passenger volumes remain below pre-Covid-19 levels. This has further worsened the competitive situation to an expectedly untenable level. The overcapacity in the market is moreover detrimental to the energy efficiency of the Dover Strait transport corridor.

In the Baltic Sea region, the war in Ukraine has reduced freight volumes while ferry capacity to a large extent has been upheld by operators. Competition in the region is thus expected to increase in 2023 due to lower overall capacity utilisation.

The general truck driver shortages experienced in recent years are likely to persist in the coming years which will underpin continued growth in demand for unaccompanied ferry services.

Near-shoring of manufacturing to Europe and adjacent countries

In 2022 geopolitical events and historically high global container rates continued to prompt businesses to review the robustness of their supply chains. Allocation of more manufacturing to Europe and adjacent regions, such as Türkiye and northern Africa, is in general expected to support 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 2022 with limited available and idle capacity.

"The general truck driver shortages experienced in recent years are likely to persist in the coming years, which will underpin continued growth in demand for unaccompanied ferry services."

Freight ferries (ro-ro): The high demand for ferries continued in 2022 and charter rates firmed up as the market focused on extensions of existing charters. Selling activity was limited. European operators took delivery of ten large ferries while only a few older ferries were scrapped. The orderbook up to 2025 comprises only six ferries: two for delivery in 2023 and four for delivery in 2025.

Demand for freight ferries is expected to remain high in 2023 in view of the reduced orderbook and continued growth in the unaccompanied trailer segment.

Combined freight and passenger ferries (ro-pax): There was continued high demand for combined ferries with an overweight of freight capacity. A number of ferry sales were completed in 2022 at increasing price levels. Charter activity was limited as only few ferries were open for renewal.

Although eight new-buildings were delivered in 2022, the orderbook remains substantial at around 70k LM up to 2025.

Business unit performance

Additional information on business unit performance is available from quarterly reports.

North Sea – freight only

Revenue increased 24% to DKK 5,154m in 2022. Volumes were on level with 2021 as automotive and paper volumes at times were disrupted by supply chain bottlenecks. In addition, lower volumes towards the end of the year offset higher volumes in the first three quarters. Revenue growth was thus mainly driven by rate increases, including revenue from port terminal standage fees, and a considerable increase in bunker surcharges due to higher oil prices.

EBITDA before special items increased 25% to DKK 1,605m driven by lower operating costs and revenue growth from rate increases and standage fees in port terminals.

The average invested capital decreased 1% to DKK 6.3bn in 2022. ROIC increased to 15.9% from 10.6% in 2021.

Mediterranean – freight only

Revenue increased 32% to DKK 4,499m in 2022. The increase was driven by 11% higher volumes as Turkish export volumes were boosted by depreciation of the Turkish Lira through most of the year. Rerouting of freight to Central Asia through Türkiye also increased volumes in the second half of 2022. Ferry capacity was expanded to accommodate the volume growth. Revenue was also increased by the acquisition of primeRail and a considerable rise in bunker surcharges due to higher oil prices.

EBITDA before special items increased 16% to DKK 1,248m driven primarily by the volume growth.

The average invested capital decreased 1% to DKK 9.3bn in 2022, and ROIC increased to 6.7% from 6.3% in 2021.

Channel – combined freight and passengers

Revenue increased 46% to DKK 3,828m in 2022. The increase was entirely driven by a return of passengers after travel restrictions were removed during the spring. The number of passengers increased to 2.4m from 0.4m in 2021 which in turn increased duty-free sales.

Freight revenue, excluding bunker surcharges, decreased in 2022 due to 6% lower volumes. The decrease was unevenly distributed as volumes increased 6% in the first half-year and decreased 18% in the second half-year. In the first half-year, ferry capacity was ramped up to three ferries by a third ferry operator that had deployed one ferry in mid-2021. In addition, the incumbent second ferry operator suspended sailings for more than two months to restructure their crewing model. This resulted in a net positive volume impact for DFDS. Over the summer, total Dover Strait freight volumes started to decrease which continued for the rest of the year. In combination with the capacity added by a third operator, this led to the considerable volume decrease in the second half-year.

EBITDA before special items increased 71% to DKK 611m as the return of passengers and higher onboard spending more than offset lower freight earnings.

The average invested capital increased 11% to DKK 2.2bn in 2022, partly due to the full-year impact of the addition of a chartered new-building in mid-2021. ROIC increased to 9.6% from -1.2% in 2021 following the higher earnings level from the return of passengers.

Baltic Sea – combined freight and passengers

Revenue increased 14% to DKK 1,578m in 2022. The increase was mainly driven by higher revenue from passengers and from bunker surcharges that rose due to higher oil prices. This offset a decrease in freight revenue as the war in Ukraine lowered volumes 15%. The number of passengers increased 19%.

EBITDA before special items of DKK 388m was 1% lower than 2021 as higher passengers earnings and cost savings,

"The number of passengers on the Channel increased to 2.4m from 0.4m in 2021, which in turn increased duty-free sales."

including adjustment of ferry capacity, offset the lower earnings from the drop in freight volumes.

The average invested capital increased 41% to DKK 2.3bn in 2022 due to the deployment of two new-buildings between Sweden and Lithuania. ROIC decreased to 10.7% from 14.0% in 2021 due to the rise in invested capital.

Passenger – two cruise ferry routes
Revenue more than tripled to DKK 1,622m in 2022 as passengers returned following the removal of travel restrictions through the spring. The number of passengers increased from 214k in 2021 to 1,098k which equalled 81% of passengers in 2019, the latest comparable year before Covid-19. Overseas passengers have yet to return to the route between Norway and Denmark.

EBITDA before special items was DKK 30m compared to DKK -392m in 2021. The improvement was due to the significant increase in the number of passengers. This was partly offset by higher bunker costs.

The average invested capital of DKK 0.8bn in 2022 was 18% higher than in 2021. ROIC was negative as EBIT after tax was negative.

Non-allocated items
Non-allocated items primarily include activities related to external chartering of ferries not deployed in DFDS' route network.

Revenue increased 6% to DKK 485m compared to 2021 while EBITDA before special items decreased 37% to DKK 82m.

Business unit key figures

North Sea, DKK m	2022	2021	Δ	Δ %
Revenue	5,154	4,161	993	23.9%
EBITDA before special items	1,605	1,287	318	24.7%
EBIT before special items	1,012	690	322	46.6%
Invested capital, average	6,281	6,362	-81	-1.3%
ROIC before special items, %	15.9	10.6	5.3	n.a.
Lane metres, '000	13,761	13,769	-8	-0.1%
Tons, '000	613	633	-20	-3.1%

Mediterranean, DKK m	2022	2021	Δ	Δ %
Revenue	4,499	3,404	1,095	32.2%
EBITDA before special items	1,248	1,078	170	15.8%
EBIT before special items	672	635	37	5.9%
Invested capital, average	9,324	9,375	-51	-0.5%
ROIC before special items, %	6.7	6.3	0.4	n.a.
Lane metres, '000	5,566	5,034	532	10.6%

Channel, DKK m	2022	2021	Δ	Δ %
Revenue	3,828	2,619	1,209	46.1%
EBITDA before special items	611	358	253	70.9%
EBIT before special items	207	-16	223	n.a.
Invested capital, average	2,159	1,939	220	11.3%
ROIC before special items, %	9.6	-1.2	10.8	n.a.
Lane metres, '000	18,164	19,316	-1,152	-6.0%
Passengers, '000	2,420	441	1,979	n.a.

Baltic Sea, DKK m	2022	2021	Δ	Δ %
Revenue	1,578	1,381	197	14.2%
EBITDA before special items	388	391	-3	-0.8%
EBIT before special items	243	226	18	7.8%
Invested capital, average	2,261	1,600	661	41.3%
ROIC before special items, %	10.7	14.0	-3.3	n.a.
Lane metres, '000	3,804	4,467	-663	-14.8%
Passengers, '000	254	214	40	18.7%

Passenger, DKK m	2022	2021	Δ	Δ %
Revenue	1,622	463	1,159	250.2%
EBITDA before special items	30	-392	422	n.a.
EBIT before special items	-69	-488	419	n.a.
Invested capital, average	801	677	124	18.3%
ROIC before special items, %	-9.1	-72.6	63.5	n.a.
Lane metres, '000	451	425	26	6.0%
Passengers, '000	1,098	214	884	n.a.

Non-allocated items, DKK m	2022	2021	Δ	Δ %
Revenue	485	456	29	6.3%
EBITDA before special items	82	131	-49	-37.4%
EBIT before special items	72	115	-43	-37.3%

	NORTH SEA	MEDITERRANEAN	CHANNEL	BALTIC SEA	PASSENGER
Head of business unit	**Kell Robdrup (South)** **Morgan Olausson (North)**	**Lars Hoffmann**	**Filip Hermann**	**Anders Refsgaard**	**Kasper Moos**
Share of Division's revenue 2022[1]	31%	27%	23%	9%	10%
Routes	– Gothenburg-Brevik/Immingham – Gothenburg-Brevik/Ghent – Gothenburg-Zeebrugge – Esbjerg-Immingham – Cuxhaven-Immingham – Vlaardingen-Felixstowe – Vlaardingen-Immingham – Oslo Fjord-Zeebrugge-Immingham	– Istanbul-Trieste/Bari/Patras – Istanbul/Cesme-Sète – Mersin-Trieste – Izmir-Tarragona (closed January 2023) – Marseille-Tunis	– Dover-Dunkirk – Dover-Calais – Newhaven-Dieppe – Rosslare-Dunkirk – Sheerness-Calais	– Fredericia/Copenhagen-Klaipeda – Karlshamn-Klaipeda – Kiel-Klaipeda – Kapellskär-Paldiski – Muuga-Vuosaari (freight agreement)	– Oslo-Frederikshavn-Copenhagen – Amsterdam-Newcastle
Ferries	– 18 ro-ro and 2 side-port & container ships	– 20 ro-ro	– 11 ro-pax – 1 ro-ro	– 1 ro-ro – 6 ro-pax	– 4 passenger cruise ferries
Port terminals (owned and/or own operations)	– Brevik – Ghent – Gothenburg (joint venture) – 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	– CMA-CGM – 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

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

Adapting digital solutions to keep goods moving

We adapted systems and processes to Brexit and built a new customs clearance business. It's not over yet, the UK has further rules to implement in the coming years.

For three years, Attila Guylas spent most of his time developing systems to ensure our ferries could continue to carry trailers after Brexit. He spent 2020's new year's eve talking to French customs officials.

With the UK's exit from the EU, a whole new trading agreement, including new rules and processes for customs and physical border inspections, had to be digitised anew.

Transporting trailers by road and ferry looks simple, but behind the scenes complex digital systems handle all the mandatory paperwork and procedures in ports located in different countries that all have their own bespoke systems.

A key aim of the systems that enable the movement of goods across borders is to automate for fast processing and elimination of manual work.

See the full story and follow Attila and colleagues Chris Coughlin and Edwin Schurer in a video as they send a truck across the Channel on a DFDS ferry.

Logistics Division

Margins restored by cost coverage initiatives

High growth for warehousing and related contract logistics solutions

New sustainability targets set for 2030

Full-year impact of HSF Logistics Group acquisition

Margins and earnings were restored in 2022 as cost coverage initiatives came into effect and customers continued to focus on maintaining robust supply chains, which increased demand for warehousing solutions.

Haulage cost levels changed through the year as the European haulage market remained in short supply of truck drivers for most of the year. This was partly due to the introduction of the EU's Mobility Package and the war in Ukraine that reduced the pool of truck drivers.

The scope of customer offerings was expanded by three acquisitions that also added scale benefits. The integration of HSF Logistics Group progressed in line with plans and expectations, although adaptation of operations to the EU Mobility Package was more comprehensive than anticipated.

New sustainability targets for 2030 were launched in 2022, including a program for installation of solar panels on warehouses and other buildings to produce own energy. The first e-trucks were deployed in operations and interest in sustainable logistics solutions is growing among customers.

Head of division
Niklas Andersson

Business areas
- Dry Goods
- Cold Chain

Revenue
increased 60% to DKK
11.4bn

EBITDA
increased 80% to DKK
1.1bn

Logistics people
4,544

Logistics network

- Dry Goods
- Cold Chain
- Container routes, VSA (Vessel Sharing Agreements)

Our key logistics offerings

Dry Goods

- Door-door forwarding, full & part loads
- Warehousing and cross-docking
- Distribution
- Just-in-sequence transport to assembly lines
- Supply chain management
- Focused industry solutions to Automotive and Forest & Metal
- Customs clearance

Cold Chain

- Door-door forwarding, full & part loads
- Storage and cross-docking
- Distribution centres
- Rental and cleaning of reusable packaging
- Customs clearance

Financial performance

The Logistics Division's revenue increased 60% to DKK 11,423m compared to 2021 and by 24% adjusted for the full-year impact of HSF Logistics Group acquired in 2021 as well as ICT Logistics and Lucey Transport Logistics acquired in 2022. The adjusted growth was driven by higher activity, including new warehousing and customs clearance activities, and improved cost coverage across regions. The latter included surcharges for higher fuel prices and the EU Mobility Package as well as increases to cover higher costs, particularly for haulage.

EBITDA before special items increased 80% to DKK 1,066m and EBIT before special items increased 78% to DKK 480m. Around half of the increase was due to the full-year impact of HSF Logistics Group. EBIT after special items increased 80% to DKK 487m.

The return on invested capital, ROIC, before special items decreased to 7.9% in 2022 from 8.6% in 2021 as a higher ROIC for Dry Goods was offset by a lower ROIC for Cold Chain.

Invested capital – transport equipment and intangibles

The invested capital increased 25% to DKK 5.3bn at year-end 2022. The increase was due mostly to acquisitions as well as expansion of warehousing space and additional cargo carrying equipment. Intangible assets accounted for DKK 2.1bn, including goodwill of DKK 1.4bn.

At year-end 2022, the logistics network deployed 6.8k trailers, 2.2k containers, and 1.2k trucks. The majority of this equipment was owned.

Logistics Division, DKK m	2022	2021	Δ	Δ %
Revenue	11,423	7,155	4,268	59.7%
EBITDA before special items	1,066	593	473	79.8%
Profit/loss on disposal of non-current assets, net	18	-1	20	n.a.
Depreciation and impairment	-603	-322	-281	87.1%
EBIT before special items	480	269	211	78.6%
EBIT-margin before special items, %	4.2	3.8	0.4	n.a.
Special items, net	7	2	5	n.a.
EBIT	487	271	216	79.7%
Invested capital, average	4,797	2,520	2,277	90.4%
ROIC before special items, %	7.9	8.6	-0.7	n.a.
Average number of employees	4,544	2,774	1,770	63.8%
Scope 1+2 emissions, ton CO_2e	132,612	64,012	68,600	107.2%
CO_2e intensity (kg CO_2e/DKK)	0.012	0.010	0.002	14.4%
Representation of women - Land, %	17	16	1	6.3%
Lost-time injury frequency (LTIF) - Land, Incidents/mill. hours	7.5	6.0	1.5	25.3%

At the start of 2022, a new warehouse was opened in Borås close to Gothenburg. Towards the end of the year warehouses were opened in Poland and Denmark, and two Swedish warehouses were built during 2022 which opened at the beginning of 2023. In response to high demand for storage and related logistics services, another three new warehouses are planned to open in 2023 and 2024. The warehouses will all be leased for periods of up to 10 years.

Decarbonisation strategy and actions

Following both increased customer demand for sustainable logistics solutions, and in line with our overall climate ambitions, a focused sustainability team was established at the start of 2022 to ramp up sustainability efforts, with particular focus on climate-neutral transport solutions and transparency in emissions data.

In May 2022, preliminary climate targets were set: to achieve a 75% reduction in CO_2e intensity from road transport and warehousing by 2030, from a 2019 baseline, and carbon neutrality by 2050. The targets will be revisited following the collection of a new data baseline.

The decarbonisation roadmap for road transport indicates the share of heavy-duty electric trucks (eTrucks) in our truck fleet will reach 25% by 2030. The first eTrucks of a total of 125 ordered for delivery in 2022 and 2023 are now operational in Ghent. Work progresses on establishing trials of hydrogen trucks, aiming for deployment in 2025. By 2030 we expect at least 5% of the total trucking and trailer fleet to be hydrogen fuelled, and around 50-60% to be running on low-carbon fuels such as HVO.

"Decarbonisation roadmap for road transport indicates the share of heavy-duty electric trucks (eTrucks) in our truck fleet will reach 25% by 2030."

DFDS purchased a total of 324 new trucks during 2022. These trucks were specified and supplied with a Euro 6.2 exhaust emission rating which is the latest emission standard restricting a number of pollutants. Over 95% of these trucks were replacement units therefore further reducing the number of units that are below the wider Euro 6 emission level. The total DFDS fleet consists of around 1,200 trucks and +98% of these are classified as Euro 6 trucks.

A target has also been established for the production of green electricity at our own facilities, mainly via solar PV installations on warehouses. By 2030, the aim is to produce a minimum of 10m kWh per year. In 2022 we produced 1.5m kWh and we and are currently on track to reach 6m kWh per year by 2025 with 14 ongoing or planned installation projects during 2023 and 2024.

Customers are responding positively to the increased climate ambition, and several are working closely with us on significant collaborations to decarbonise their supply chains.

Creating a safe and inclusive workplace

DFDS' target for gender diversity is a total workforce female gender ratio of 30%. In 2022, this ratio was 17% in the Logistics division, including an 18% ratio of female managers. For office workers, the total female gender ratio was 36% and 19% for managers, a small improvement compared to 2021. The non-office ratio was 5% and no female managers, unchanged from the previous year.

In 2022 we saw an increase of female managers in the Logistics workforce from 16% to 18%, despite a reduction of females in the total workforce driven primarily by the acquisition in 2021 of the HSF Group with a male dominated workforce. It remains a key priority to improve the ratio of females and female managers in non-office positions and to continue efforts to ensure an inclusive culture.

Although there was an increase on all parameters compared to 2021 the engagement score for the Logistics division is lower than the total DFDS score. In 2023 the Logistics management team will work actively to improve the results.

A potential explanation for the low score is that +60% of the Logistics workforce is non-office workers. Feedback indicated that the current questionnaire is less suitable for this employee group. In 2023 a non-office specific questionnaire will be launched to better match the job relevance and thereby get more representative data.

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 2022 we have focused on implementing all locations from the acquired HSF Group into the DFDS Health & Safety management system.

During this integration we have seen an increase in the Lost Time Injury Frequency from 5.96 in 2021 to 7.47 in 2022. In 2023 we will increase focus on safe operation of our own trucking operations and continue to promote our Safety First culture across high-risk locations. To further embed and maintain a safety culture are key priorities of the Global H&S organisation.

HSF Logistics Group - integration on track

Annual financial integration synergies, mainly from operation, procurement, and process integration are targeted to amount to around DKK 75m with a full run-rate impact from the end of 2023. At the end of 2022, the run rate of synergies was in line with expectations. A significant part of the synergies is reported in the Ferry Division as trailer volumes have been transferred to own routes.

Digitisation

2022 saw continued focus on digitising the way customers can manage their bookings using both standard system integrations and new features on the online booking platform DFDS Direct. As a result, more than two thirds of transport bookings are now digital compared to only one out of five in 2019. Meanwhile, digital booking channels for warehousing and customs clearance have been further developed to support these growth areas.

A standardisation program was launched in 2022 to increase the speed and efficiency of digitisation as well as to unlock more economies of scale. The program comprises several standardisation projects in areas such as pricing, planning, and haulage management.

Logistics industry and market trends

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

Supply chain bottlenecks

The bottlenecks in global and intra-European supply chains eased during 2022. Manufacturing activity continued however in periods to be disrupted by irregular supplies of parts and raw materials, including the automotive sector. Delivery times for vehicles, both cars and trucks, remained

"A target has also been established for the production of green electricity at our own facilities, mainly via solar panels installations on warehouses. By 2030, the aim is to produce a minimum of 10m kWh per year"

high. As automotive orderbooks also remained high, the automotive sector is expected to continue to have a backlog in 2023.

Truck drivers were in short supply for the first three quarters of the year, also due to the war in Ukraine which reduced the supply of drivers. The imbalance versus demand pushed up haulage prices. Towards the end of the year haulage prices dropped as demand slowed down and more non-European truck drivers arrived in Europe, which in combination are expected to further balance the haulage market in 2023.

Logistics customers are expected to continue to focus more on supply chain security, including further nearshoring of manufacturing closer to end markets and maintaining inventory levels above recent historical levels. Demand for warehousing and related logistics services is therefore expected to continue to grow.

EU Mobility Package
The EU Mobility Package came into effect on 2 February 2022 and cabotage rules were implemented 21 February 2022. The key rules are that trucks must return to their origin within eight weeks, drivers must return to origin within four weeks, and drivers must be paid wages on level with the country the driver operates in.

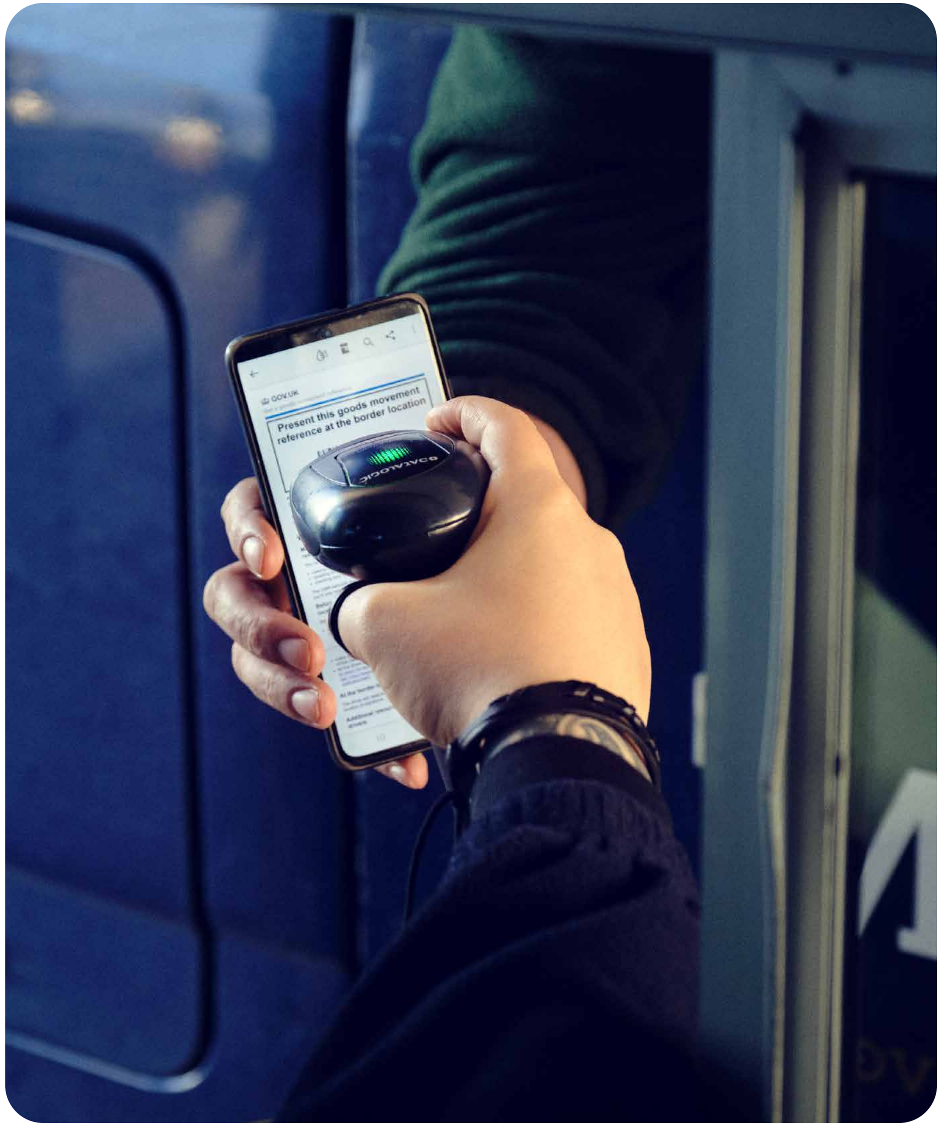
The Package has as expected resulted in higher wages for drivers and increased administration costs for payroll and monitoring of compliance with return to origin rules. The wage spread between countries has narrowed and haulage activities are being moved towards more local hubs.

In addition, more planning is required to ensure backloads for return trips to origin locations to avoid empty running. In total, the average haulage cost per kilometre is estimated to have increased around 15%. Enforcement of the new rules is still at a low level and the rules have yet to be fully adopted by all market participants. The new cabotage rules permit driving under the same terms in countries adjacent to the country of origin which is impacting competitive patterns with more impact on long haul versus domestic haulage.

Competition
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 or pan-European logistics companies and smaller, regional companies specialised in geographic corridors, transport modes, and/or customer segments.

Brexit
Brexit triggered a rise in the market for customs clearance and related services as freight customers need assistance to comply with the requirements of the UK-EU trade agreement that came into effect from the beginning of 2021. The market for customs clearance services is expected to continue to grow.

For businesses based in the EU, trading with the UK has become more cumbersome and expensive which is holding back trade. Truck drivers are likewise less attracted to trips to the UK which is expected to underpin demand for unaccompanied ferry transport to and from the UK.



Business unit performance

Additional information on business unit performance is available from quarterly reports.

Dry Goods

Revenue increased 28% to DKK 6,283m in 2022 and by 20% adjusted for acquisitions. The adjusted increase was driven by higher activity, including new warehousing and customs clearance activities, and improved cost coverage across regions. The latter included surcharges for higher fuel prices and the EU Mobility Package as well as increases to cover higher costs, particularly for haulage.

EBITDA before special items increased 74% to DKK 542m due to primarily cost coverage initiatives as well as organic growth, operational improvement of certain activities, and a positive impact from two acquisitions.

The average invested capital increased 66% to DKK 1.7bn in 2022 mainly due to acquisitions and leasing of a container ship. ROIC increased to 12.1% from 9.8% in 2021 driven by the higher earnings level.

Cold Chain

Revenue doubled to DKK 5,283m in 2022 and by 14% adjusted for the full-year impact of HSF Logistics Group acquired in September 2021. The adjusted revenue increase was mainly driven by improved cost coverage as volumes were below last year for most activities.

EBITDA before special items increased 86% to DKK 523m due mainly to the full-year impact of the acquisition of HSF Logistics Group.

Business unit key figures

Dry Goods, DKK m	2022	2021	Δ	Δ %
Revenue	6,283	4,922	1,361	27.7%
EBITDA before special items	542	312	230	73.7%
EBIT before special items	257	125	132	105.6%
Invested capital, average	1,678	1,009	669	66.3%
ROIC before special items, %	12.1	9.8	2.3	n.a.
Cold Chain, DKK m	**2022**	**2021**	**Δ**	**Δ %**
Revenue	5,283	2,636	2,647	100.4%
EBITDA before special items	523	281	242	86.1%
EBIT before special items	223	145	78	53.8%
Invested capital, average	3,119	1,512	1,607	106.3%
ROIC before special items, %	5.6	7.7	-2.1	n.a.

The average invested capital was doubled to DKK 3.3bn in 2022 likewise due to the full-year impact of the acquisition of HSF Logistics Group.

ROIC decreased to 5.6% from 7.7% in 2021 following the increase in invested capital.

	DRY GOODS	COLD CHAIN
Business unit heads	**Niklas Andersson**	**Martin Gade Gregersen**
Share of Logistics Division's revenue, 2022	54%	46%
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 • 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.
Equipment (owned/leased)	• 5,112 trailers • 1,682 containers • 424 trucks	• 1,814 reefer trailers • 476 reefer containers • 812 trucks • 170k reusable plastic box pallets, 800k 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

Financial review

Return of passengers boosts revenue and EBITDA

ROIC again above 8% target

Financial leverage back in target range

Adjusted free cash flow of DKK 0.9bn

Reporting structure
DFDS' activities are organised in two divisions: The Ferry Division operates five business units, and the Logistics Division operates two business units. Non-allocated Group items consist of corporate costs not allocated to either division.

Financial results
Revenue
Revenue increased 47% to DKK 26,873m in 2022 following higher revenue in both divisions.

The Ferry Division's revenue increased 38% to DKK 16,831m driven primarily by revenue from the return of passengers as travel restrictions related to Covid-19 were removed and higher revenue from bunker surcharges to cover oil price increases. Freight ferry revenue excluding surcharges was overall on level with last year as higher revenue in North Sea and Mediterranean offset lower revenue in Baltic Sea and Channel. The latter business units were negatively impacted by the war in Ukraine and increased competition, respectively.

The Logistics Division's revenue increased 60% to DKK 11,423m and by 24% adjusted for acquisitions. The adjusted revenue growth reflected higher activity, including new warehousing and customs activities, and improved cost coverage across regions. The latter included surcharges for higher fuel and electricity prices and the EU Mobility Package as well as increases to cover higher costs, particularly for haulage.

EBITDA before special items
Operating profit before depreciation, EBITDA, and special items increased 45% to DKK 4,955m.

Ferry Division's EBITDA increased 39% to DKK 3,966m following increased earnings in all business units, except for Baltic Sea as freight ferry earnings were negatively impacted by the war in Ukraine. The majority of the division's earnings increase was due to a DKK 955m higher result for the passenger activities in the Channel, Baltic Sea, and Passenger business units. The remaining increase was entirely due to the full-year impact of the acquisition of HSF Logistics Group in September 2021.

Logistics' EBITDA increased 80% or DKK 473m to DKK 1,066m. The increase was evenly split between the two business units. Dry Goods' increase of DKK 230m was driven mainly by the Nordic and Continent areas from a mix of improved cost coverage, organic growth, and operational improvements, plus a positive impact from two smaller

Revenue
DKK
27bn

Invested capital
DKK
28bn

ROIC
8.6%
before special items

Return on equity
16.4%

acquisitions. Cold Chain's increase of DKK 242m was overall entirely due to the full-year impact of the acquisition of HSF Logistics Group in September 2021.

Non-allocated items was DKK -76m compared to DKK -34m in 2021.

Depreciation, impairment and EBIT
Total depreciation and impairment increased 20% or DKK 418m to DKK 2,505m. The increase for the Ferry Division of DKK 133m was related mainly to the deployment of two ferry new-buildings and port terminal expansion. The Logistics Division's increase of DKK 280m was due primarily to the full-year impact of the acquisition of HSF Logistics Group, an impact from two smaller acquisitions, and the charter of a container ship.

The Group's EBIT before special items increased 87% to DKK 2,457m.

Special items and EBIT
Special items in 2022 was a net income of DKK 25m. More information on special items is available in Note 2.6 on page 109.

The Group's EBIT after special items was DKK 2,482m, an increase of 84%.

Financing
The net cost of financing increased 23% to DKK 343m compared to 2021. The net interest cost increased 20% to DKK 339m following a rise in both the net debt interest rate and higher NIBD. There was a smaller negative variance on currency adjustments.

Revenue

DKK m	2022	2021	Δ	Δ %
Ferry Division	16,831	12,216	4,615	37.8
Logistics Division	11,423	7,155	4,268	59.7
Eliminations etc.	-1,382	-1,092	-290	26.5
DFDS Group	**26,873**	**18,279**	**8,594**	**47.0**

EBITDA before special items

DKK m	2022	2021	Δ %	Δ
Ferry Division	3,966	2,852	39.0	1,114
Logistics Division	1,066	593	79.7	473
Non-allocated items	-76	-35	119.9	-41
DFDS Group	**4,955**	**3,411**	45.3	1,544
EBITDA-margin, %	18.4	18.7	n.a.	-0.2

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 120m.

The net profit for the year was DKK 2,019m, an increase of 107% compared to 2021.

Capital

Assets and invested capital
Total assets amounted to DKK 34.1bn at the end of the year, an increase of 11% compared to 2021 due primarily to the delivery of a ferry new-building, chartering of additional ships, and three acquisitions.

Net working capital of DKK -98m remained on level at the end of the year with 2021 as a reduction of the Ferry Division's working capital was offset by an increase in the Logistics Division.

At year-end 2022, the invested capital was increased 9% or DKK 2.2bn to DKK 27.6bn from year-end 2021 following an increase of DKK 0.9bn in the Ferry Division related mainly to the new-building and the chartering of ships mentioned above. The Logistics Division's invested capital increased DKK 1.1bn of which DKK 0.2bn was due to the higher net working capital. Acquisitions added invested capital of DKK 0.6bn of which the majority was due to the acquisition of Lucey Transport Logistics, including capitalisation of leased assets, mainly warehouses. Non-allocated invested capital increased DKK 0.2bn due to leasing of a new headquarter building. Calculated as an average, the invested capital increased 14% to DKK 26.5bn in 2022.

49% of the invested capital consisted of owned ferries and other ships, and 10% consisted of owned port terminals, land and buildings, and cargo carrying equipment. Leased assets made up 17% of the invested capital. Goodwill and other intangible assets amounted to 23% of the invested capital. The net working capital was DKK -0.1bn.

The Ferry Division's invested capital was DKK 21.4bn at year-end 2022 and the Logistics Division's invested capital was DKK 5.3bn.

Debt
At year-end 2022, interest-bearing debt excluding lease liabilities of DKK 11.0bn was up 3% compared to year-end 2021. At year-end 2022, lease liabilities had increased 25% to DKK 4.5bn following acquisitions, chartering of additional ships, and leasing of more assets.

In 2022, bank loans and mortgaged ship loans amounted to 69% of total interest-bearing debt while lease liabilities amounted to 29%. A corporate bond loan of NOK 1.2bn expired in 2022 and the share of bond loans decreased to 2% from a 9% share in 2021.

Net interest-bearing debt increased 5% to DKK 14.1bn at year-end 2022. Excluding lease liabilities, the net interest-bearing debt decreased 3% to DKK 9.6bn.

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) and special items. Target leverage is a NIBD/EBITDA-ratio between 2.0 and 3.0. At year-end 2022, the NIBD/EBITDA-ratio had decreased to 2.8 compared to 3.7 compared at the end of 2021.

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 2022, and distribution proposal for 2023 are reported on page 77.

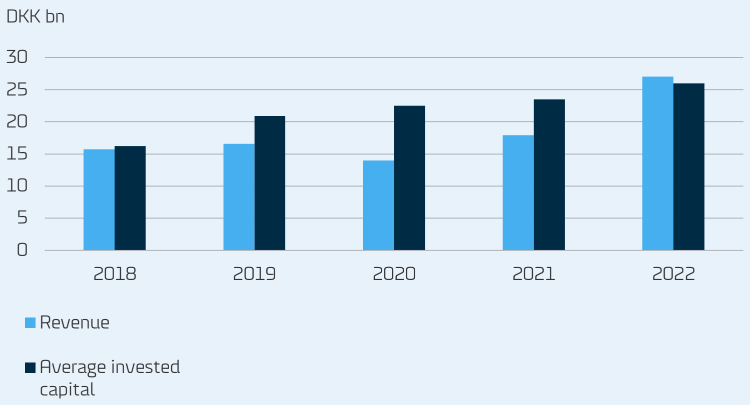
Equity
Equity amounted to DKK 13,135m at year-end 2022, including non-controlling interests of DKK 114m. This was an increase of 14% compared to year-end 2021. Total comprehensive income for 2022 was DKK 2,055m. Transactions with owners in 2022 amounted to DKK 474m of which DKK 462m was payment of dividends.

The equity ratio was 38% at year-end 2022 which was at the same level as year-end 2021.

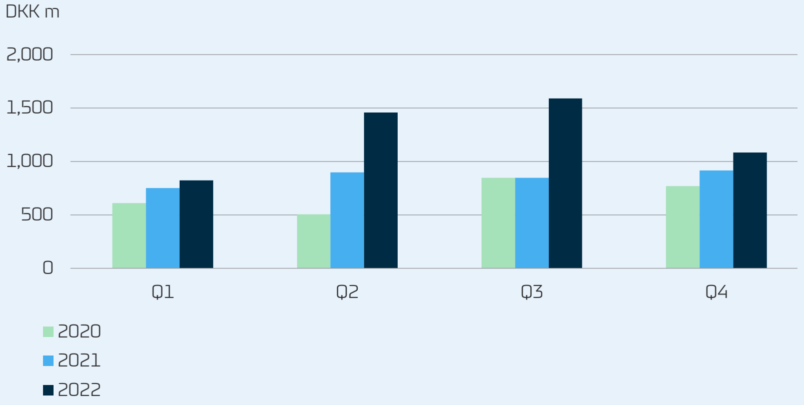
Impairment test
Based on the impairment tests performed in 2022 of the Group's non-current intangible and tangible assets, no impairments or reversals were recognised. The impairment tests are described in greater detail in Note 3.1.4 on pages 120-121.

Parent company key figures
The revenue of the parent company, DFDS A/S, was DKK 11,621m in 2022 and the profit before tax was DKK 1,608m. Total assets at year-end amounted to DKK 21,702m and the equity was DKK 10,649m.

Revenue and invested capital



EBITDA before special items per quarter



Return on invested capital (ROIC) 2022

	Average invested capital, DKK m	ROIC before special items, %
DFDS Group	26,523	8.6
Divisions & business units		
Ferry Division	20,931	9.9
North Sea	6,281	15.9
Mediterranean	9,324	6.7
Channel	2,159	9.6
Baltic Sea	2,261	10.7
Passenger	801	-9.1
Non-allocated	105	23.5
Logistics Division	4,797	7.9
Dry Goods	1,678	12.1
Cold Chain	3,119	5.6
Group Non-allocated items	795	n.a.

ROIC

Return on invested capital and return ambitions

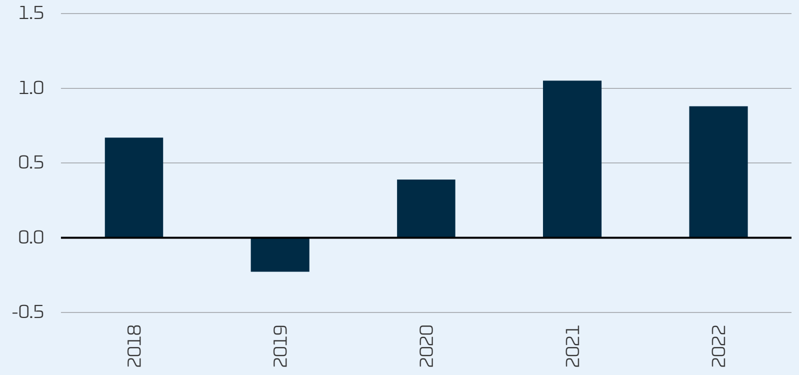
The Group's ROIC before special items was 8.6% in 2022 compared to 5.2% in 2021. The ROIC was raised in 2022 by the return of passengers and higher freight earnings for most ferry and logistics activities.

DFDS' return target is a minimum ROIC of 8% before special items and after tax. The target rate is used as a threshold rate for investments, including acquisitions.

In 2022, the ROIC exceeded 8% in four of seven business units with returns ranging from 10% to 16%. Returns were below 8% for the Mediterranean, Passenger, and Cold Chain business units. Mediterranean's ROIC increased to 7% in 2022 and to 12% excluding intangibles related to the acquisition of UN RoRo. The Passenger business unit's ROIC improved through 2022 as passengers returned and is expected to continue to recover in 2023. Cold Chain's ROIC is lowered by goodwill from the acquisition of HSF Logistics Group. The ROIC of 6% in 2022, and 13% excluding

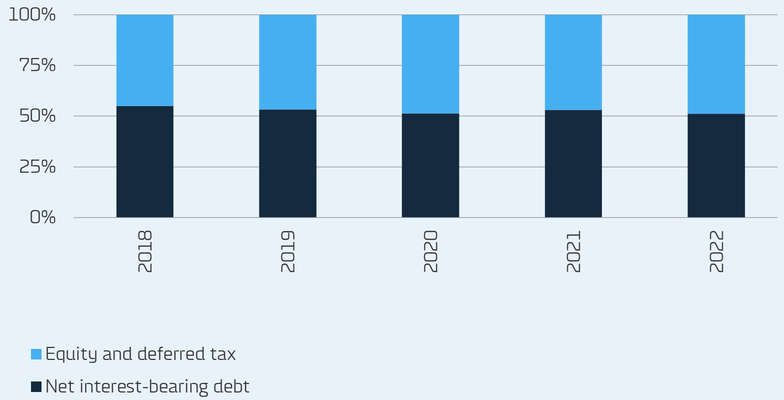
Adjusted free cash flow, FCFE

DKK bn



Capital structure

%-share of invested capital



intangibles related to the acquisition of HSF, is expected to improve in 2023.

Cash flow and use of funds

Cash flow

The cash flow from operating activities increased 40% to DKK 4,480m compared to 2021 driven mainly by the improved operating profit. Net investments totalled a negative cash flow of DKK 2,989m, including acquisitions of DKK 282m, resulting in a free cash flow of DKK 1,491m.

The cash flow from financing activities was negative by DKK 1,203m, including a net loan inflow of DKK 272m, payment of lease liabilities of DKK 963m and payment of dividend of DKK 461m. The net increase in cash was DKK 288m and at year-end cash funds amounted to DKK 1,189m.

The adjusted free cash flow (FCFE) was DKK 881m compared to DKK 1,051m in 2021.

Investments

Net investments in 2022 amounted to DKK 2,707m of which DKK 1,838m was operating investments for maintenance of ferry and logistics assets. This included expansion investments in for example extension of port terminal areas and additional cargo carrying equipment. Net investments in ferry new-buildings and purchase/sale of ferries amounted to DKK 871m, of which DKK 580m was for new-buildings.

Bunker and financial risks

Bunker risk

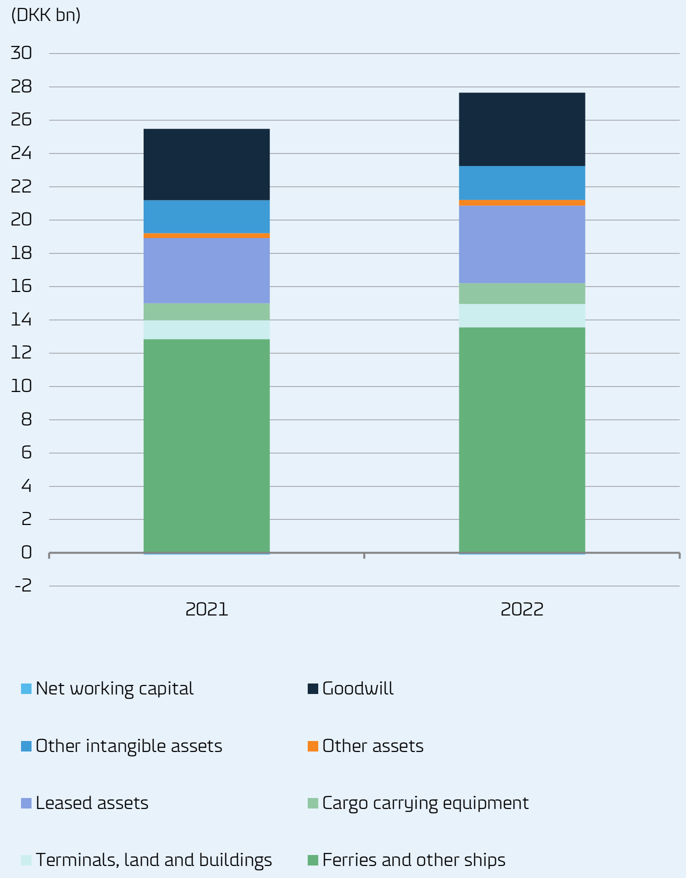
The cost of bunker for ferries was DKK 4.1bn in 2022. Around 93% of the bunker consumption is commercially hedged through bunker clauses (BAF: bunker adjustment factor) in freight customer contracts. Hedging of USD is included in the BAF. The BAF-coverage lags the actual cost by 1-2 months as the surcharge is adjusted on a monthly basis through the year. The remaining consumption is used on passenger routes. In 2023, the ferry fleet's bunker consumption is expected to amount to around 825k tons.

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 counterparty risk. These risks are reported in Note 4.1 on pages 128-131.

Invested capital

DKK bn, year-end



Changing travel patterns

As far fewer overseas ferry passengers are coming to Europe, new sales and marketing strategies seek to expand and stabilise the customer base.

What do you do when you no longer can expect to welcome 150,000 Asian and other overseas passengers on your ferry route? This is the challenge Richard Stone and his team are seeking to overcome on Oslo-Frederikshavn-Copenhagen as Covid-19 and rising geopolitical risks have upended travel markets.

See the full story and follow Richard and colleagues as they adapt sales strategies to replace the missing overseas passengers

ESG review

4% reduction on CO_2 per GT mile in the route network

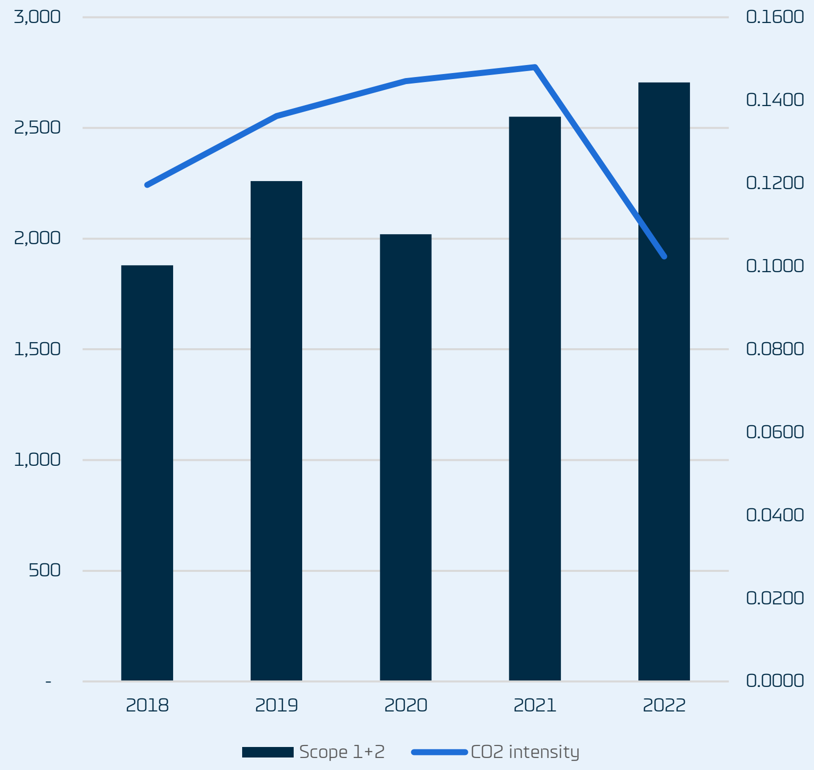
Ratio of female managers increased from 14% to 16%

Share of non-Danish AGM elected members of the Board of Directors increased to 33%

Environmental performance
Our total CO_2e emissions amounted to 3,903,000 tonnes in 2022. This is an increase of 13% compared to 2021. The increase is due to growth in business activities and the addition of emissions from the HSF Logistics Group. Alongside the increase in total emissions we see the CO_2 efficiency improve on both vessels and the land-based operation. In 2022 our CO_2 intensity measured as the ratio between emitted CO_2e and revenue is showing a significant decline of more than 30% compared to 2021. Part of this is related to the BAF (Bunker adjustment factor) being included in revenue numbers, but the efforts towards continued CO_2 reductions and general energy efficiency are also driving this measure.

CO_2e emissions (Scope 1) amounted to 2,697,000 tonnes in 2022 which is an increase of 6% from last year. With the actions taken as part of our Climate Action Plan, see page 29, the CO_2 efficiency on ferries has improved with 4% compared to 2021. The ongoing reduction of emissions is a result of the continuous improvement of the fleet's fuel efficiency through operational end technical solutions, data driven decision making, as well as route optimization in terms of both schedules and eliminated sailings.

Development in CO_2e
Absolute emissions scope 1+2 (1,000 tonnes CO_2e)
CO_2e efficiency (kg CO_2e/DKK)



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 7.9 tonnes in 2022. This is an increase of 14% compared to 2021 driven by increased business from particular the acquired HSF Group as well as increased electrification of the land-based operation. We have increased the focus on the generation of renewable energy by installing solar panels on warehouses and terminals. In 2022, we produced 1.5 mkWh, and the target is to produce 10 mkWh by 2030. We are currently on track to reach 6m kWh per year by 2025, with 14 ongoing or planned installations.

We have a strong focus on optimising general energy consumption across our operation. But the share of green electricity is also an area with increasing importance. This is addressed on two dimensions: own production of renewable energy and purchasing of certificates for green electricity . In 2022 24,7% of the total electricity consumption was either produced at own solar panel facilities (3,4%) or backed by green certificates (21,3%). This is expected to increase in 2023 as our efforts towards energy production and our green electricity strategy will continue to be implemented across the group.

Value chain CO_2 emissions (Scope 3) amounted to 1,203,000 tonnes CO_2e (2021: 909,000 tonnes CO_2e). The increase relates to inclusion of HSF Group data in the numbers for 2022. Scope 3 emissions primarily relate to upstream production of fuel used in our operations which account for 51% of total scope 3 emissions. Another 38% are related to third party suppliers within transport – both on water, road, and rail.

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 10% in the energy consumption per land based FTE compared to 2021. The focus on energy consumption will continue. An examples 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. A group- 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 in 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.

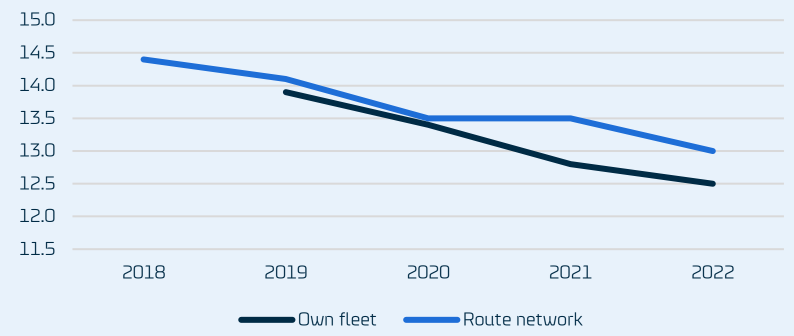
Biodiversity

We are keeping a close eye on biodiversity and the topics that are potentially material for DFDS. However, DFDS is not directly involved in areas that are critical in terms of biodiversity and ecosystems.

We support research projects where our assets and knowledge can make a difference such as marine scientists

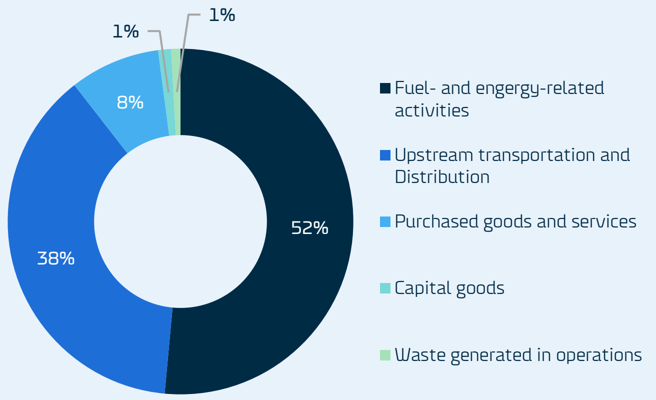
CO_2 efficiency

CO_2 emissions per GT mile



Scope 3 CO_2 emissions

Split on material categories



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 immediate surroundings whenever they have the opportunity.

Social performance

A caring employer supports growth and wellbeing

DFDS is transforming into a diverse and carbon neutral company. 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 prioritize 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.

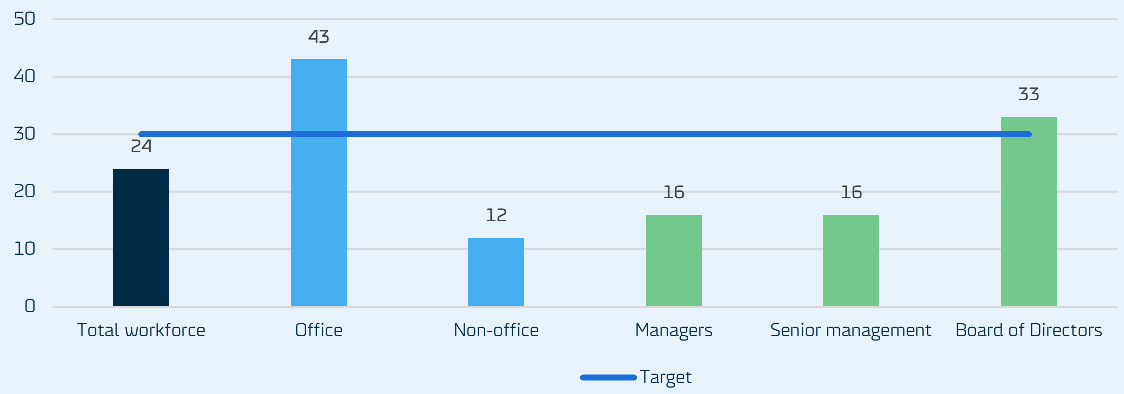
Diversity, Equity & Inclusion

The female ratio for all employees was unchanged at 24% at the end of 2022 (2021: 24%), while the share of female managers increased to 16% (2021: 14%), which is also the level for senior management (2021: 16%). In the Board of Directors the share is women is 33% and within the Executive Board and the rest of the Executive Management Team the female ratio is 29%.

Our original target was to have 30% minority representation amongst all staff in 2023. However, this is no longer realistic, and the timeframe has therefore been extended to 2028. It has proven to be difficult as we see the results of integrating companies with a lower female ratio into DFDS.

Minority representation

Female ratio on organisational levels in 2022 (%)



We managed to maintain the existing ratio in 2022 with the addition of around 1,800 new colleagues from HSF Logistics Group. In 2023, the full-year impact of the acquisition of Lucey Transport in 2022 and the expected acquisition of McBurney Transport Group in 2023 will most likely keep the increase in female ratio at a moderate level.

On gender representation our main focus is to increase the ratio of female managers – both in office- and non-office-based positions. In 2022, we have continued communication and reporting on gender diversity, just as 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. We have also initiated a pilot mentoring program, which has been turned into an annual recurring program.

In 2023, we will continue to roll-out training programs and push for higher awareness through data and communication.

The annual engagement survey was sent out to around 13,000 employees in November 2022. The response rate increased to 69% (2021: 59%), driven by improved communication and increased manager focus. The aggregated engagement score is 7.7 (on a scale from 1-10) and is an increase of 0.3 compared to last year and is now

0.4 above the external benchmark. The highest scores were achieved in the areas: Goal setting, Meaningful work, and Peer relationships. The lowest scores were related to: Reward, Strategy, and Growth, despite improvements in all areas in 2022.

In 2023, we will follow up on the engagement survey by focusing on manager responsibility and communication of strategy and goals. We will use differentiated questionnaires to office and non-office personnel, respectively to better match the needs and circumstances of the two different groups of employees.

DFDS has employees in more than 20 countries and the Executive Management Team (EMT) is continually being updated on general employment conditions and budgets for basic salary increases. The targeted 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 and follow the same principles as applied for the EMT

In 2022, a specific area of focus has been the rising inflation rates and increases in the cost of living. To support the employees most affected, DFDS has awarded targeted one-off payments, and made use of local tax schemes, e.g., granting tax-exempt food and fuel stamps.

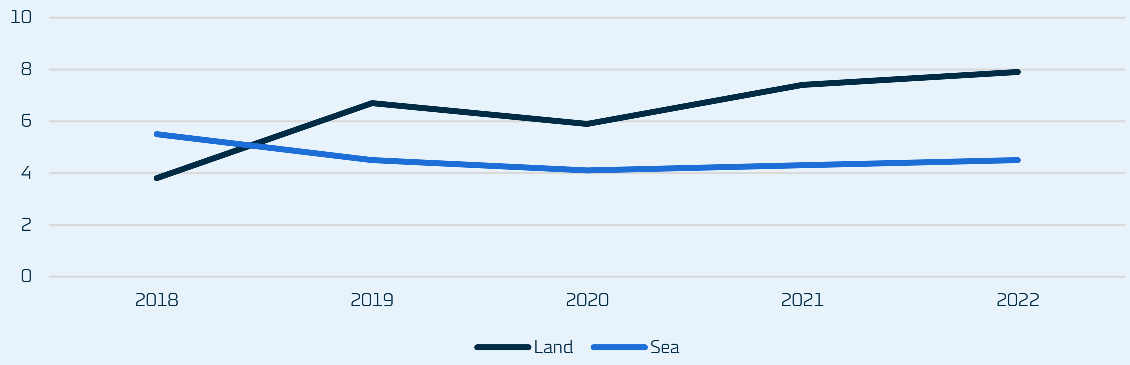
Health & Safety performance
Operating a business where more than 60% of our employees work in high-risk environments requires us to continuously assess and improve our overall health & safety performance.

LTIF increased to 7.86 in 2022 primarily due to the inclusion of former HSF sites in the numbers for 2022 (2021: 7.44). We are in the process of rolling out DFDS' Safety-First culture on all former HFS locations. In DFDS' legacy business, especially the cold chain trucking entities have experienced a high number of incidents in 2022. A safe operation of our trucking operations will be a particular focus area in 2023.

Colleagues and management were deeply saddened by the demise of a dock worker in October following an accident in the Pendik Terminal in Istanbul. The incident was thoroughly analysed and investigated, including a review of traffic and handling operations within the terminal. Psychological and financial support were provided for the family. To avoid re-occurrence, we have invested in camera based pedestrian detection equipment for all heavy machinery on initially 3 of our own terminals. The remaining five owned terminals will be added in 2023.

To further strengthen our safety culture, we in will 2023 implement a dedicated Health & Safety system for all land-based employees enabling easy reporting of near-misses and safety breaches to improve prevention activities

Health & Safety
Lost time injury frequency (incidents/mio. Hours)



through learning and knowledge sharing from these near-miss and safety breaches.

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 EUR) handled by Group Procurement.

In 2022, we have achieved the following results:

- We have risk assessed 86% of all suppliers (Target >80%)
- We have assessed 361 suppliers from an ESG perspective (Target >300)
- We have assessed 31% of spend from an ESG perspective (Target >35%)
- We have assessed 40% of spend from an ESG perspective on large suppliers above DKK 10m (Target >50%)

Data & Business Ethics
In 2021, we launched our new Data Ethics policy. In 2022, we have focused on making the policy operational.
The first step was to conduct risk and security analyses on data usage across business units and locations.

The second step was to provide data privacy and cyber security trainings to all employees to ensure a high level of data security and integrity through a group-wide information security training program. In 2022, 1,270 employees were trained in "Cybersecurity and Online Habits" and 314 employees are in progress. The training will continue in 2023 and the ambition is to have all land-based employees trained on the topic.

Additionally, data ethics and awareness discussions were held with relevant internal stakeholders and subject matter experts on emerging new regulation, including the Schrems II-judgment and NIS2.

In 2023, further data protection improvements will be implemented based on risk and security analyses. We will also continue the roll out of the data privacy and cyber security training and establish a data ethics community and initiate reporting on progress.

In 2023 we will continue our e-learning program on competition law, bribery, corruption and sanctions. The training is aiming towards making our employees better prepared to spot and avoid accidentally becoming involved in illegal practices.

Whistleblower reports
Since initiation of tracking, the number of whistle-blower cases have increased each year. This is a natural development as the number of employees is growing and because 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.

In 2022, 33 cases have been reported under the whistle-blower scheme, of which most concerns were related to Employee relations (21%) and Violation of company policy (21%). All cases are being investigated by local HR and/or local management teams to ensure detailed follow-up.

Board performance
The strategic focus areas on both sustainability and 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 30% minority representation is met.

At the end of 2022, the female gender ratio was 33% (2021: 33%) while the share on non-Danish directors increased to 33% qua the election of Minna Aila to the Board (2021: 16%).

Five out of six AGM elected directors (83%) are independent which is unchanged from last year. The Board of Directors' commitment and dedication to their task is illustrated by a continued attendance at board meetings of 100% in 2022.

Corporate governance

Governance practices

DFDS is compliant with all Danish corporate governance recommendations

Five of the 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 directors appointed by shareholders at the most recent ordinary meeting 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 work 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 technology and climate. The Board of Directors also holds strategy review sessions focusing on progress and achievements as well as setting strategic priorities for the business including climate and diversity.

In 2022 a sanctions policy governing the group-wide sanctions compliance activities was established, including programs to raise awareness. The Board as part of its strategy review considered the DFDS climate strategy as well as the climate plans for each of its Ferry and Logistics divisions including in relation to the use 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 2022, 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,

The corporate governance policies listed below are all 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

data ethics, the qualifications, 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 2022, all with full participation. The main topics dealt with, apart from recurring items, were monitoring of the migration to the new ERP system and a deep-dive into the finance organisation in BU Mediterranean.

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 three meetings in 2022 with full participation, focusing on the following topics:

- Preparation of the 2021 Remuneration Report
- Recommendation of Executive Board remuneration and Board fees, including amendment of the peer group used for benchmarking of executive remuneration
- Discussions of workforce matters, such as gender pay gaps and employee turnover
- Discussions on the future design of incentive plans, including how these can continue to support DFDS' sustainability priorities
- Review of the Annual Wheel of the Committee.

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 organizational 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 two formal meetings during 2022 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 *link*

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 2022, 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.

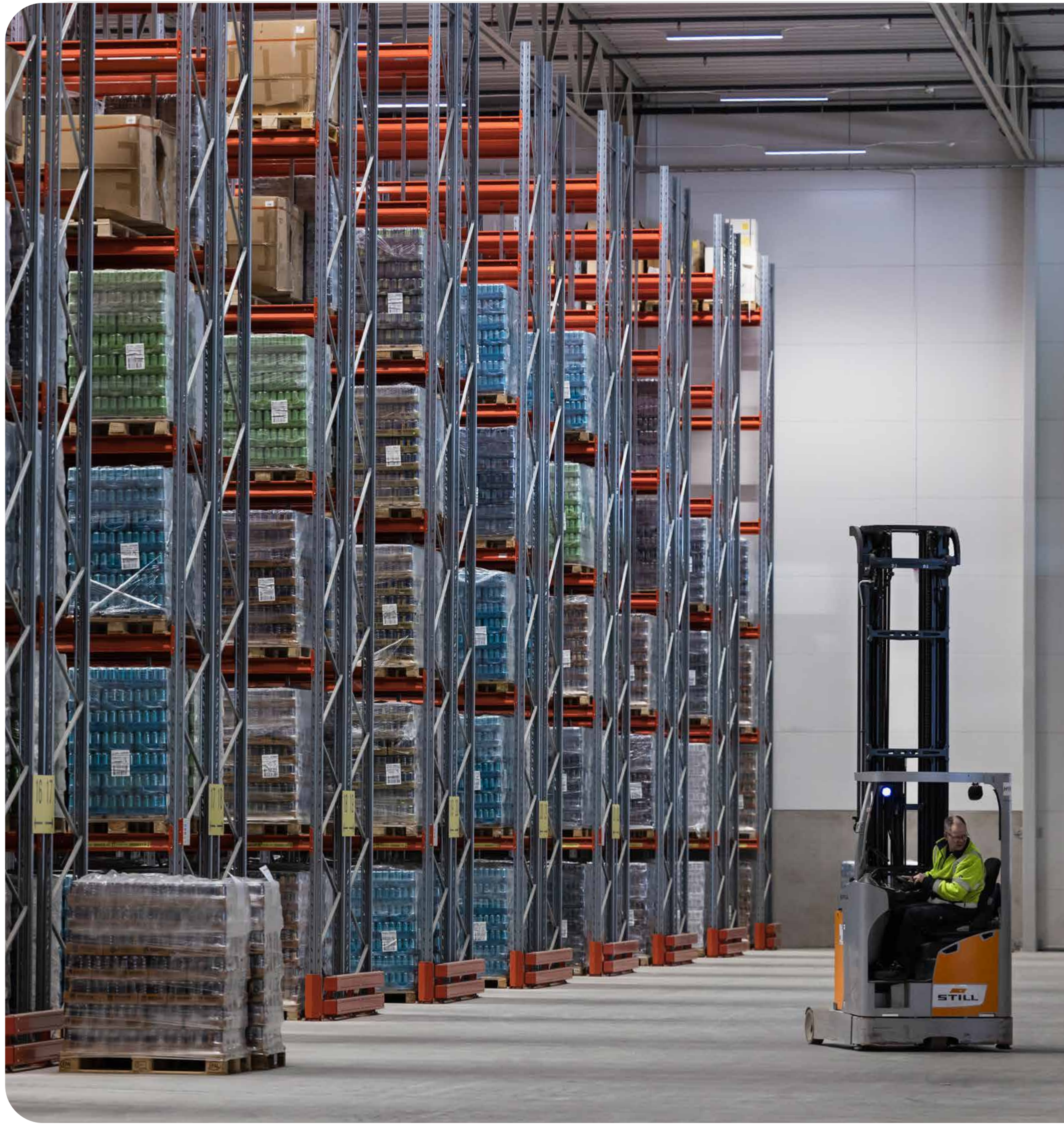
ESG Governance in DFDS is anchored in the Board of Directors and the Executive Management Team (EMT). The Board approves the sustainability strategy and is actively involved in setting long-term targets. The Board is updated on strategic ESG topics and progress at least twice a year. The EMT ensures executive ownership of the ESG agenda and is actively involved in selecting sustainability priorities and driving implementation of related action plans. Each Executive Management Team member is responsible for specific areas within the ESG framework and to set concrete goals and establish follow-up structures ESG related metrics are part of management incentive programmes.

A cross-functional Climate Action Plan Team (CAP Team) has been appointed with the objective and mandate to continuously work on new innovative solutions to move DFDS into a more sustainable future. The CAP Team collects relevant information both from within and outside the organisation to stay on top of climate-related developments that can affect the organisation. All matters of high significance are communicated to the Executive Management Team (EMT) and relevant risk committees, and appropriate responses are set in motion.

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 upcoming requirements related to EU's Corporate Social Responsibility Directive (CSRD) and European Sustainability Reporting Standards (ESRS) in due course.



Risk and risk management

Geopolitical events changed the risk landscape in 2022

Key short-term risk is a possible recession in 2023

Climate risk remains the most significant long-term risk

The Board of Directors regularly reviews and assesses risks and opportunities

During 2022, the overall risk landscape changed significantly with the outbreak of war in Ukraine that in turn stoked latent global geopolitical tensions. In addition, the war triggered oil price increases that fuelled already rising inflation. Taking increasing interest rates in consideration, a recession in 2023 is a potential risk.

In the short term, managing geopolitical risk and the elevated financial uncertainty have moved to the top of our risk agenda.

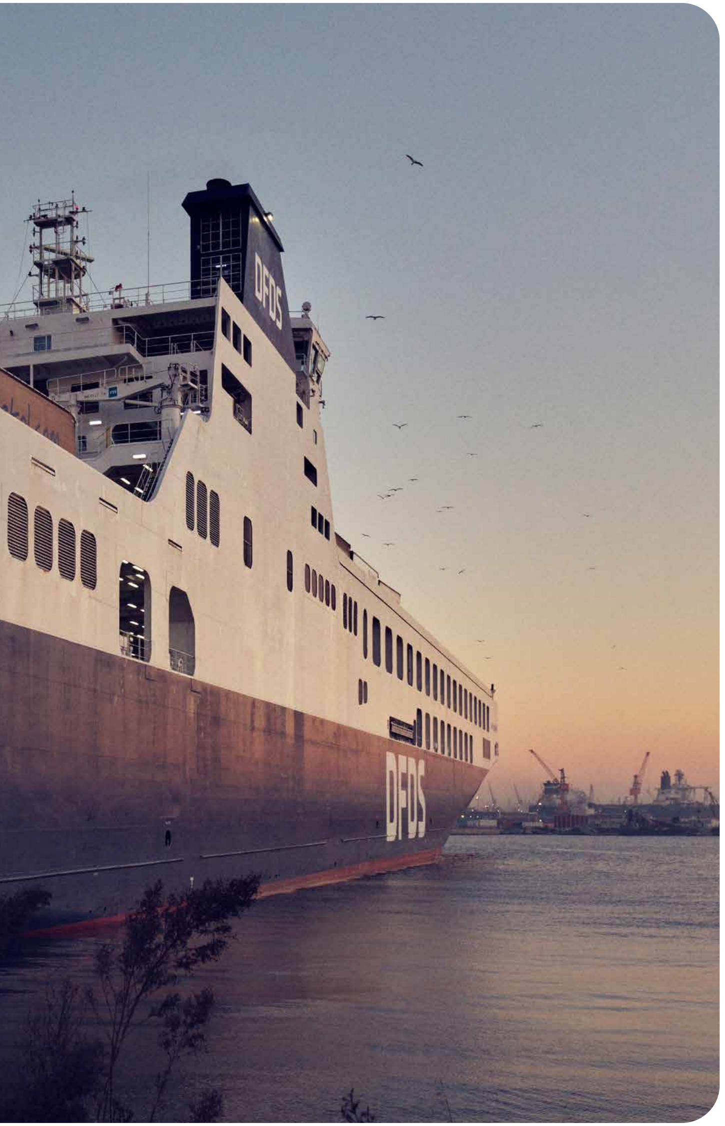
Climate risk remains longer term the most important risk as more severe weather and natural disasters attributable to climate change have considerable potential to impact our transport network. Our Climate Action Plan sets short-term as well as a long-term target to become climate neutral by 2050. The execution risk of the Plan is first and foremost linked to the green transformation of our ferry operations.

Volume impacts – for freight and passengers – are the most direct way events, and their associated risks, feed through to our transport network. In 2022, the war in Ukraine reduced freight volumes in our Baltic Sea network as well as other parts of the network, while only a small percentage of overseas passengers have returned due to a combination of Covid-19 and geopolitical tensions.

A key business risk is therefore to which extent the capacity contracted and deployed in our transport network at any given time matches market volumes. As we own most 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 share of leased assets which means transport capacity, for example trailers or trucks, can be redelivered with shorter notice.

Our transport network mainly moves goods between European regions, for example between the UK and Scandinavia or between Türkiye and Europe. We are thus exposed to regional events impacting volumes. 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 our 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 grow.

Introduction to risk management
Risk management is integral to DFDS' strategy and to the achievement of DFDS' long-term goals and strategic ambitions. The success of DFDS depends on our ability to identify and exploit the different opportunities generated by our business and the markets we operate in, while at the same time 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 our ability to achieve the company's objectives or financial goals. The DFDS 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 complimentary 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 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, and thirdly risk management strategy, framework and process, which consists 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 discussed.

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.

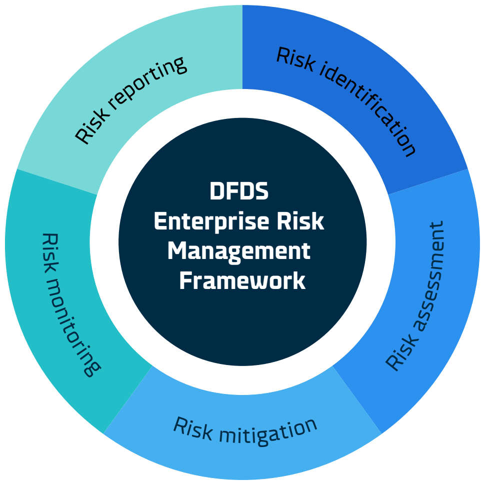
DFDS' key 2022 short-term (<36 months) risk analysis
The key risks to achieving DFDS' strategic ambitions, the assessment of each of the key prioritized 2022 risks, and the deployed mitigation strategies are described in the following section:

DFDS' top seven risks identified during 2022 are illustrated on the horizontal axes. Each risk category is further described on the following pages. The top risks to achieving DFDS' strategic ambitions identified during 2022 are shown in the figure to the right.

The figure on the next page combines the one-year financial impact with the likelihood of risks occurring over a period of three years. The risks are detailed along with mitigation strategies and risk assessments on pages 73-74.

DFDS Enterprise Risk Management

Operational Framework



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

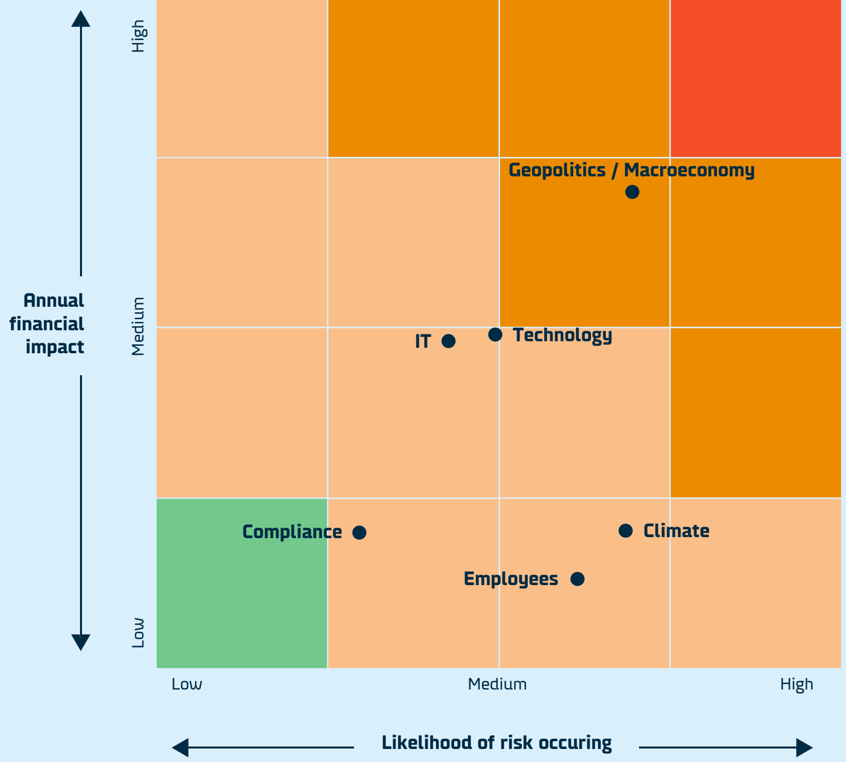
2. Risk Assessment
- Coordination of risk assessments through interviews to ensure consistency
- Identification of the top risks to DFDS

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

4. Risk Monitoring
- Continuously monitoring of key identified risks

5. Risk Reporting
- Risk reporting highlighting key risks and recommendations, status of management action
- 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 leading to changes in the volume of traded goods and passengers, may cause major fluctuations in DFDS' revenue and earnings. The war in Ukraine, political instability in certain areas could impact the development of the European economy.

Shortage of important metals, oil, gas, and other raw materials cause supply chain challenges, bottlenecks, and price increases etc. which could lead to decreased activity and investments, and increased unemployment, all which in turn would impact transported volumes.

Mitigation strategies: Quick adaption to changing circumstances where and when necessary, exemplified with exit and divestment of Logistics activities in Russia in Q1/Q2 of 2022.

Diversification of DFDS' country, industry and customer exposure help to mitigate the exposure to any particular risk. We regularly update our forecast of business results and cash flows and, if necessary, rebalance investment priorities.

Risk assessment: In 2022, political instability increased worldwide, with events such as the war in Ukraine and North Korea's testing of long-range ballistic missiles. Additionally, the increasing conflict between China and Taiwan raised geopolitical tensions. These factors have the potential to cause major fluctuations in DFDS' revenue and earnings, as changes in the volume of traded goods and passengers can impact the company's transport volumes. Furthermore, shortage of important metals, oil, gas, and other raw materials can cause supply challenges, bottlenecks, and price increases, potentially leading to decreased activity and investments, and increased unemployment.

2. Macroeconomy Economic growth

Risk description: Recession is a potential risk in 2023 as inflation is at a 40-year high and interest rates have increased substantially.

The development in the European economy could lead to changes in the volume of goods traded and passengers, which in turn may cause significant fluctuations in DFDS' revenue and earnings.

Additional shocks to the European economy and/or lower GDP growth across Europe, causing decreased activity levels, lower investments, and increased unemployment could all negatively impact the demand for transportation.

Mitigation strategies: Monitoring the development in the global economic situation and key markets, export/import restrictions and specific country events is key for DFDS' preparedness and handling of potential impacts.

We have a constant focus on cash requirement needs and availability of funding in order to secure our ability to meet future financial obligations.

Risk assessment: In 2022, inflation reached a 40-year record high, and there was a substantial increase in interest rates, which may lead to a recession in 2023. The development of the European economy could result in changes in the volume of goods traded and passengers, causing significant fluctuations in DFDS' revenue and earnings. In addition, shocks to the European economy and lower GDP growth could lead to decreased activity levels, lower investments, and increased unemployment, all of which may negatively impact the demand for transportation. Direct cost increases are expected to be passed on to Logistics customers, and the BAF model that passes on price increases in bunker oil to customers is also expected to remain robust.

3. IT Systems breakdown, cyberattacks and security breaches

Risk description: IT systems and platforms are an essential part of daily operations, increasing our dependency on a stable and secure IT environment. Consequently, disruptions to the most critical systems can have significant negative impacts on commercial operations and earnings.
Egress of data e.g., loss of data, cyber incidents causing shut down of critical systems, or information security (risk related to the handling of data for passengers and freight customers) poses a risk to DFDS and should be avoided. Failure to do so would not only severely affect daily operations but could also impose significant fines and loss of reputation.

Mitigation strategies: The scale of IT risks is reduced by increasing investments in cyber security measures, constant monitoring of systems, installation of back-up systems and having proven procedures in place to restore functionality of systems.
We continuously update our standard systems, test recovery processes, and prioritize detection and prevention of malware. We use multi factor authentication and segmented networks, and we have awareness and security testing carried out, using internally as well as externally resources.

Risk assessment: Testing and training on handling the threats of phishing as well as other hacking techniques were increased throughout 2022 across DFDS.

Re-assessment of DFDS' capability and processes around Cyber incident response was performed with the purpose of improving and optimizing where necessary. At a general level the investments in cyber security were stepped up in 2022. However, despite continued high internal focus on securing DFDS' IT risks, a cyber-attack causing operational disturbance could still happen.

4. Environmental Climate change

Risk description: Challenges related to climate changes are risingand focus on emission reductions is increasing.
Failure to live up to climate requirements from stakeholders could impact both DFDS' licence to operate in certain markets and our reputation, which could impact our financial performance in the form of lost business or fines from regulators. The introduction of ETS (Emission Trading System) in the EU in 2024 entail risks related to the pass-through of costs and changes in freight volumes between transport modes.

Mitigation strategies: As a transport and logistics provider, we contribute to safeguard and develop the infrastructure to move goods and passengers. We are committed to reducing our environmental footprint and we put sustainability first and invest in innovative services and technologies. A key pillar in DFDS' strategy is to improve our climate footprint and to be an active collaborator in the transition from fossil to green fuels. This is enforced through the DFDS Climate Action Plan. DFDS' Sustainable Fleet Project is working on projects that will assist in this transition. We focus on reducing greenhouse gasses (GHG) as well as local air pollution of SO2, NOx, and black carbon.

Risk assessment: The EU/IMO has set regulations on limiting vessel operators' emissions, which requires significant investment in DFDS' fleet. Adapting to these regulations could potentially divert investments away from other business areas. DFDS has a strong commitment to reducing its environmental footprint and investing in innovative services and technologies. This is reflected in the company's Climate Action Plan and the Sustainable Fleet Project, which focus on reducing greenhouse gases and local air pollution. DFDS aim to have the first fossil free vessel deployed in 2025.

Key risks continued

5. Compliance Reputational damage, claims, and fines

Risk description: As a company with broad European reach, DFDS is subject to national and international regulatory requirements. This in particular applies to regulations relating to tax, customs, VAT, privacy and competition law, which all continue to increase in scope and complexity, potentially having a material impact on the cost of doing business.
Non-compliance could result in fines, licence to operate in certain markets, and furthermore carry a long-term impact on our reputation, which may negatively impact relationships with our customers and partners and the public image of DFDS.

Mitigation strategies: DFDS is committed to complying with the laws and regulation in all the countries in which we operate. Group functions, in close collaboration with local business units, are monitoring and reviewing our protocols, assuring we are compliant to all relevant obligations, and internal training programmes are initiated for relevant staff. DFDS furthermore has a whistle-blower function for internal reporting of non-compliance.
Our Code of conduct facilitates a focus on general compliance for both new and current employees in DFDS.
Risks associated with passenger data are mitigated by internal controls and adherence to rules and regulations governing information security.

Risk assessment: DFDS has a structured approach to compliance risks with designated people across the organization responsible for identifying, prioritizing and managing existing or potential threats related to legal or policy noncompliance or ethical misconduct. An e-learning program for all relevant staff was rolled out in 2021 and courses held throughout 2022.

Detailed integration plans including introduction to DFDS' code of conduct and other compliance processes were carried out ensuring that that new employees, both new hires and employees from acquisitions, are familiar with DFDS policies.

6. Employees Retention, attraction, and diversity

Risk description: Talented and engaged people are key to the continued success of DFDS. Focus on talent attraction, retention and diversity is essential to maintain both performance and development of the company. A good work environment, strong leadership, attention to employee development and opportunities and high focus on diversity set the base for attracting and retaining people and talents.
Loss of experienced key employees or lack of attracting new talents can potentially have long-term negative consequences for the operational, strategic, and financial development of the company.

Mitigation strategies: Actions have been launched to attract key employees to DFDS in forms of increased employer branding activities. Several initiatives ensuring that DFDS is an attractive place to work are in place in the forms of having a good and safe physical environment in offices, warehouses, ferries etc. Having a healthy psychological environment, through mutual respect, diversity, good leadership and transparency, as well as user-friendly IT systems, further promote DFDS as an attractive employer.
Internal leadership programmes have been implemented to ensure career advancing opportunities to talented employees.

Risk assessment: Hiring and retainment of qualified in our Technology and Information department remained a challenge, with shortage of qualified resources being the main cause. Lack of truck drivers remained a general industry issue throughout Europe, significantly increasing the cost of haulage.

A partial solution to the challenge with shortage of truck drivers was the establishment of DFDS driver academies in certain countries, which have proven successful.

7. Technology Digitalisation and automation

Risk description: It is a strategic priority for DFDS to be at the forefront of digitalization, as new digital business models and platforms are emerging within the transport and logistics industry. Such platforms primarily seek to digitise the intermediary role between manufacturers and end users that today is managed by freight forwarders and transport service providers.
DFDS' current business model could be disrupted by new, evolving technologies for autonomous vehicles, vessels and terminals. Failure to adopt to technology-driven industry developments could lead to long-term loss of customers and earnings.

Mitigation strategies: The scale of IT risks is reduced by increasing investments in cyber security measures, constant monitoring of systems, installation of back-up systems and having proven procedures in place to restore functionality of systems.
We continuously update our standard systems, test recovery processes, and prioritize detection and prevention of malware. We use multi factor authentication and segmented networks, and we have awareness and security testing carried out, using internally as well as externally resources.

Risk assessment: There are no perceived imminent digital threats related to ferry route and logistics operations. In the longer term, DFDS' current business model could be disrupted by new, evolving technologies for autonomous vehicles, vessels and terminals, as well as artificial intelligence (AI), internet of things (IoT) and automation. DFDS has in recent years invested in in-house capabilities in technologies to, partly counter risks posed by such new technologies and business models, and partly to be able to develop own solutions based on such technologies and to pursue possible business opportunities.

Increased efforts to adapt DFDS to a commercially more digitised business is further enhanced through partnerships with digital players.

Climate-related risks
Climate-related risks are an integral part of DFDS´s overall governance, strategy and risk management process.

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

All short-term risks (<36 months) are covered by the Group's general enterprise risk management process, while long-term risks are being addressed as part of the Group's Climate Action Plan, see page 29.

The Group CSR Team is responsible for carrying out the Group's climate-related risk assessment. The risk assessment is presented to, thoroughly discussed with, and validated by the Executive Management Team and the Board of Directors once a year.

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.

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.

The short-term focus is on replacing conventional trucks with electric trucks, and on implementing technical upgrades on existing vessels, including correct 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.

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 organizational 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 green transport corridors will continue to be a significant competitive advantage.

The DFDS share and shareholders

27% share price decrease in 2022

Dividend of DKK 8.00 per share paid in 2022

Share capital
DFDS has one class of shares. The share capital at the end of 2022 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 2022.

Stock exchange trading
The DFDS share is listed on Nasdaq Copenhagen where 19.2m DFDS shares were traded in 2022 equal to an annual turnover of DKK 5.0bn compared to DKK 6.8bn in 2021. The average number of trades per day was 864 compared to 1,245 in 2021 and the average daily turnover was DKK 20m compared to DKK 27m in 2021. The DFDS share is part of Nasdaq's Large Cap index.

Share price development and yield
DFDS' share price was DKK 256 at year-end 2022, a decrease of 27% compared to year-end 2021. The market value at the end of 2022 was DKK 14.7bn, excluding treasury shares. By comparison, the Danish stock market's all-share index decreased 6% in 2022.

The total distribution yield of the DFDS share was 3.1% in 2022 following dividend payments totalling DKK 461m.

Investor relations
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Shareholder's secretariat
shareholder@dfds.com

Ownership structure, year-end 2022, %

Lauritzen Fonden Holding	42.3
Institutional shareholders	40.3
Other registered shareholders	10.6
Treasury shares	2.2
Non-registered shareholders	4.6
Total	100.0

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 5% of the share capital and voting rights of the company.

Shareholder distribution, year-end 2022

No. of shares	No. of share-holders	% of share capital
1-50	10,448	0.5
51-500	10,432	3.2
501-5,000	2,224	4.9
5001-50,000	228	5.9
50,001-	85	80.9
Total of registered shareholders	23,417	95.4

Share related key figures

	2022	2021	2020	2019	2018
Share price, DKK					
Price at year-end	256	349	275	325	262
Price, high	356	400	325	332	421
Price, low	194	262	134	215	239
Market value year-end, DKK m	14,680	20,038	15,772	18,593	14,990
No. of shares year-end, m	58.6	58.6	58.6	58.6	58.6
No. of circulating shares year-end, m	57.3	57.4	57.3	57.2	57.2
Distribution to shareholders, DKK m					
Dividend paid per share, DKK	8.00	0	0	4.00	4.00
Total dividend paid ex. treasury shares	461	0	0	229	219
Buyback of shares	0	0	0	0	190
Total distribution to shareholders	461	0	0	229	409
FCFE yield, %	6.0	5.2	2.6	-0.8	5.1
Total distribution yield, %	3.1	0	0	1.2	2.7
Cash payout ratio, %	52.4	0	0	-152.7	53.2
Shareholder return					
Share price change, %	-26.6	26.8	-15.3	24.0	-1.8
Dividend return, %	2.3	0	0	1.5	1.5
Total shareholder return, %	-24.4	26.8	-15.3	25.5	-0.3
Share valuation					
Equity per share, DKK	227	199	183	180	160
Price/book value, times	1.1	1.8	1.5	1.8	1.6

Distribution policy

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 2.8 at year-end 2022. For shorter periods, leverage can move outside the range due to special events, e.g. larger acquisitions.

Capital is distributed through dividend and share buybacks. The latter instrument is preferred for distribution of excess capital while dividend is preferred to be ongoing and sustainable. 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 2022

A dividend of DKK 4.00 per share was paid in March 2022 and a further DKK 4.00 per share was paid in August 2022. The August dividend was announced together with the March dividend but as it is paid later in the year it is distributed according to the authority delegated by the AGM to the Board of Directors. The August dividend is therefore required to be labelled as an extraordinary dividend.

Capital distribution proposed for 2023

In view of DFDS' solid financial position and prospects, the Board of Directors proposes to distribute DKK 586m to shareholders as a combination of an ordinary dividend of DKK 286m and an auction share buyback of DKK 300m. The ordinary dividend, equal to DKK 5.00 per share, will be proposed for approval by the annual general meeting (AGM) in March 2023. The auction share buyback was completed on 22 February 2023 with the purchase of 1,071,428 shares at a price of DKK 280 per share totalling a purchase sum of DKK 300m.

Shareholders

At the end of 2022, DFDS had 23,417 registered shareholders who owned 95% of the share capital. International shareholders owned 28% (2021: 30%) of the total registered share capital. Lauritzen Fonden Holding was the largest shareholder with a holding of 42.3% of the total share capital at the end of 2022 compared to 41.7% at the end of 2021.

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. In addition, management and IR participate at investor conferences, roadshows, and meetings with investors and analysts in between quarters. A high share of roadshows and meetings remained virtual in 2022. There is a silent period of four weeks prior to the release of quarterly reports.

Analysts covering the DFDS share
ABG Sundal Collier – coverage currently suspended

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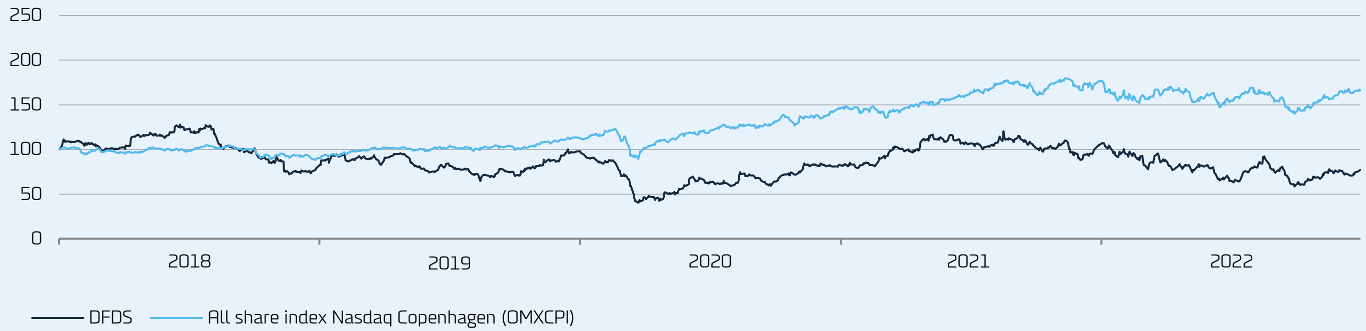
DFDS share price and trading volume, 2022

Share price performance relative to Copenhagen all share index 2018-2022



Board of Directors *as per 24 February 2022*

Claus V. Hemmingsen (1962)
Chair / 3,336 shares

Position: Managing director, CVH Consulting Aps
Joined the board: 29 March 2012
Re-elected: 2013-2022
Period of office ends: AGM 2023

Chair of the Nomination and Remuneration Committees
Board meeting participation: 9/9
Committee participation: 6/6
Chair: HusCompagniet A/S and Innargi Holding A/S (and one wholly-owned subsidiary).
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 of Return ApS
Joined the Board: 31 March 2016
Re-elected: 2017-2022
Period of office ends: AGM 2023

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.
Vice Chair: A/S United Shipping & Trading Company.
Board member: Karen og Poul F. Hansens Familiefond, Norchem A/S and 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 / 0 shares

Position: Executive Vice President, Sustainability and Corporate Affairs, member of the Executive Committee, Neste.
Joined Board: 23 March 2022
Re-elected: n.a.
Period of office ends: AGM 2023

Member of the Nomination and Remuneration Committees
Board meeting participation: 6/6
Committee participation: 6/6

Minna Aila has no additional 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 Board: 19 March 2018
Re-elected: 2018-2022
Period of office ends: AGM 2023

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) / 30 shares

Joined Board: 23 March 2022
Re-elected: n.a.
Period of office ends: AGM 2026
Board meeting participation: 6/6

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

Kristian Kristensen *(1967)*
Board member (staff representative) / 20 shares

Joined Board: 23 March 2022
Re-elected: n.a.
Period of office ends: AGM 2026
Board meeting participation: 6/6

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

Board of Directors continued

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

Position: Team Leader Finance, BASF A/S
Joined Board: 18 April 2001
Re-elected: 2002-2022
Period of office ends: AGM 2023

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.

Dirk Reich (1963)
Board member / 0 shares

Joined Board: 1 July 2019
Re-elected: 2020-2022
Period of office ends: AGM 2023

Member of the Audit Committee
Board meeting participation: 9/9
Committee participation: 6/6
Chair: Instafreight GmbH, Log-hub AG, R+R Holding AG, R+R International Aviation AG.
Board member: Skycell AG, 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.

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

Joined 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.

Executive Board

Torben Carlsen (1965)
President & CEO / 133,902 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
Board member: Royal Unibrew A/S. Navigare Capital: Maritime Investment Fund I and II K/S, Member of the Investment Committees.

Karina Deacon (1969)
EVP & CFO / 1,456 shares

Appointed: 1 January 2020
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

Matthieu Girardin (1982)
Executive Vice President, Ferry Division

ESCP Europe (Master's in Management), INSEAD (Executive MBA)
Employed 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 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 2022. The report is aligned with DFDS' Remuneration Policy and with the requirements of Section 139b of the Danish Company Act. Moreover, remuneration paid out 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 2022 in accordance with the planned annual cycle of activities.

In 2022, the Committee focused on preparing the 2022 Remuneration Report, and amending the peer group used for benchmarking of executive remuneration. Further, the Committee reviewed workforce matters, such as gender pay gaps and employee turnover. The Committee also engaged in discussions on the future design of incentive plans, including how these can continue to support sustainability priorities.

Remuneration Policy elements, Board of Directors – 2022

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: 3 times the Base Fee. Vice Chair: 2 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 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 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 previous page.

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

Remuneration Policy elements, Executive Board – 2022

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.	40% of annual base salary. Maximum: 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

Basis of preparation

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 of Taskforce on Climate-related Financial Disclosures (TCFD) have also been applied to incorporate a climate change scenario into the risk management process.
- ESG data are also presented in line with the SASB Marine Transportation Industry Standard.

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

Environment

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 are not always available. However, data availability is expected to improve in future in line with increased focus on the matter.

Nasdaq ESG indicator	Environmental	Unit	2022*	2021**	2020	2019***	2018
	CO_2e emissions						
E1.1	Scope 1 emissions (CO_2e)	1,000 tonnes	2,697	2,544	2,014	2,253	1,871
E1.2	Scope 2 emissions location based (CO_2e)	1,000 tonnes	8	7	6	7	9
E1.2	Scope 2 emissions market based (CO_2e)	1,000 tonnes	14.2	-	-	-	-
E1.3	Scope 3 emissions (CO_2e)	1,000 tonnes	1,203	909	-	-	-
	Total CO_2e emissions (scope 1, 2 - location based - and 3)	1,000 tonnes	3,908	3,460	2,020	2,260	1,879
	Energy consumption						
E3.1	Marine fuel	Tonnes	818,911	771,738	619,867	699,115	654,795
E3.1	Diesel	1,000 litre	48,866	25,447	24,767	19,420	-
E3.1	Biofuels (HVO & B100)	1,000 litre	3,288	1,236	1,150	573	-
E3.1	Electricity	MWh	45,365	36,092	31,099	36,680	36,633
E3.1, E5	Electricity generated	MWh	1,562	-	-	-	-
E3.1	Total energy consumption	1,000 TJ	36.0	33.9	26.9	30.0	24.9
	Energy efficiency						
E2.1	CO_2 emissions per GT mile (Own fleet)	gCO_2	12.5	12.8	13.4	13.9	-
E2.1	CO_2 emissions per GT mile (Route network)	gCO_2	13.0	13.5	13.5	14.1	14.4
E2.1	CO_2 intentity	kg CO_2/DKK	0.102	0.148	0.145	0.136	0.120
E4	Electricity and heating consumption per land based FTE	MWh	6.3	7.0	6.3	7.4	7.9
	Other environmental data						
	Spills (>1 barrel)	Number	0	0	1	0	0
E6.1	Water	m^3	248,998	-	-	-	-
E6.2	Water - recycled	m^3	27,046	-	-	-	-
	Waste	Tonnes	3,407	-	-	-	-
	Waste - recycled	Tonnes	2,523	-	-	-	-

* 2022 ESG data excludes the acquisitions Lucey Transport Logistics

** 2021 ESG data excludes the acquisition HSF Logistics Group

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

\- Data not available

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.

Comments to 2022 performance
In 2022 we have seen an increase in scope 1 emissions of 6%. This is due to increased operation and a similar increase in the consumption of marine fuel.

The 32% increase in scope 3 emissions are primarily due to the addition of data from the acquired HSF Group as they were not included in the 2021 data.

With the biofuel trial with B100 onboard Acacia Seaways the consumption of biofuel has more than doubled in 2022. A development that is expected to continue in 2023 as the Logistics division will increase their usage of HVO across additional locations.

Social
Gender-related data are based on head count by year end.

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

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

Nasdaq ESG indicator	Social	Unit	2022*	2021**	2020	2019***	2018
	Representation of women						
S4.1	Total workforce	%	24	24	23	25	23
S4.1	- Non-office based	%	12	17	15	18	15
S4.1	- Office based	%	43	29	27	29	29
S4.3	Senior management	%	16	17	16	19	10
S4.2	Managers	%	14	14	13	18	-
S4.2	Employees	%	25	27	26	26	-
	Health & Safety						
S7	Lost-time injury frequency (LTIF) - Sea	Incidents/mio. hrs.	4.5	4.3	4.1	4.5	5.5
S7	Lost-time injury frequency (LTIF) - Land	Incidents/mio. hrs.	7.9	7.4	5.9	6.7	3.8
	Fatalities						
	Colleagues	Fatalities	1	1	0	0	0
	Contractors	Fatalities	0	0	2	1	1

* 2022 ESG data excludes the acquisitions Lucey Transport Logistics

** 2021 ESG data excludes the acquisition HSF Logistics Group

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

\- Data not available

Nasdaq ESG indicator	Governance	Unit	2022	2021	2020	2019	2018
G1.1	Board representation of women (AGM elected members)	%	33	33	33	33	33
G1.2	Independent directors (AGM elected members)	%	83	83	83	83	83
	Board nationality - non Danish (AGM elected members)	%	33	17	17	17	0
	Attendance at board meetings (all board members)	%	100	100	96	94	91
S1	CEO Pay ratio	Ratio	37	35	27	29	36
	Reported whistleblower cases	Cases	33	29	24	18	16

§ ESG definitions & accounting polocies

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 (e.g. chemical processes, industrial gases, direct methane 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 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 waste (category 5. The emission categories are selected based on a materiality assessment of all 15 categories within GHG accounting standard for scope 3.

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) 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. Shorepower 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 1 DKK of revenue generated

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

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

Waste: Total weight of waste generated by land based locations

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

Water: Total volume of water consumed by land-based locations

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

Social

Representation of women
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
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

Representation of women on Board of Directors: Percentage of women of the total number of members of the Board of Directors, excluding staff appointed members
Independent directors: The ratio of shareholder elected directors that are deemed independent according to the Danish recommendations on good corporate governance

Board nationality – non-Danish: The ratio of shareholder elected directors with a non-Danish background

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 EB

Reported whistle-blower cases: The number of cases reported through the DFDS whistle-blower line in the reporting year.

EU Taxonomy

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. In short, the taxonomy is a classification and reporting system that identifies sustainable economic activities.

Eligible economic activities

DFDS has analysed the economic activities listed by the EU Commission. The analysis concludes that DFDS is required to report on six activities due to the company´s significant economic interests within these activities. The six activities are:

- 6.2 Freight and rail transport
- 6.6 Freight transport services by road
- 6.10 Sea and costal freight water transport, vessels for port operation and auxiliary services
- 6.12 Retrofitting of sea and costal freight andpassenger water transport
- 6.16 Infrastructure enabling low-carbon water transport
- 7.7 Acquisition and ownership of buildings

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

Aligned economic activities

DFDS has further analysed its compliance level with the technical screening criteria and the Do-No-Significant-Harm (DNSH) criteria for the above-mentioned activities. The criteria are associated with a high degree of complexity, ambiguity, and uncertainty.

DFDS has therefore chosen to take a conservative approach to validation of documentation for aligned activities. It means that DFDS will only report aligned activities, that have been validated by sufficient documentation. As a result, DFDS may report lower aligned KPIs than could potentially be substantiated. DFDS has selected this approach in order to avoid the risk of overstating its alignment reporting.

In 2022 we are not reporting any alignment on either revenue or OpEx whereas the alignment within CapEx has been determined to 5% within the activity 7.7 acquisition and ownership of buildings.

DFDS taxonomy reporting for 2022	**Revenue**	**OpEx**	**CapEx**
Aligned (DKK mio.)	0	0	325
Aligned (%)	0%	0%	5%
Eligible (DKK mio.)	21,482	538	5,381
Eligible (%)	80%	100%	90%
Total (DKK mio.)	26,873	538	5,969

Despite the fact that several of our vessels, the e-trucks, and other part of our operation live up to requirements of the technical screening criteria, we have chosen not to report any taxonomy-alignment due to our conservative approach and unclear documentation requirements related to adherence with the DNSH and the Minimum Safeguard criteria

We expect that the regulation and the documentation requirements will become clearer during the coming years. Combined with the deployment of a larger fleet of E-trucks and other decarbonization activities we expect that the share of aligned activities will increase over time.

§ Accounting policies - EU taxonomy

Environment

The Taxonomy has specified objectives of climate change mitigation and adaptation to be contained in the reporting from 2022. The total Revenue, OpEx, and CapEx must be divided into the activities defined in the EU Taxonomy. 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 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 reporting practice develops and expands DFDS will review and update its reporting of taxonomy KPIs and related accounting policies accordingly. This may also impact the taxonomy-aligned KPIs reported historically.

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 climate change mitigation (Technical screening criteria) per eligible activity
- Evaluating the “Do No Significant Harm” (‘DNSH’) criteria per eligible activity
- Determining compliance with the minimum safeguards

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, that 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, Transfers, 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.

Activities in DFDS Group determined as taxonomy-eligible economic activities (additional activities are expected to be added in 2023):

6.2	Freight rail transport
6.6	Freight transport services by road
6.10	Sea and coastal freight water transport, vessels for port operations and auxiliary activities
6.12	Retrofitting of sea and coastal freight and passenger water Transport
6.16	Infrastructure enabling low-carbon water transport
7.7	Acquisition and ownership of buildings

Proportion of Revenue from products or services associated with Taxonomy-aligned economic activities 2022

Economic activities	Code(s)	Absolute Revenue (DKK million)	Proportion of Revenue (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and eco-systems (%)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollutions (Y/N)	Biodiversity and eco-systems (Y/N)	Minimum safeguards (Y/N)	**Taxonomy-aligned propotion of Revenue 2022 (%)**	Taxonomy-aligned proportion of Revenue 2021 (%)	Category (enabling activity or transitional activity) (E/T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Freight rail transport	6.2	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Freight transport services by road	6.6	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Retrofitting of sea and costal freight and passenger water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Infrastructure enabling low-carbon water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	E
Acquisition and ownership of buildings	7.7	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N/A	N/A	N/A	Y	0	N/A	N/A
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Freight rail transport	6.2	564	2%																
Freight transport services by road	6.6	10,795	40%																
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	9,217	34%																
Retrofitting of sea and costal freight and passenger water transport	6.12	0	0%																
Infrastructure enabling low-carbon water transport	6.12	907	3%																
Acquisition and ownership of buildings	7.7	0	0%																
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**21,482**	**80%**																
Total (A.1 + A2)		**21,482**	**80%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of Taxonomy-non-eligible activities (B)		**5,391**	**20%**																
Total (A+B)		**26,873**	**100%**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute OpEx (DKK million)	Proportion of OpEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and eco-systems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollutions (Y/N)	Biodiversity and eco-systems (Y/N)	Minimum safeguards (Y/N)	**Taxonomy-aligned propotion of OpEx 2022 (%)**	Taxonomy-aligned proportion of OpEx 2021 (%)	Category (enabling activity or transitional activity) (E/T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Freight rail transport	6.2	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Freight transport services by road	6.6	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Retrofitting of sea and costal freight and passenger water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Infrastructure enabling low-carbon water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	E
Acquisition and ownership of buildings	7.7	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N/A	N/A	N/A	Y	0	N/A	N/A
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Freight rail transport	6.2	0	0%																
Freight transport services by road	6.6	0	0%																
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	538	100%																
Retrofitting of sea and costal freight and passenger water transport	6.12	0	0%																
Infrastructure enabling low-carbon water transport	6.12	0	0%																
Acquisition and ownership of buildings	7.7	0	0%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**538**	**100%**																
Total (A.1 + A2)		**538**	**100%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**0**	**0%**																
Total (A+B)		**538**	**100%**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities 2022

			Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute CapEx (DKK million)	Proportion of CapEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and eco-systems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollutions (Y/N)	Biodiversity and eco-systems (Y/N)	Minimum safeguards (Y/N)	**Taxonomy-aligned propotion of CapEx 2022 (%)**	Taxonomy-aligned proportion of CapEx 2021 (%)	Category (enabling activity or transitional activity) (E/T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Freight rail transport	6.2	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Freight transport services by road	6.6	0	0%	100%	0	0	0	0	0	N/A	Y	N/A	N	N	N/A	Y	0	N/A	T
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Retrofitting of sea and costal freight and passenger water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	T
Infrastructure enabling low-carbon water transport	6.12	0	0%	100%	0	0	0	0	0	N/A	Y	N	N	N	N	Y	0	N/A	E
Acquisition and ownership of buildings	7.7	325	5%	100%	0	0	0	0	0	N/A	Y	N/A	N/A	N/A	N/A	Y	5%	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**325**	**5%**																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Freight rail transport	6.2	0	0%																
Freight transport services by road	6.6	885	15%																
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	3,322	56%																
Retrofitting of sea and costal freight and passenger water transport	6.12	454	8%																
Infrastructure enabling low-carbon water transport	6.12	363	6%																
Acquisition and ownership of buildings	7.7	357	6%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,381**	**90%**																
Total (A.1 + A2)		**5,707**	**96%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**262**	**4%**																
Total (A+B)		**5,969**	**100%**																

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'Albatere, Cote D'Opale, Fadiq, Paqize, Regina 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	2022	Unit of measure	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions (vessels only)	2,185,043	Metric tons 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 2022 p. 25-29		TR-MT-110a.2
	(1) Total energy consumed	28,932,354	Gigajoules (GJ)	TR-MT-110a.3
	(2) percentage heavy fuel oil	87%	Percentage (%)	TR-MT-110a.3
	(3) percentage renewable	0.3%	Percentage (%)	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships	14.8	gCO_2 per ton-nm	TR-MT-110a.4
Air Quality	NOx	*	Metric tons (t)	TR-MT-120a.1
	SOx	*	Metric tons (t)	TR-MT-120a.1
	Particulate matter	*	Metric tons (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	21%	Percentage (%)	TR-MT-160a.2
	(2) treatment	79%	Percentage (%)	TR-MT-160a.2
	Number of spills and releases to the environment	0	# of spills	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment	0	Cubic meters (m^3)	TR-MT-160a.3
Employee Health & Safety	Lost time incident rate (LTIR)	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	# of calls	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	0	DKK	TR-MT-510a.2
Accident & Safety Management	Number of marine casualties	8	# of marine casualties	TR-MT-540a.1
	Percentage of which classified as very serious	0%	Percentage (%)	TR-MT-540a.1
	Number of Conditions of Class or Recommendations	59	# of Class or Recommendations	TR-MT-540a.2
	Number of port state controls			
	(1) deficiencies	121	# of deficiencies	TR-MT-540a.3
	(2) detentions	0	# of detentions	TR-MT-540a.3
Activity Metrics	Number of shipboard employees	3,810	# of employees	TR-MT-000.A
	Total distance travelled by vessels	5,077,920	Nautical miles (nm)	TR-MT-000.B
	Operating days	12,791	# of operating days	TR-MT-000.C
	Deadweight tonnage	603,993	Thousand deadweight tons	TR-MT-000.D
	Number of vessels	57	# of vessels	TR-MT-000.E
	Number of port calls	29,814	# of port calls	TR-MT-000.F
	Twenty-foot equivalent unit (TEU) capacity	**	TEU	TR-MT-000.G

* DFDS do not have systems in place that allow us to report on these metrics yet. DFDS are looking into the feasibility of reporting on such values in the future.

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

Task Force on Climate-Related Financial Disclosuers (TCFD)

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

Theme	Recommendations	Annual report 2022 pages
Governance Disclose the organisations governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	Risk and risk management, p. 70-75
	Describe management's role in assessing and managing climate-related risks and opportunities.	ESG approach, p. 25-29 Risk and risk management, p. 70-75
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.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk and risk management, p. 70-75
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	ESG approach, p. 25 - 29 Risk and risk management, p. 70-75
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Risk and risk management, p. 70-75
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks.	Risk and risk management, p. 70-75
	Describe the organization's processes for managing climate-related risks.	ESG approach, p. 25-29 Risk and risk management, p. 70-75
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	ESG approach, p. 25 - 29 Risk and risk management, p. 70-75
Metrics and Targets Disclose the metrics and targets used to asses and manage relevant climate-related risks and opportunities where such	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. 61-65
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG review, p. 61-65
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	ESG review, p. 61-65

Consolidated Financial Statements 2022

Income statement 1 January – 31 December

DKK million	Note	2022	2021
Revenue	2.1, 2.2	26,873	18,279
Costs:			
Ferry and other ship operation and maintenance	2.3	-6,426	-3,880
Freight handling		-3,090	-2,598
Transport solutions		-6,657	-4,303
Employee costs	2.4	-4,730	-3,444
Cost of sales and administration		-1,015	-643
Operating profit before depreciation (EBITDA) and special items		**4,955**	**3,411**
Share of profit/loss of associates and joint ventures		-14	-13
Profit on disposal of non-current assets, net		21	2
Amortisation, depreciation, and impairment losses on intangible and tangible assets and Right-of-use assets	2.5	-2,505	-2,087
Operating profit (EBIT) before special items		**2,457**	**1,313**
Special items, net	2.6	25	34
Operating profit (EBIT)		**2,482**	**1,348**
Financial income	4.4	66	29
Financial costs	4.4	-409	-307
Profit before tax		**2,139**	**1,069**
Tax on profit	2.7	-120	-94
Profit for the year		**2,019**	**976**
Profit for the year is attributable to:			
Equity holders of DFDS A/S		2,010	958
Non-controlling interests		10	18
Profit for the year		**2,019**	**976**

Earnings per share	4.8		
Basic earnings per share (EPS) of DKK 20 in DKK		35.09	16.69
Diluted earnings per share (EPS-D) of DKK 20 in DKK		35.04	16.67
Proposed profit appropriation			
Proposed dividend DKK 5.00 per share[1] (2021: DKK 4.00 per share)[2]			

Statement of comprehensive income 1 January – 31 December

DKK million	Note	2022	2021
Profit for the year		**2,019**	**976**
Other comprehensive income			
Items that will not subsequently be reclassified to the Income statement:			
Remeasurement of defined benefit pension obligations	3.2.4	-46	140
Tax on items that will not be reclassified to the Income statement	2.7	10	-25
Items that will not subsequently be reclassified to the Income statement		**-36**	**115**
Items that are or may subsequently be reclassified to the Income statement:			
Value adjustments of hedging instruments		270	42
Value adjustment transferred to operating costs		9	-56
Value adjustment transferred to financial costs		5	1
Value adjustment transferred to non-current tangible assets		7	-139
Tax on items that are or may be reclassified to the Income statement	2.7	-41	-1
Foreign exchange adjustments, subsidiaries		-177	28
Items that are or may subsequently be reclassified to the Income statement		**72**	**-124**
Total other comprehensive income after tax		**36**	**-9**
Total comprehensive income		**2,055**	**966**
Total comprehensive income for the year is attributable to:			
Equity holders of DFDS A/S		2,045	950
Non-controlling interests		10	16
Total comprehensive income		**2,055**	**966**

1 The Board of Directors proposes to the 2023 Annual General Meeting that a dividend of DKK 5.00 per share is paid in 2023. In addition, DKK 300m has been distributed during February 2023 through a Dutch Auction share buyback.

2 In addition to the proposed dividend of DKK 4.00 per share the Board of Directors proposed an extraordinary dividend of DKK 4.00 per share which was distributed in August 2022.

Balance sheet 31 December Asset

DKK million	Note	2022	2021
Goodwill		4,407	4,280
Port Concession rights		1,026	1,061
Other non-current intangible assets		676	599
Software		324	298
Development projects in progress		12	14
Non-current intangible assets	3.1.1	**6,444**	**6,252**
Land and buildings	3.1.2	559	427
Terminals	3.1.2	836	718
Ferries and other ships	3.1.2	13,186	11,460
Equipment, etc.	3.1.2	1,600	1,289
Assets under construction and prepayments	3.1.2	369	1,368
Right-of-use assets	3.1.3	4,648	3,926
Non-current tangible assets		**21,197**	**19,188**
Investments in associates, joint ventures and securities		13	35
Receivables	3.2.1	16	16
Prepaid costs		124	222
Deferred tax	2.7	49	31
Pension assets	3.2.4	0	25
Derivative financial instruments	4.2	299	36
Other non-current assets		**500**	**366**
Total non-current assets		**28,141**	**25,807**
Inventories	3.2.2	324	269
Receivables	3.2.1	4,015	3,423
Prepaid costs		368	299
Derivative financial instruments	4.2	48	22
Cash		1,189	902
Current assets		**5,943**	**4,914**
Assets		**34,084**	**30,721**

Balance sheet 31 December Equity and Liabilities

DKK million	Note	2022	2021
Share capital		1,173	1,173
Reserves		-284	-396
Retained earnings		12,133	10,669
Equity attributable to equity holders of DFDS A/S		**13,022**	**11,446**
Non-controlling interests		114	108
Equity	4.6	**13,135**	**11,554**
Interest-bearing liabilities	4.5	12,397	11,825
Deferred tax	2.7	359	366
Pension and jubilee liabilities	3.2.4	88	76
Other provisions	3.2.5	44	117
Derivative financial instruments	4.2	8	6
Non-current liabilities		**12,896**	**12,390**
Interest-bearing liabilities	4.5	3,137	2,511
Trade payables		3,661	3,119
Other provisions	3.2.5	52	56
Corporation tax		170	113
Other payables	3.2.3	768	730
Derivative financial instruments	4.2	40	77
Prepayments from customers		223	171
Current liabilities		**8,053**	**6,778**
Liabilities		**20,949**	**19,167**
Equity and liabilities		**34,084**	**30,721**

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		-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**
Dividend paid					-235	**-235**		**-235**
Dividend paid, non-controlling interests						**0**	-3	**-3**
Dividend on treasury shares					5	**5**		**5**
Extraordinary dividend paid					-235	**-235**		**-235**
Extraordinary dividend 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**

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 2022 Annual General Meeting that a dividend of DKK 5.00 per share is paid in 2023. In addition, DKK 300m has been distributed during February 2023 through a share buyback.

Statement of change in equity 1 January – 31 December 2021

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 2021	**1,173**	**-394**	**147**	**-25**	**9,611**	**10,511**	**89**	**10,600**
Comprehensive income for the year								
Profit for the year					958	**958**	18	**976**
Other comprehensive income after tax		28	-151		115	**-8**	-1	**-9**
Total comprehensive income	**0**	**28**	**-151**	**0**	**1,073**	**950**	**16**	**966**
Transactions with owners								
Addition related to acquisition, non-controlling interests						**0**	2	**2**
Share-based payments					12	**12**		**12**
Purchase of treasury shares				-4	-71	**-75**		**-75**
Cash from sale of treasury shares related to exercise of share options				4	44	**48**		**48**
Total transactions with owners	**0**	**0**	**0**	**0**	**-14**	**-15**	**2**	**-12**
Equity at 31 December 2021	**1,173**	**-366**	**-5**	**-25**	**10,669**	**11,446**	**108**	**11,554**

Statement of cash flows 1 January – 31 December

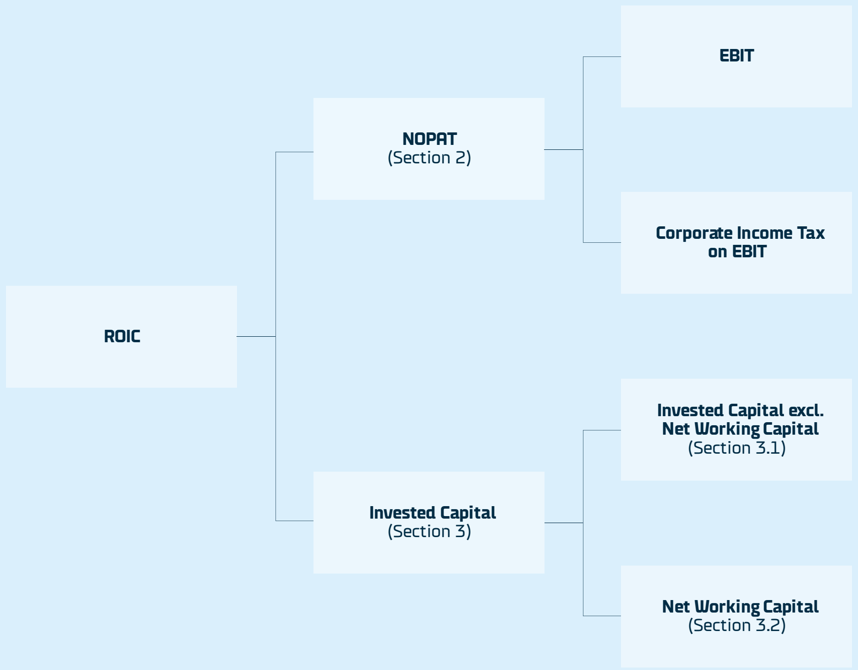
DKK million	Note	2022	2021
Operating profit before depreciation (EBITDA) and special items		**4,955**	**3,411**
Cash flow effect from special items related to operating activities		-56	-51
Adjustments for non-cash operating items, etc.	5.4	64	62
Change in working capital	5.4	6	148
Payment of pension liabilities and other provisions		-41	-33
Interest etc., received		50	26
Interest etc., paid		-388	-302
Taxes paid		-109	-52
Cash flow from operating activities		**4,480**	**3,208**
Investments in ferries including dockings, etc.[1)]		-1,747	-1,145
Sale of ferries		21	99
Investments in other non-current tangible assets		-1,026	-421
Sale of other non-current tangible assets		113	64
Investments in non-current intangible assets		-70	-62
Acquisition of enterprises, associates, joint ventures and activities	5.5	-280	-1,765
Divestment of enterprises and associates		-2	20
Other investing cash flows		3	1
Cash flow from investing activities		**-2,989**	**-3,210**
Free cash flow		**1,491**	**-1**

DKK million	Note	2022	2021
Proceed from bank loans and loans secured by mortgage in ferries	4.3	3,903	1,762
Repayment and instalments of bank loans and loans secured by mortgage in ferries	4.3	-2,632	-1,349
Repayment of corporate bonds incl. settlement of cross currency swap	4.3	-1,000	0
Payment of lease liabilities	4.3	-963	-834
Settlement of forward exchange contracts related to leases		15	90
Acquisition of treasury shares	4.7	-32	-75
Cash received from exercise of share options		0	48
Other financing cash flows		-33	0
Dividends paid to non-controlling interests		-3	0
Dividends paid to equity holders of DFDS A/S		-459	0
Cash flow from financing activities		**-1,203**	**-359**
Net cash flow		**288**	**-360**
Cash and cash equivalents at 1 January		902	1,261
Foreign exchange adjustments of cash and cash equivalents		-2	1
Cash and cash equivalents at 31 December[2)]		**1,189**	**902**

1 The cash flow for 2021 includes an amount of DKK 19m related to a net settlement of a vessel swap where DFDS buys a vessel of DKK 332m, sells a vessel of DKK 165m, and settles a loan receivable of DKK 149m.

2 At 31 December 2022 DKK 175m (2021: DKK 167m) of the cash was deposited on restricted bank accounts. DKK 175m is not restricted from January 2023.

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. Basis of preparation of the Consolidated Financial Statements

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 assessments related thereto 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 2022 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 24 February 2023, the Board of Directors and the Executive Management Board considered and approved the 2022 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 22 March 2023.

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.

Assets classified as held for sale are measured at the lower of the carrying amount before the changed presentation and the fair value less costs to sell. The accounting policies, set out below and in the notes, have been used consistently in respect of the financial year and to comparative figures.

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

New International Financial Reporting Standards and Interpretations
In 2022, 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 2022, 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 2022. 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.

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.

Restatement rail transport revenue
Rail activities in Türkiye have historically been accounted on a net basis in the Income statement. This has been changed for 2022 as DFDS acts as principal in these activities. Comparative figures have been restated. For full-year 2021 the impact from the restatement amounts to DKK 410m. The restatement increases the revenue as well as operational cost but has no impact on EBITDA, EBIT, Profit for the year or Equity.

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.

Significant income and expenses which DFDS assesses not to be directly attributable to the operating activities or which are considered non-recurring are presented in the Income statement in a separate line item labelled 'Special items' in order to distinguish these items from other income statement items. Reference is made to note 2.6 for more details on Special items. The Income statement includes the subtotals 'Operating profit before depreciation (EBITDA) and special items' and 'Operating profit (EBIT) before special items' as these are assessed to provide a more transparent and comparable view of DFDS' recurring operating profit. In note 2.6 it is disclosed how the line items in the Income statement would have been affected if 'Special items' had not been presented in a separate line item.

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); Special items (note 2.6); 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.

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 war in Ukraine and the current world economy by their nature are uncertain and unpredictable.

1. Basis of preparation of the Consolidated Financial Statements (continued)

Significant estimates and judgements (continued)
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, assessments, and assumptions. In the opinion of Management, the following accounting estimates and judgements are significant in the preparation of the Annual Report:

- Impairment testing of goodwill, definition of CGU's, other non-current intangible assets, ferries and other ships, other non-current tangible assets, and Right-of-use assets. Reference is made to note 3.1.4.
- Assessment of useful life and scrap values. Reference is made to note 3.1.2.
- Purchase Price Allocation in connection with acquisitions. Reference is made to note 5.5.
- Special items. Reference is made to note 2.6.
- Deferred tax assets. Reference is made to note 2.7.
- Leasing arrangements. Reference is made to note 3.1.3.
- Derivatives. Reference is made to note 4.2.
- Provisions and contingencies. Reference is made to note 5.6.

Descriptions of the significant accounting estimates and judgements are included in the notes to which they relate.

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 these subsidiaries are referred to as the Group.

Enterprises, which are not subsidiaries, over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Enterprises which according to agreement are controlled together with one or more other companies are considered joint controlled entities.

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.

When losing control of a consolidated entity, exchange differences which have accumulated in Equity via Other Comprehensive Income, and which are attributable to the enterprise, are transferred from Other Comprehensive Income to the Income statement together with any gains or losses associated with the disposal.

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-2022-12-31-en.zip.

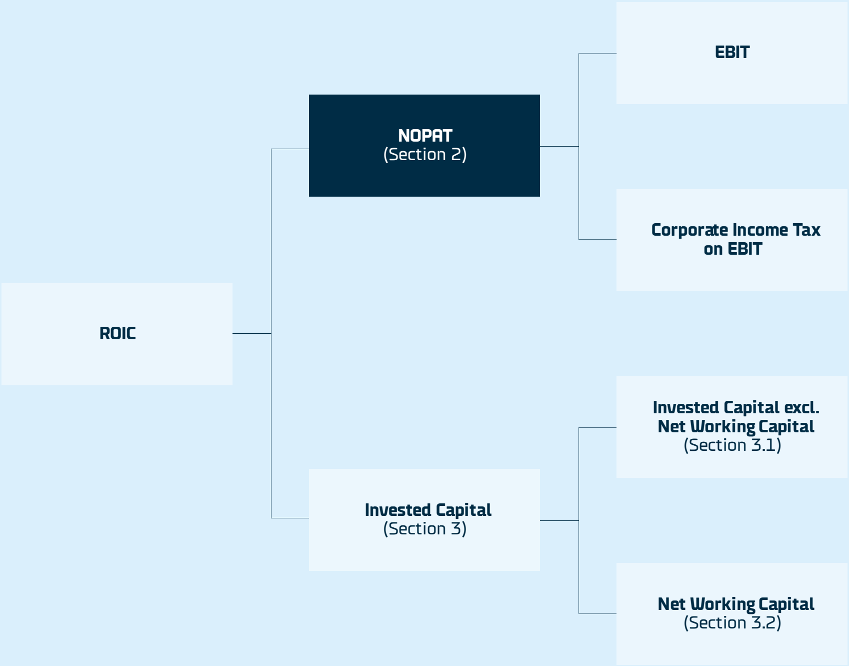
Key figures
Key figures are calculated in accordance with the latest version of the Danish Finance Society's guidelines, 'Recommendations and Financial Ratios'. The key figures stated in the overview with consolidated financial highlights are defined on the 'Definitions and Glossary' page.

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' minimum return target goal is a ROIC of at least 8.0%.

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	2022	2021
Revenue	2.1, 2.2	26,873	18,279
Costs:			
Ferry and other ship operation and maintenance	2.3	-6,426	-3,880
Freight handling		-3,090	-2,598
Transport solutions		-6,657	-4,303
Employee costs	2.4	-4,730	-3,444
Cost of sales and administration		-1,015	-643
Operating profit before depreciation (EBITDA) and special items		**4,955**	**3,411**
Share of profit/loss from associates and joint ventures		-14	-13
Profit on disposal of non-current assets, net		21	2
Amortisation, depreciation, and impairment losses on intangible assets and tangible assets and Right-of-use assets	2.5	-2,505	-2,087
Operating profit (EBIT) before special items		**2,457**	**1,313**
Special items, net	2.6	25	34
Operating profit (EBIT)		**2,482**	**1,348**
Corporate income tax on EBIT[1)]		-162	-107
Net Operating Profit After Tax (NOPAT)		**2,319**	**1,240**
Net Operating Profit After Tax (NOPAT) before special items		**2,294**	**1,206**
Return on invested capital (ROIC)		**8.7%**	**5.3%**
Return on invested capital (ROIC) before special items		**8.6%**	**5.2%**

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 before special items and EBIT before special items.

The costs of the segments are the directly recorded costs including some 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, and Finance etc. 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 intangible, non-current tangible, other non-current and Right-of-use assets, inventories, receivables, prepayments, and cash. Segment liabilities include current and non-current liabilities.

The Ferry Division's activities are divided into five Business units: North Sea, Mediterranean, Channel, Baltic Sea and Passenger.

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.

The Logistics Division's activities are divided into two Business units: Dry Goods and Cold Chain.

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). In addition, container ships, including vessel sharing agreements with other container operators, are operated. The customers are primarily manufacturers of industrial goods and consumables as well as retailers.

				2022
DKK million	**Ferry Division**	**Logistics Division**	**Non-allocated**	**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	-12,371	-8,887	-660	**-21,919**
Intragroup operating costs	-494	-1,471	-40	**-2,005**
Operating profit before depreciation (EBITDA) and special items	**3,966**	**1,066**	**-76**	**4,955**
Share of profit/loss of associates and joint ventures	-13	-1	0	**-14**
Profit on disposal of non-current assets, net	2	19	0	**21**
Depreciation, amortisation, and impairment losses on other non-current assets	-1,816	-603	-86	**-2,505**
Operating profit (EBIT) before special items	**2,138**	**480**	**-162**	**2,457**
Special items, net	18	7	0	**25**
Operating profit (EBIT)	**2,156**	**487**	**-162**	**2,482**
Financial items, net				**-343**
Profit before tax				**2,139**
Tax on profit				**-120**
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	25,116	7,265	1,703	**34,084**
Liabilities	12,234	3,127	5,588	**20,949**

2.1 Segment information (continued)

DKK million	Ferry Division	Logistics Division	Non-allocated	2021 Total
External revenue	11,180	7,081	18	**18,279**
Intragroup revenue	1,036	74	508	**1,618**
Revenue	12,216	7,155	526	**19,897**
Operating costs, external	-8,821	-5,516	-531	**-14,868**
Intragroup operating costs	-542	-1,047	-30	**-1,618**
Operating profit before depreciation (EBITDA) and special items	**2,852**	**593**	**-34**	**3,411**
Share of profit/loss of associates and joint ventures	-13	0	0	**-13**
Profit on disposal of non-current assets, net	4	-1	0	**2**
Depreciation, amortisation and impairment losses on other non-current assets	-1,684	-322	-81	**-2,087**
Operating profit (EBIT) before special items	**1,160**	**269**	**-116**	**1,313**
Special items, net	12	2	20	**34**
Operating profit (EBIT)	**1,172**	**271**	**-96**	**1,348**
Financial items, net				**-278**
Profit before tax				**1,069**
Tax on profit				**-94**
Profit for the year				**976**
Capital expenditures of the year	1,644	2,400[1)]	71	**4,115**
Investments in associates and joint ventures	23	3	0	**26**
Total assets	23,556	5,899	1,266	**30,721**
Liabilities	11,897	2,519	4,751	**19,167**

Geographical breakdown

The Group does not have a natural geographic split on countries since the Group, mainly Ferry Division, is based on a connected route network in primarily Northern Europe and 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 adjusted allocation has been used.

DKK million	North Sea	Mediterranean	Baltic Sea	English Channel	Continent	Nordic	UK/ Ireland	Total
2022								
Non-current assets	8,872	8,924	2,604	2,473	2,563	1,612	1,094	**28,141**
2021								
Non-current assets	8,330	9,042	1,780	2,390	2,324	1,465	477	**25,807**

§ 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 Addition of capital expenditures of the year primarily relates to the acquisition of HSF Logistics Group. Reference is made to note 5.5

2.2 Revenue

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**
English Channel	3,906	-	0	**3,906**
Continent	-	4,416	0	**4,416**
Nordic	-	4,418	0	**4,418**
UK/Ireland	-	2,518	0	**2,518**
Other	0	0	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**

DKK million	Ferry Division	Logistics Division	Non-allocated	2021 Total
Geographical markets				
North Sea	3,849	-	0	**3,849**
Mediterranean	3,378	-	0	**3,378**
Baltic Sea	1,350	-	0	**1,350**
English Channel	2,603	-	0	**2,603**
Continent	-	3,156	0	**3,156**
Nordic	-	2,327	0	**2,327**
UK/Ireland	-	1,598	0	**1,598**
Other	0	0	18	**18**
Total	**11,180**	**7,081**	**18**	**18,279**
Product and services				
Seafreight and shipping logistics solutions	8,432	98	0	**8,530**
Transport solutions	434	6,778	0	**7,212**
Passenger seafare and onboard sales	976	0	0	**976**
Terminal services	851	6	0	**856**
Charters including related income	311	0	0	**311**
Agency and other revenue	176	199	18	**393**
Total	**11,180**	**7,081**	**18**	**18,279**

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 374m (2021: DKK 311). Onboard sales amounts to DKK 1,327m (2021: DKK 449m).

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 take delivery 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 overall short and 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	**2022**	2021
Ferry and other ship operation and maintenance:		
Ferry and other ship cost including charter related cost	-2,329	-1,583
Bunker	-4,097	-2,297
Total ferry and other ship operation and maintenance	**-6,426**	**-3,880**

§ Accounting policies for Costs

Ferry and other ship cost comprise costs of sales related to catering as well as maintenance and daily running costs of ferries and other ships. Bunker consumption includes hedging. Impairments and realised losses on trade receivables are included in ferry and other ship operation and maintenance. Freight handling and Transport solutions are cost 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	**2022**	2021
Wages, salaries and remuneration	3,848	2,839
Hereof capitalised employee costs	-47	-33
Defined contribution pension plans	185	139
Defined benefit pension plans	14	7
Other social security costs	372	284
Share based payment	30	37
Other employee costs	333	226
Government grants (Covid-19)	-5	-55
Total employee costs	**4,730**	**3,444**
Full time equivalents (FTE), average	**11,510**	**8,874**

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 option schemes.

§ Accounting policies for employee costs

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	2022	2021
Amortisation and depreciation for the year:		
Software	48	44
Port concession rights etc.	35	35
Other non-current intangible assets	52	20
Land & Buildings	15	9
Terminals	59	49
Ferries and other ships	927	850
Equipment etc.	328	206
Right-of-use assets	1,042	874
Total amortisation and depreciation for the year	**2,505**	**2,087**
Impairment losses for the year:		
Equipment etc.	1	0
Total impairment	**1**	**0**
Total amortisation, depreciation and impairment losses for the year	**2,505**	**2,087**

§ 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 Special Items, net

DKK million	2022	2021
Acquisition and integration costs relating to HSF Logistics Group	0	-29
Adjustment of earn-out regarding an acquisition	4	0
Accounting gain on sale of Gothia Seaways	0	20
Accounting gain on sale of Calais Seaways	0	26
Accounting gain on sale of office and warehousing building in Belgium	0	31
Accounting gain related to disposal of an associated company	0	16
Reversal of accrued cost related to Jubilee shares	0	4
Reversal of restructuring cost (2021: restructuring costs etc.)	19	-63
ICT Logistics value adjustment, etc.	2	0
Reversal of impairment of a freight ferry made in connection with reclassification to assets held for sale	0	29
Special items, net	**25**	**34**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Operating costs	19	-89
Operating profit before depreciation (EBITDA)	**19**	**-89**
Profit on disposal of non-current assets and associates, net	0	94
Amortisation, depreciation, and impairment losses on intangible and tangible assets	-7	29
Financial income	13	0
Profit before tax	**25**	**34**

§ Accounting policies

Special items include significant income and expenses not directly attributable to the Group's recurring operating activities such as material restructuring of processes and significant organisational restructurings/ changes which are of significance over time. In addition, other non-recurring amounts are classified as special items including impairment of goodwill; significant impairments and reversal of impairments of non-current tangible assets; significant acquisition costs and integration costs in connection with large business combinations; changes to estimates of contingent considerations related to business combinations; gains and losses on the disposal of activities; and significant gains and losses on the disposal of non-current assets. These items are classified separately in the Income statement in order to provide a more transparent view of income and costs that are considered not to have recurring nature.

2.7 Tax

DKK million	2022	2021
Tax in the Income statement:		
Current tax	-188	-104
Movement in deferred tax for the year	8	-28
Adjustment to corporation tax in respect of prior years	4	14
Adjustment to deferred tax in respect of prior years	17	0
Effect of change in corporate income tax rate	-3	-2
Write-down of deferred tax assets	0	-1
Reversal of write-down of deferred tax assets	10	1
Tax for the year	**-152**	**-120**
Tax for the year is recognised as follows:		
Tax in the Income statement	-120	-94
Tax in Other comprehensive income	-32	-26
Tax for the year	**-152**	**-120**
Tax in the income statement can be specified as follows: Profit before tax	**2,139**	1,069
Income subject to tonnage tax	-1,696	-640
Profit before tax subject to corporate income tax	**443**	**430**
22% tax of profit before tax	-97	-95
Adjustment of calculated tax in foreign subsidiaries compared to 22%	-5	3
Tax effect of:		
Non-taxable/non-deductible items	-40	-41
Tax asset for the year, not recognised	-10	-10
Utilisation of non-capitalised tax assets	3	39
Adjustments of tax in respect of prior years	32	13
Corporate income tax	**-117**	**-91**
Tonnage tax	-3	-3
Total tax in the income statement	**-120**	**-94**
Effective tax rate (%)	5.6	8.7
Effective tax rate before adjustment of prior years' tax (%)	7.1	10.0
Tax in Other comprehensive income can be specified as follows:		
Corporate income tax	-31	-25
Movement deferred tax	-1	-1
Total tax in Other comprehensive income	**-32**	**-26**

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 2022, the Group realised a total effective tax rate adjusted for prior years' tax of 7.1% (2021: 10.0%) and 33.6% (2021: 24.1%) on income subject to normal corporate income tax. Addition on acquisition of enterprises primarily relates to the acquisition of the ICT group and Lucey Transport Logistics Ltd. in 2022. The movement in deferred tax recognised in other comprehensive income primarily relates to value adjustments of financial instruments in Denmark.

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						2022
Deferred tax	**Ferries and other ships**	**Land and buildings, terminals and other equipment**	**Provisions**	**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**
Write-down of deferred tax assets	0	0	0	0	0	**0**
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**

2.7 Tax (continued)

DKK million						2021
Deferred tax	**Ferries and other ships**	**Land and buildings, terminals and other equipment**	**Provisions**	**Tax loss carried forward**	**Other**	**Total**
Deferred tax at 1 January	174	28	-28	-11	-2	**160**
Foreign exchange adjustments	-3	0	-1	0	0	**-5**
Impact from change in corporate income tax rate	0	1	0	0	0	**2**
Addition on acquisition of enterprises	0	151	0	0	-2	**150**
Recognised in the Income statement	-8	-2	4	-4	13	**3**
Recognised in other comprehensive income	0	0	24	0	1	**25**
Adjustment regarding prior years recognised in the Income statement	-9	1	1	-2	9	**0**
Write-down of deferred tax assets	0	0	0	1	0	**1**
Reversal of write-down of deferred tax assets	0	0	0	-1	0	**-1**
Deferred tax at 31 December	**154**	**180**	**-1**	**-18**	**19**	**334**

DKK million	2022	2021
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	-49	-31
Deferred tax liabilities	359	366
Deferred tax at 31 December, net	**310**	**334**

The Group has unrecognised tax losses carried forward of DKK 803m with a tax value of DKK 185m (2021: tax losses of DKK 591m, tax value of DKK 144m). Of the unrecognised tax losses carried forward of DKK 803m (2021: DKK 591m) an amount of DKK 759m expires within the next five years (2021: DKK 489m) and DKK 44m expires after more than five years (2021: DKK 102m). The tax losses of DKK 803m (2021: DKK 591m) 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.

! Significant accounting estimates and assessments

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. Assessment 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.

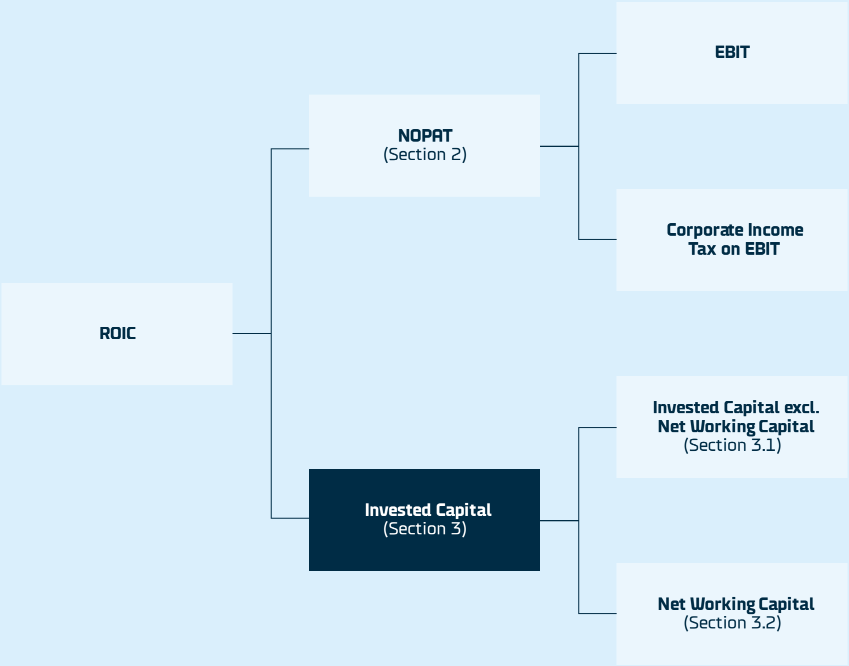
The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to utilise the tax losses 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 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 ROIC. 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	2022	2021
Invested capital excluding Net Working Capital:			
Non-current intangible assets	3.1.1	6,444	6,252
Non-current tangible assets	3.1.2	16,549	15,263
Right-of-use assets	3.1.3	4,648	3,926
Investments in associates and joint ventures		11	26
Invested capital excluding Net Working Capital		**27,651**	**25,467**
Net Working Capital:			
Receivables (excluding interest-bearing receivables)	3.2.1	4,031	3,437
Inventories	3.2.2	324	269
Prepaid costs		492	521
Derivatives, related to operating activities, financial assets measured at fair value	4.2	102	36
Derivatives, related to operating activities, financial liabilities measured at fair value	4.2	-40	-2
Pension assets	3.2.4	0	25
Pension and jubilee liabilities	3.2.4	-88	-76
Other provisions	3.2.5	-96	-173
Trade payables		-3,661	-3,119
Corporation tax		-170	-113
Other payables	3.2.3	-768	-730
Prepayments from customers		-223	-171
Net Working Capital		**-98**	**-98**
Invested capital		**27,554**	**25,369**
Average invested capital		**26,523**	**23,324**

3.1 Invested Capital excluding Net Working Capital

3.1.1 Non-current intangible assets

DKK million	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Developmen t 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[1)]	0	130[2)]	0	0	**274**
Additions	0	0	0	1	70[3)]	**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**
Transfers	0	0	0	0	0	**0**
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**

DKK million	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2021	3,552	1,214	113	562	55	**5,496**
Foreign exchange adjustments	8	0	2	0	0	**10**
Addition on acquisition of enterprises	840[4)]	0	540[5)]	0	0	**1,381**
Additions	0	0	0	0	62[6)]	**62**
Disposals	0	0	0	-2	0	**-2**
Transfers	0	0	0	102	-102	**0**
Cost at 31 December 2021	**4,400**	**1,213**	**656**	**663**	**14**	**6,947**
Amortisation and impairment losses at 1 January 2021	119	117	36	323	0	**595**
Foreign exchange adjustments	1	0	1	0	0	**2**
Amortisation charge	0	35	20	44	0	**99**
Disposals	0	0	0	-2	0	**-2**
Transfers	0	0	0	0	0	**0**
Amortisation and impairment losses at 31 December 2021	**120**	**152**	**57**	**365**	**0**	**694**
Carrying amount at 31 December 2021	**4,280**	**1,061**	**599**	**298**	**14**	**6,252**

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.

1 Reference made to note 5.5.

2 Relates to addition of Lucey Transport (DKK 111m) and ICT Logistics (DKK 19m).

3 Primarily relates to the implementation of an ERP system.

4 Addition of goodwill relates to the acquisition of HSF Logistics Group DKK 756m, acquired existing goodwill in HSF Logistics Group DKK 81m and GA Åkerierna DKK 3m.

5 Relates to the acquisition of HSF Logistics Group DKK 538m and GA Åkerierna AB DKK 2m.

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	2022	2021
Ferry:		
North Sea, Baltic Sea and Mediterranean	3,023	2,990
Logistics:		
Dry Goods	427	346
Cold Chain	957	944
Total	**4,407**	**4,280**

§ 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 cost 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 (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.

3.1.2 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 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[1]	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**[7]	**1,600**	**369**	**16,549**

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2021	230	1,174	19,368	1,787	887	**23,446**
Foreign exchange adjustments	11	20	-19	22	0	**34**
Addition on acquisition of enterprises	240[2]	0	0	549[2]	9[2]	**798**
Additions	2	23	399[3]	143	1,306	**1,874**
Disposals	-24	-3	-344	-101	-3	**-475**
Transfers	16	15	710[4]	86	-831	**-3**
Transferred to/from assets classified as held for sale	7	0	104[5]	0	0	**111**
Cost at 31 December 2021	**482**	**1,230**	**20,218**	**2,486**	**1,368**	**25,785**
Depreciation and impairment losses at 1 January 2021	46	454	8,149	1,064	0	**9,713**
Foreign exchange adjustments	1	13	-4	12	0	**22**
Depreciation charge	9	49	850	206	0	**1,114**
Reversal of impairment	0	0	-29[6]	0	0	**-29**
Disposals	-8	-3	-326	-89	0	**-426**
Transfers	7	-3	0	4	0	**8**
Transferred to/from assets classified as held for sale	0	0	118[5]	0	0	**118**
Depreciation and impairment losses at 31 December 2021	**55**	**512**	**8,760**	**1,197**	**0**	**10,522**
Carrying amount at 31 December 2021	**427**	**718**	**11,460**[7]	**1,289**	**1,368**	**15,263**

For information regarding the impairment tests reference is made to note 3.1.4.

1 Primarily relates to delivery of two new vessels.

2 Relates to the acquisition of HSF Logistics Group and GA Åkerierna AB.

3 Primarily relates to vessel swap. DFDS Group buys a vessel DKK 332m.

4 Primarily relates to a new-building DKK 388m, which was deployed in February 2021.

5 Ark Futura has ceased to be classified as asset held for sale during 2021 and consequently reclassified to ferries and other ships. Furthermore, Calais Seaways has been classified to asset held for sale during 2021 and subsequently sold. Reference is made to note 2.6.

6 Relates to a reversal of an impairment of DKK 29m that was made in 2020 on Ark Futura. The reversal was made in connection with classifying the ferry back from Assets classified as held for sale.

7 At year-end 2022 and 2021 Ferries and other ships do not include temporarily idle assets.

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 ship's 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' unless they qualify to be a special item, reference is made to note 2.6.

§ 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 vessels is estimated as the expected fair value at the end of their useful lifetime.

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' unless they qualify to be a special item, reference is made to note 2.6.

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. At 31 December the Group has no significant purchase options nor extension options which are not already incorporated. 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	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2022	556	2,812	1,486	713	**5,567**
Addition on acquisition of enterprises	203[1)]	0	0	37[1)]	**240**
Additions/Remeasurement	321	181	1,024[2)]	183	**1,710**
Disposals	-106	-3	-609	-160	**-878**
Transfer	0	0	0	-6	**-6**
Foreign exchange adjustments	-24	-70	-10	-11	**-114**
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**
Depreciation charge	127	222	520	173	**1,042**
Disposals	-87	-3	-599	-79	**-768**
Transfer	0	0	0	-1	**-1**
Foreign exchange adjustments	-11	-20	-5	-7	**-42**
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**

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2021	424	2,632	735	345	**4,136**
Addition on acquisition of enterprises	20[3)]	0	0	353[3)]	**373**
Additions/Remeasurement	166	107	1,022[4)]	73	**1,369**
Disposals	-52	-11	-277	-70	**-410**
Transfer	0	0	0	4	**4**
Foreign exchange adjustments	-1	84	5	8	**96**
Cost at 31 December 2021	**556**	**2,812**	**1,486**	**713**	**5,567**
Depreciation and impairment losses at 1 January 2021	150	358	326	170	**1,003**
Depreciation charge	91	196	472	116	**874**
Disposals	-18	-3	-181	-57	**-259**
Transfer	0	0	0	0	**0**
Foreign exchange adjustments	0	16	2	6	**23**
Depreciation and impairment losses 31 December 2021	**222**	**566**	**619**	**235**	**1,642**
Carrying amount at 31 December 2021	**334**	**2,246**	**867**	**479**	**3,926**

1 Addition on acquisition of enterprises relates to Lucey Transport Logistics Ltd., ICT Logistics Group, primeRail GmbH.

2 Addition/remeasurement primarily relates to two charter contracts with a purchase option, as well as other new charter contracts for ferries.

3 Addition on acquisition of enterprises relates to HSF Logistics Group.

4 Addition/remeasurement primarily relates to a 10-year charter contract for a freight and passenger ferry 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	2022	2021
As at 1 January	3,839	2,926
Addition on acquisition of enterprises	240	340
Additions/Remeasurement	1,731	1,432
Instalments	-963	-834
Disposals	-109	-153
Foreign exchange adjustments	-34	127
Total lease liabilities at 31 December	**4,705**	**3,839**

Non-discounted lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2022	2021
Within 1 year	951	816
1-3 years	1,293	1,115
3-5 years	1,407	737
After 5 years	1,789	1,757
Total Lease liability, non-discounted	**5,441**	**4,425**

Lease liabilities are recognised in the Balance sheet as follows:

DKK million	2022	2021
Non-current liabilities	3,916	3,118
Current liabilities	788	721
Total Lease liabilities	**4,705**	**3,839**

The following amounts are recognised in the Income statement:

DKK million	2022	2021
Expenses relating to short-term leases (included in costs)	-2	-1
Expenses relating to low-value assets (included in costs)	-28	-26
Variable lease payments (included in costs)	-86	-72
Interest expenses on lease liabilities	-130	-95
Depreciation, ships	-520	-472
Depreciation, other non-current assets	-522	-403
Total amount recognised in the Income statement	**-1,288**	**-1,069**

The following amounts from leases are recognised in the statement of Cash flows:

DKK million	2022	2021
Cash flows from operating activities, gross	-116	-100
Interest etc. paid	-130	-95
Cash flows from operating activities, net	-246	-195
Cash flows from financing activities, net	-963	-834
Total cash outflows from leases	**-1,209**	**-1,029**

In 2022 the Group has paid DKK 1,093m (2021: DKK 929m) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 130m (2021: DKK 95m), and instalment of lease liability amounts to DKK 963m (2021: DKK 834m).

At 31 December 2022 the Group was committed to short term and low value leases for an amount of DKK 76m (2021: DKK 68m).

3.1.3 Right of use assets and lease liabilities (continued)

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	2022	Fixed payments	Variable payments	2021
Lease payments	125	44	**169**	123	37	**160**
Variable rent only	-	42	**42**	-	35	**35**
Total 31 December	**125**	**86**	**211**	**123**	**72**	**195**

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.

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	2022	2021
Minimum lease payments (income)		
Ferries		
Within 1 year	312	386
1-3 years	577	625
3-5 years	177	442
After 5 years	0	0
Total	**1,066**	**1,453**

The specified minimum payments are not discounted. Operating lease and rental income recognised in the Income statement amount to DKK 374m in 2022 (2021: DKK 311m). The contracts are entered into on normal conditions.

! Significant accounting estimates and assessments

Leases (extension options)

The Group has entered into lease/charter 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.

Lessor (lease out)

The Group has entered into operating lease/charter 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 payment 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.

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 impairment tests all non-current assets at least once every year and in case of indication of impairment. Due to the war in Ukraine and general uncertainty in the world economy, impairment assessments have been made in 2022.

Definition of 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 Business units, 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 Business units North Sea, Baltic Sea and Mediterranean (includes goodwill of DKK 3,023m)
- The Business unit English Channel
- The Oslo – Frederikshavn - Copenhagen (OFC) route which is part of the Passenger Business unit
- The Amsterdam – Newcastle route which is part of the Passenger Business unit

Logistics CGU:

- Dry Goods (includes goodwill of DKK 427m)
- Cold Chain (includes goodwill of DKK 957m)

Non-current 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 vast majority of the ferries used in the Business unit 'North Sea', 'Baltic Sea' and 'Mediterranean' are interchangeable and it is centrally decided where and how the ferries are deployed on the various routes. Revenue generation is impacted by the capacity deployed on the different routes. Management therefore concludes that interdependency between the three Business unit in respect of taking decision on capacity is of such extent that cash inflows are not largely independent from each other and consequently, these three Business units are treated as one cash-generating unit.

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 is the higher value of its value-in-use and its fair value less costs of disposal. 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. Impairment testing (value-in-use) is performed based on management approved forecasts for 2023 and business plans beyond 2023. 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 2023 and in the terminal period with reference to the growth rate and cash flow section below.

The recoverable amount for cash-generating units containing goodwill is determined based on value-in-use calculations. For a breakdown of goodwill on cash-generating units, reference is made to note 3.1.1.

The fair value of the Group's main assets, ferries and other ships, is determined on the basis of the average of two to three independent broker valuations per ship less estimated costs of disposal. The task of the brokers is to assess the value of the individual ships in a 'willing buyer – willing seller' situation. The valuations have been obtained from the same recognised brokers as in previous years, and Management considers an average of these to be the best and most reasonable expression of the ships' fair value.

The carrying amount of right-of-use (RoU) assets is added to the base of non-current tangible and intangible assets being subject to impairment testing. The RoU assets are regarded an integrated part of the operating activities taking place in the Group's CGU and accordingly, the carrying amount of a RoU asset is allocated to the CGU in which the asset in question is used. Thereby RoU assets are tested on CGU level.

Determination of estimated growth rates and cash flow
The expected net cash flows are assessed at CGU level on basis of approved forecasts for 2023 and management business plans beyond 2023.

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 3.1% has been applied (2021: 1.8%). Further, the outbreak of the Ukraine war as well as the uncertainty in the world economy have been incorporated in the forecast for 2023 and onwards. The following assumptions for growth rates have been applied to each CGU.

Ferry (CGUs):
North Sea, Baltic Sea and Mediterranean: For 2024-2027 a growth in EBIT in the range of 4.5% - 7.5% is expected and growth in terminal period of 3.1% (2021: 1.8%).

The Business unit English Channel: The current overcapacity on the Channel impacts the forecast for 2023 negatively but is not expected to impact EBIT in the longer term. A growth in EBIT for 2024-2027 of 19.0% to 26.3% and growth in the terminal period of 3.1% is expected (2021: 1.8%). Due to the current overcapacity Management has prepared alternative scenarios based on various assumptions. None of these alternative scenarios gave rise to any impairment.

The Oslo – Frederikshavn - Copenhagen route: During 2022, passenger numbers have recovered, but Covid-19 continues to impact the number of overseas passengers. The expectation for 2023 is a negative EBIT. Varying growth rates depending on maintenance, improvements etc. have been incorporated in the forecast years beyond 2024 leading to an overall positive EBIT. From 2024, growth rates represent a normalised average of 1.7% (2021: 0.7%).

The Amsterdam – Newcastle route: During 2022, passenger numbers have recovered. The expectation for 2023 is a positive EBIT. Varying growth rates have been incorporated in the forecast years beyond 2023 and provide an overall positive EBIT. From 2024, growth rates represent a normalised average of 1.3% (2021: 2.2%).

Logistics (CGUs):
The Business unit Dry Goods: Growth in EBIT for 2024-2027 of 5.0% and growth in the terminal period of 3.1%.

The Business unit Cold Chain: Growth in EBIT for 2024-2027 of 5.0% and growth in terminal period of 3.1%.

3.1.4 Impairment testing (continued)

Determination of discount rate
The discount rate for year-end 2022 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 2022 is 2.5% (2021: 1.0%). The market risk premium is calculated as a general equity market risk premium of 5.5% (2021: 5.9%) multiplied by the leveraged beta value for DFDS of 1.71 (2021: 1.57). The leveraged beta value applied at year-end 2022 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 the interest-bearing borrowings for 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.

The impact of the war in Ukraine and the uncertainty in the global economy is built into the forecasts where relevant.

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:

	2022	2021
Ferry Division	7.6%	6.0% - 7.0%
Logistics Division	7.6%	6.0%

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 7.6% (2021: 6.0%) in 'North Sea, Baltic Sea and Mediterranean' in 'Dry Goods' and '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%.
- A decrease in broker valuations of 10%.

For English Channel sensitivity testing shows indication of impairment if reducing forecasted EBIT by 10%. For Oslo-Frederikshavn-Copenhagen route all sensitivity calculations shows indication of impairment. None of the above calculations have given rise to adjustments of the results of the impairment tests prepared. For all other CGU's sensitive testing shows no indication of impairment.

Order of recognising impairments
If a need for impairment is identified, goodwill is the first to be impaired, followed by the primary non-current tangible and intangible assets and Right-of-use assets in the individual cash-generating units. Impairments are allocated to the respective assets according to the carrying amount of the assets unless this results in an impairment to a value below the fair value less costs of disposal of the asset.

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.

Impairment tests 2021
Based on the impairment tests prepared at year-end 2021 no cash-generating units are deemed impaired in 2021 and no impairment losses recognised in prior years have been reversed. For one Freight ferry a reversal of impairment made in connection with reclassification to asset held for sale amounting to DKK 29m has been recognised in Special Items reference is made to note 2.6.

§ 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 assessments

The war in Ukraine and the global economy
Management has taken the risk and uncertainty relating to the current war in Ukraine and the uncertainty in the world economy into consideration when preparing the forecasts and cash flows.

Impairment testing of goodwill and other non-current intangible assets
Impairment testing of goodwill and other non-current intangible assets, which primarily relates to IT, acquired port concession rights and acquired customer portfolios, is undertaken once every year and in case of indication of impairment. The impairment tests are based on the expected future cash flow for the cash-generating unit in question. The key parameters are trends in revenue, EBIT, EBIT margin, future investments and growth expectations. These parameters are based on estimates of the future which are inherently uncertain.

Impairment testing of ferries and other ships, including the assessment of useful life and scrap value
Significant accounting estimates and assessments regarding ferries and other ships include the allocation of the ferry's cost price on components based on the expected useful life of the identified components; the ferry's expected maximum useful life; the ferry's scrap value; and impairment testing. The expected useful life of ferries and other ships and their scrap values are reviewed and estimated at least once a year. Impairment test is performed at least once a year, typically at year-end. Additional impairment tests are performed if indications of impairment occur in the period between the annual impairment tests.

Impairment testing of Right-of-use assets
For information on Significant accounting estimates and assessments regarding Right-of-use assets from leases reference is made to note 3.1.3.

Impairment testing of Right-of-use assets, which primarily relates to leases of terminals, ferries, land and buildings and cargo carrying equipment, is performed at least once a year, typically at year-end. Additional impairment tests are performed if indications of impairment occur in the period between the annual impairment tests.

The Right-of-use assets are regarded an integrated part of the operating activities taking place in the Group's cash-generating units and accordingly, the carrying amount of a Right-of-use asset is allocated to the cash-generating unit in which the asset in question is used. Thereby Right-of-use assets are tested at cash-generating unit level.

The impairment tests are based on fair value less costs of disposal for the assets in the cash-generating unit or the value-in-use where the expected future cash flow for the cash-generating unit is a main element in the calculation. The key parameters in assessing expected future cash flows are trends in revenue, EBIT, EBIT margin, future investments and growth expectations, which are inherently uncertain. The fair value less cost of disposal for the Group's main assets, ferries and other ships, are based on broker valuations. For further information on broker valuations reference is made to the paragraph 'Basis for impairment testing and calculation of recoverable amount' which can be found above in this note.

3.1.5 Assets classified as held for sale

2022
There are no assets classified as held for sale as of 31 December 2022.

2021
During 2021 the Group has sold the freight ferry (ro-ro) Gothia Seaways.
ARK Futura has ceased to be classified as assets held for sale. As part of this an impairment loss of DKK 29m made in 2020 has been reversed as Special items. Reference is made to note 2.6.

3.2 Net Working Capital

3.2.1 Receivables

DKK million	**2022**	2021
Other non-current receivables	16	16
Total non-current receivables	**16**	**16**
Trade receivables	3,080	2,650
Work in progress services	263	122
Receivables from associates and joint ventures	23	26
Corporation tax and joint taxation contribution, receivable, reference is made to note 2.7	51	53
Other receivables and current assets	597	571
Total current receivables	**4,015**	**3,423**
Total current and non-current receivables	**4,031**	**3,439**

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 61m (2021: DKK 26m).

DKK million	**2022**	2021
Trade receivables that are past due:		
Days past due:		
Up to 30 days	487	386
31-60 days	91	53
61-90 days	25	13
91-120 days	21	10
More than 120 days	71	54
Past due at 31 December	**696**	**517**

DKK million	**2022**	2021
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	60	63
Foreign exchange adjustment	-1	1
Addition on acquisition of enterprises	2	3
Write-downs	33	18
Realised losses	-3	-1
Reversed write-downs	-22	-23
Write-downs at 31 December	**70**	**60**

3.2.1 Receivables (continued)

DKK million	2022	2021
Age distribution of write-downs:		
Days past due:		
Up to 30 days	2	0
31-60 days	1	0
61-90 days	1	1
91-120 days	2	2
More than 120 days	63	57
Write-downs at 31 December	**70**	**60**

The last five years DFDS' realised credit losses on trade receivables have been insignificant and the loss rate is below 0.1% (2021: 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 2022 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% (2021: 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	2022	2021
Bunker	228	173
Goods for sale	118	113
Write-down of inventories end of year	-22	-18
Total inventories	**324**	**269**

Write-down of inventories expensed during the year amounts to DKK 6m (2021: DKK 8m).

§ 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	2022	2021
Holiday pay obligations, etc,	483	438
Public authorities (VAT, duty, etc.)	61	55
Payables to associates and joint ventures	12	51
Other payables	188	173
Accrued interests	24	13
Total other payables	**768**	**730**

§ 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 12.4% (2021: minus 90.3%) of the total net liability and 91.5% (2021: 94.8%) 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 apportionate 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 4m in 2022 (2021: DKK 4m). The collective funding ratio at Alecta amounts to 189% as per September 2022 (September 2021: 169%). For 2023, the contributions are expected to be DKK 4m. DFDS' share of the multi-employer plan is around 0.0052% and the liability follows the share of the total plan.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK million	2022	2021
Present value of funded defined benefit obligations	629	1,031
Fair value of plan assets	-619	-1,054
Funded defined benefit obligations, net	**10**	**-23**
Present value of unfunded defined benefit obligations	54	51
Recognised liabilities for defined benefit obligations	**64**	**28**
Provision for jubilee liabilities	24	23
Total actuarial liabilities, net	**88**	**51**
Total actuarial liabilities, net are classified as follows		
Pension assets	0	25
Pension and jubilee liabilities	88	76
Total actuarial liabilities, net	**88**	**51**

DKK million	2022	2021
Movements in the net present value of funded and unfunded defined benefit obligations		
Funded and unfunded obligations at 1 January	1,082	1,055
Foreign exchange adjustments	-56	76
Current service costs	14	7
Interest costs	18	13
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	1	9
Actuarial gain(-)/loss(+) arising from changes in financial assumptions	-343	-42
Past service costs	-1	0
Benefits paid	-33	-35
Settlements and curtailments	0	-2
Funded and unfunded obligations at 31 December	**683**	**1,082**
Movements in the fair value of the defined benefit plan assets		
Plan assets at 1 January	-1,054	-879
Foreign exchange adjustments	57	-66
Calculated interest income	-19	-11
Return on plan assets excluding calculated interest income	385	-111
Costs of managing the assets	3	5
Employer contributions	-21	-23
Benefits paid	29	32
Plan assets at 31 December	**-619**	**-1,054**
Plan assets consist of the following:		
Cash and cash equivalents	-53	-30
Blended investment funds	-564	-1,020
Other assets (primarily insured plans)	-2	-3
Total plan assets	**-619**	**-1,054**

3.2.4 Pension and jubilee liabilities (continued)

DKK million	2022	2021
Expenses recognised as employee costs in the Income statement:		
Current service costs	14	7
Past service costs	-1	0
Total included in employee costs regarding defined benefit plans	**14**	**7**
Expenses recognised as financial costs in the Income statement:		
Interest costs	18	13
Interest income	-19	-11
Total included in financial costs regarding defined benefit plans	**0**	**2**
Total expenses for defined benefit plans recognised in the Income statement	**14**	**8**
Expenses recognised in Other comprehensive income, gain(-)/loss(+):		
Remeasurements of plan obligations	-342	-34
Remeasurements of plan assets	388	-106
Total included in Other comprehensive income regarding defined benefit plans	**46**	**-140**

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:

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%

2021	United Kingdom	Others	Weighted average[1]
Discount rate	1.8%	0.3%-3.9%	1.8%
Social security rate[2]	0.0%	0.0%-1.8%	0.0%
Future salary increase[2]	0.0%	0.0%-3.0%	0.1%
Future pension increase	3.6%	0.0%-3.4%	3.5%
Inflation	2.9%	0.0%-9.0%	2.9%

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	2022	2021
Sensitivity analysis		
Reported obligation 31 December	683	1,082
Discount rate -0.5% point compared to assumptions	728	1,176
Discount rate +0.5% point compared to assumptions	641	999
Salary increase -0.5% point compared to assumptions	682	1,080
Salary increase +0.5% point compared to assumptions	685	1,084
Mortality -1 year compared with used mortality tables	661	1,045
Mortality +1 year compared with used mortality tables	709	1,124

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% (2021: S3PxA table with 1.25% annual improvement). Average remaining life expectancy for a 65-year-old is 23.5 year (2021: 23.4 year). Weighted average duration on the liabilities end of 2022 is 13.3 years (2021: 17.0 years). The Group expects to make a contribution of DKK 31m to the defined benefit plans in 2023. The expected contribution for 2022 was DKK 26m, which turned out to be DKK 25m.

DKK million	2022	2021
Maturity analysis of the obligations		
0-1 year	38	36
1-5 years	126	167
After 5 years	518	879
Total obligations	**683**	**1,082**

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	**2022**	2021
Other provisions at 1 January	173	124
Foreign exchange adjustments	-1	1
Addition from acquisition of enterprises	7	3
Provisions made during the year	21	112
Used during the year	-70	-55
Reversal of unused provisions	-33	-14
Other provisions at 31 December	**96**	**173**
Other provisions are expected to be payable in:		
0-1 year	52	56
1-5 years	35	107
After 5 years	9	10
Other provisions at 31 December	**96**	**173**

Of the Group's provision of DKK 96m (2021: DKK 173m), DKK 31m (2021: DKK 28m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 20m (2021: DKK 24m) is redelivery provision on leases; DKK 12m (2021: DKK 86m) is restructuring provision; and DKK 33m (2021: DKK 35m) 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 (EBITDA) and special items.

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	2022	2021
Interest-bearing liabilities[1)]	4.5	15,535	14,337
Derivative financial instruments, related to interest-bearing activities, net	4.2	-236	58
Receivables, interest-bearing	3.2.1	0	-2
Securities	4.2	-2	-10
Cash		-1,189	-902
Net Interest-Bearing Debt (NIBD)		**14,109**	**13.481**
Operating profit before depreciation (EBITDA) and special items		**4,955**	**3,411**
Financial leverage ratio (NIBD/EBITDA, times)[2)]		2.8	3.7

1 Hereof DKK 4,705m (2021: DKK 3,839m) 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. DFDS does not enter into speculation. 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% (94% in 2021) of DFDS' consumption was covered by BAF agreements. For ferries where a scrubber has been installed, the Group is subject to risk related to the spread between high sulphur and low sulphur fuel due to the fact that such ferries with scrubbers consume high sulphur, but BAF is based on low sulphur.

In accordance with the DFDS Financial Policy, the net bunker exposure may be financially hedged up to six quarters ahead. The risk in relation to the spread between high sulphur and low sulphur fuel is partly hedged using commodity swaps.

Interest rate risk
DFDS is primarily exposed to interest rate risk through funding. According to DFDS' Financial Policy the interest rate on 40-70% 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 currency swaps on bonds and lease liabilities) amounts to DKK 14,109m at year end 2022 (2021: DKK 13,481m). The Group's total interest-bearing debt primarily consists of partly secured credit facilities, unsecured corporate bonds and floating rate mortgages with security in ferries and other ships. The debt portfolio had an average time to maturity of 4.7 years (2021: 3.8 years).

In accordance with the Financial Policy, interest rate swaps and caps with a principal amount of DKK 3,790m (2021: DKK 3,364m) have been established to reduce interest rate risk. The share of fixed-rate debt including interest rate derivatives was 41% at year-end 2022 (2021: 40%). Including long term charter agreements, the share of fixed-rate debt is 45% (2021: 44%). The duration of the Group's debt portfolio (including charter liabilities) was 1.4 years (2021: 1.0 years).

An increase in the interest rate of 1%-point compared to the actual interest rates in 2022 would have increased net interest payments incl. hedging by DKK 54m for the Group all else equal (2021: DKK 36m). A decrease in the interest rates of 1%-point would have reduced the net interest payment by DKK 19m in 2022 (2021: DKK 4m).

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 93m all else equal (2021: DKK 44m). A decrease would have had a negative effect of DKK 94m (2021: DKK 32m).

Currency exchange risk
Currency exchange risk is monitored continuously and actively hedged in accordance with DFDS Financial Policy. The aim is to actively reduce currency exposure using forward exchange contracts and currency swaps. Approximately 91% of DFDS' revenues in 2022 were invoiced in foreign currencies (2021: 94%) with the most substantial revenue generated in EUR which accounted for 68% of total revenue (2021: 67%). Apart from DKK and EUR, the most revenue is 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. Particularly, 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 (EBITDA) and Special Items from changes in the foreign exchange rate.

4.1 Financial and operational risks (continued)

Operational currency cash flow risk

DKK million	**2022**	2021
SEK, Income statement effect, 10% strengthening	61	34
NOK, Income statement effect, 10% strengthening	42	24
GBP, Income statement effect, 10% strengthening	45	5
TRY, Income statement effect, 10% strengthening	-35	-24
USD, Income statement effect, 10% strengthening	-27	-13

The Group's most significant currency balance positions are in EUR, SEK, GBP, NOK, TRY, and USD relating to cash, committed investments and trade payable and 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	**2022**	2021
SEK, Equity and Income statement effect, 10% strengthening	2	1
GBP, Equity and Income statement effect, 10% strengthening	2	-3
NOK, Equity and Income statement effect, 10% strengthening	1	2
TRY, Equity and Income statement effect, 10% strengthening	-7	-3
USD, Equity and Income statement effect, 10% strengthening	-3	5
USD, Equity effect, 10% strengthening[1)]	0	50

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 2,911m (2021: DKK 2,135m), of which undrawn committed facilities amounts to DKK 1,722m (2021: DKK 1,400m).

DFDS' contractual maturities of financial instruments, including estimated interest payments and excluding the impact of netting agreements, are stated in the table below:

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
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 assets				
Commodity swaps	27	0	0	0
Interest swaps & caps	17	117	46	64
Forward exchange contracts and currency swaps	4	0	0	71
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	**-2,282**	**-4,102**	**-6,188**	**-3,439**

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				2021
	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	902	0	0	0
Trade receivables including work in progress services	2,772	0	0	0
Receivables from associates and joint ventures	26	0	0	0
Other receivables and current assets	624	16	0	0
Non-derivative financial liabilities				
Bank loans and mortgage on ferries	-965	-5,850	-1,228	-1,615
Issued corporate bonds	-954	-308	0	0
Lease liabilities (undiscounted)	-816	-1,115	-737	-1,757
Trade payables	-3,119	0	0	0
Payables to associates and joint ventures	-51	0	0	0
Other payables	-173	0	0	0
Derivative financial assets				
Interest swaps & caps	3	5	3	0
Forward exchange contracts and currency swaps	20	6	6	14
Derivative financial liabilities				
Interest swaps & caps	-4	0	0	0
Cross currency interest rate swaps	-71	-6	0	0
Forward exchange contracts and currency swaps	-2	0	0	0
Total	**-1,808**	**-7,252**	**-1,956**	**-3,358**

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 a 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. Prepayment guarantees amount to DKK 0m (2021: DKK 325m regarding DFDS' newbuilding program).

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 2.8 at year-end 2022. 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

2022						Expected timing of recycling to Income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	**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**
Interest	Interest swaps	0-11 years	2,317	227	0	39	78	46	64	**227**
Interest	Caps	0-4 years	1,190	17	0	15	0	0	0	**15**
Commodities	Commodity hedges	0-1 years	464	27	-1	26	0	0	0	**26**
Bond loans	Cross currency interest rate swaps	0-5 years	283	0	-8	0	15	0	0	**15**
Ferry charter	Forward exchange contracts	0-9 years	704	71	0	0	1	1	2	**4**
Sales and goods purchased	Forward exchange contracts	0-1 years	1,376	3	-38	0	0	0	0	**0**
Total				**345**	**-47**	**79**	**94**	**47**	**66**	**286**

DKK million

2021						Expected timing of recycling to Income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	**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**
Interest	Interest swaps	0-11 years	1.876	5	-4	-2	2	1	0	**1**
Interest	Caps	0-4 years	1.190	7	0	0	0	0	0	**0**
Bond loans	Currency swaps	0-3 years	932	0	-71	-4	0	0	0	**-4**
Bond loans	Cross currency interest rate swaps	0-5 years	298	0	-6	0	1	0	0	**1**
Ferry investments & ferry charter[1)]	Forward exchange contracts	0-9 years	1.229	29	-2	-2	0	0	0	**-2**
Sales and goods purchased	Forward exchange contracts	0-1 years	944	17	-1	0	0	0	0	**0**
Total				**58**	**-83**	**-9**	**3**	**1**	**0**	**-5**

In 2022 no financial hedges were deemed inefficient hence no gain or loss were recognised in the Income statement for hedges qualifying for hedge accounting. 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.

1 For instruments used to hedge ferry investments the recycling from equity will be recognised under non-current tangible assets.

4.2 Information on financial instruments

DKK million	**2022**	2021
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	102	36
Derivatives, related to interest-bearing activities	244	23
Financial assets measured at amortised cost:		
Trade receivables, receivables from associates and joint ventures, other receivables and cash	4,989	4,183
Financial assets measured at fair value through profit or loss:		
Securities	2	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-40	-2
Derivatives, related to interest-bearing activities	-8	-81
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, trade payables, payables to associates and joint ventures, and other payables	-19,451	-17,707
Total	**-14,162**	**-13,538**

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			
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**
2021	**Level 1**	**Level 2**	**Level 3**
Derivatives, financial assets	0	58	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-83	0
Total	**0**	**-25**	**10**

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 other shares and equity investments as well as other investments of DKK 2m (2021: DKK 10m). These consist of minor unlisted shares and investments. At year-end 2021 securities included DKK 8m related to an investment of 19.9% of the shares in ICT Logistics Group, but after acquiring further 80.1% of the shares DFDS has during 2022 obtained control and consequently, ICT Logistics Group has become a fully consolidated subsidiary. Reference is made to note 5.5 for further information on the acquisition.

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 2022 (2021: No transfers).

! Significant accounting estimates and assessments

Derivatives
When entering into agreements involving derivatives, Management assesses whether the derivative in question meets the criteria for hedge accounting, including whether the hedging relates to recognised assets and liabilities, projected future cash flows, or financial investments. Effectiveness tests are carried out, and any inefficiency is recognised in the Income statement.

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. 2022	Cash flows	Additions from acqui-sitions	Foreign exchange move-ments	New/ disposed/ Remea-sured Leases	Fair value 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**

4.3 Changes in liabilities arising from financing activities (continued)

DKK million	1 Jan. 2021	Cash flows	Non-cash changes: Additions from acqui-sitions	Foreign exchange move-ments	New/ disposed/ Remea-sured Leases	Fair value changes	Other changes	31 Dec. 2021
Changes in 2021								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries	8,557	414	292	-2	0	0	7	**9,267**
Issued corporate bonds	1,162	0	0	67	0	0	1	**1,230**
Lease liabilities	2,926	-834	340	127	1,279	0	0	**3,839**
Other liabilities	9	-1	1	0	0	0	-8	**1**
	12,654	**-421**	**633**	**192**	**1,279**	**0**	**0**	**14,337**
Derivatives financial instruments:								
Derivatives related to issued corporate bonds	140	0	0	0	0	-63	0	**77**
Total liabilities from financing activities	**12,794**	**-421**	**633**	**192**	**1,279**	**-63**	**0**	**14,414**

4.4 Financial income and costs

DKK million	**2022**	2021
Financial income		
Interest income from banks, etc.[1]	9	1
Foreign exchange gain, net[2]	20	27
Other financial income	38	0
Total financial income	**66**	**29**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.[1]	-234	-202
Interest expense on lease liabilities, reference is made to note 3.1.3	-130	-95
Defined benefit pension plans, reference is made to note 3.2.4	0	-2
Other financial costs	-47	-17
Transfer to assets under construction	1	8
Total financial costs	**-409**	**-307**
Financial income and costs, net	**-343**	**-278**

§ 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.

1 Primarily relates to financial assets/liabilities measured at amortised cost. Income (net) from interest swaps is DKK -1m (2021: DKK 4m) and is included under Interest expense to banks, credit institutions, corporate bonds, etc.

2 Foreign exchange gains in 2022 amounts to DKK 638m (2021: DKK 219m) and foreign exchange losses amounts to DKK 618m (2021: DKK 192m) for the Group.

4.5 Interest-bearing liabilities

DKK million	2022	2021
Bank loans and mortgage on ferries	8,199	8,409
Issued corporate bonds[1]	283	298
Lease liability	3,916	3,118
Total interest-bearing non-current liabilities	**12,397**	**11,825**
Bank loans and mortgage on ferries	2,349	858
Issued corporate bonds[1]	0	932
Lease liability	788	721
Other current liabilities	0	1
Total interest-bearing current liabilities	**3,137**	**2,511**
Total interest-bearing liabilities	**15,535**	**14,337**

In connection with the delivery of a new freight and passenger ferry in 2022 DFDS' obtained a new mortgage loans of DKK 744m (EUR 100m), with a maturity of 12 years based on EURIBOR 3M interest. In addition to the new vessel mortgage loan, DFDS refinanced a large part of existing debt in 2022. The facility that was established in June 2018 in connection with the acquisition of U. N. Ro-Ro of DKK 4,522m (EUR 607m) was refinanced partly until 2024 and partly until 2026. The refinanced facility contains a loan covenant equivalent to the covenant in the original facility. During 2022 the Group repaid corporate bonds with a nominal amount of NOK 1,250m (DKK 898m excluding cross currency swap, reference is made to note 4.3).

In 2021 DFDS obtained two new mortgage loans; one loan of DKK 744m (EUR 100m), with a maturity of 12 years based on EURIBOR 3M interest rate and one loan of DKK 364m, with a maturity of 5 years and based on CIBOR. The two mortgage loans were established in connection with the delivery of one new freight and passenger ferry and one new freight ferry.

The fair value of the interest-bearing liabilities amounts to DKK 15,534m (2021: DKK 14,337m). The fair value measurement is categorised within level 3 in the fair value hierarchy.

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 of NOK 400m has been calculated based on the quoted bond price in June 2019 which is the latest quoted price (2021: quoted bond price in June 2019).

DKK 3,165m of the interest-bearing liabilities fall due after five years (2021: DKK 3,109m). 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	2022	2021
Allocation of currency, principal nominal amount:		
DKK	4,419	2,664
EUR	9,197	8,226
NOK	324	1,271
GBP	1,075	1,144
USD	342	809
SEK	140	193
Other	40	31
Total interest-bearing liabilities	**15,535**	**14,337**

§ 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 finance leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

1 In 2019 DFDS issued a five-year corporate bond of NOK 400m, which runs for the period 7 June 2019 until 7 June 2024. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three-month NIBOR + 1.50% margin in NOK, but subsequently swapped to a fixed interest rate in DKK.

4.6 Equity

§ Accounting policies

Dividends
Proposed dividend 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 dividend 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	**2022**	2021
Treasury shares at 1 January	1,272,318	1,255,892
Acquisition of treasury shares	110,000	200,000
Disposal of treasury shares due to exercise of share options and restricted stock units	-790	-183,574
Treasury shares at 31 December	**1,381,528**	**1,272,318**
Market value of treasury shares based on quoted share price at 31 December, DKK million	**354**	**444**

4.7 Treasury shares (continued)

In accordance with the Annual General Meeting in March 2022 the Board of Directors is authorised – until 23 March 2026 – 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 2022 acquired treasury shares for a total payment of DKK 32m (2021: DKK 75m). Furthermore, during 2022 DFDS A/S has disposed treasury shares for a total consideration of DKK 0m (2021: DKK 48m) in connection with employees' exercise of share options/restricted stock units.

The Parent Company's holding of treasury shares at 31 December 2022 is 1,381,528 shares of DKK 20 each (2021: 1,272,318 shares), corresponding to 2.36% (2021: 2.17%) of the Parent Company's share capital. Treasury shares are held to cover the share option scheme and restricted stock unit plan for employees.

4.8 Earnings per share

	2022	2021
Profit for the year (DKK million)	2,019	976
Attributable to non-controlling interests (DKK million)	-10	-18
Attributable to DFDS Group	**2,010**	**958**
Weighted average number of issued ordinary shares	58,631,578	58,631,578
Weighted average number of treasury shares	-1,363,552	-1,215,616
Weighted average number of circulating ordinary shares	57,268,026	57,415,962
Effects of dilution from issued share options and restricted stock unit plans	79,636	84,363
Weighted average number of circulating ordinary shares (diluted)	**57,347,662**	**57,500,325**
Basic earnings per share (EPS) of DKK 20 in DKK	35.09	16.69
Diluted earnings per share (EPS-D) of DKK 20 in DKK	35.04	16.67

When calculating diluted earnings per share for 2022, 1,155,397 share options (2021: 339,833 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

Remuneration to the Executive Board	**Torben Carlsen**		**Karina Deacon**		**Executive Board, total**	
DKK '000	**2022**	2021	**2022**	2021	**2022**	2021
Wages and salaries	9,000	7,900	4,410	4,200	**13,410**	**12,100**
Bonus	7,200	5,000	3,440	2,500	**10,640**	**7,500**
Defined contribution pension plans	900	790	441	420	**1,341**	**1,210**
Share based payment	2,875	2,381	1,599	1,005	**4,474**	**3,386**
Other employee costs	265	250	190	175	**455**	**425**
Total remuneration to Executive Board	**20,240**	**16,321**	**10,080**	**8,300**	**30,320**	**24,621**

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 CEO Torben Carlsen and CFO Karina Deacon.

DKK '000	**2022**	2021
Board:		
Claus V. Hemmingsen, Chair	1,125	1,125
Klaus Nyborg, Deputy Chair	750	750
Anders Götzsche	375	375
Marianne Dahl[1)]	94	375
Jill Lauritzen Melby	375	375
Dirk Reich	375	375
Minna Aila, (Joined in March 2022)	281	0
Jesper Hartvig Nielsen[1)]	94	375
Lars Skjold-Hansen	375	375
Jens Otto Knudsen[1)]	94	375
Marianne Henriksen, (Joined in March 2022)	281	0
Kristian Kristensen, (Joined in March 2022)	281	0
Total remuneration to the Board (continue to the right)	**4,500**	**4,500**

(Continued)

DKK '000	**2022**	2021
Audit Committee:		
Anders Götzsche, Chair	250	250
Dirk Reich [2)]	125	500
Jill Lauritzen Melby	125	125
Minna Aila (Joined in March 2022)	75	0
Total remuneration to the Audit Committee	**575**	**875**
Remuneration & Nomination Committee:		
Claus V. Hemmingsen	100	100
Klaus Nyborg	100	100
Marianne Dahl	25	100
Total remuneration to the Nomination Committee	**225**	**300**
Total remuneration to the Board of Directors	**5,300**	**5,675**
Total remuneration to the Executive Board and Board of Directors	**35,620**	**30,296**

Remuneration to the chair of the Audit Committee is DKK 250k per year (2021: DKK 250k) and remuneration to other members of the Audit Committee is DKK 125k per year (2021: DKK 125k) each. Remuneration to each of the three members of the Remuneration and Nomination Committee is DKK 100k per year (2021: DKK 100k).

1 Marianne Dahl, Jesper Hartvig Nielsen and Jens Otto Knudsen left the Board of Directors in 2022.

2 Dirk Reich received an extraordinary fee of DKK 375,000 in 2021 due to considerable advisory work related to business development, acquisitions, and organisational design.

5.2 Fee to Auditors appointed at the Annual General Meeting

DKK million	2022	2021
Audit fees	11	10
Other assurance engagements[1)]	0	0
Tax and VAT advice[2)]	2	1
Non-audit services[3)]	1	0
Total fees	**14**	**11**

Fees for services other than the statutory audit of the financial statements provided by Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab, Denmark amounted to DKK 1.1m (2021: DKK 0.4m) 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 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 between them based on value as per grant date. Both 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 2.0% of the share capital (2021: 2.0%) if the 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 2021-2022 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.

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

2021	Executive Board Number	Key employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	360,629	604,141	225,794	**1,190,564**	338.55
Granted during the year	56,728	97,898	0	**154,626**	301.00
Exercised during the year	-42,052	-70,214	-70,368	**-182,634**	262.00
Expired during the year	0	-5,463	0	**-5,463**	262.00
Outstanding at 31 December	**375,305**	**626,362**	**155,426**	**1,157,093**	**336.36**
Of this exercisable at the end of the year	76,991	146,230	116,612	**339,833**	385.67

The share options granted in 2022 had a fair value of DKK 7.3m (2021: DKK 6.6m), equal to an average fair value per option of DKK 41.38 (2021: DKK 42.66).

No share options have been exercised during 2022 (2021: 182,634). The average weighted market price per share exercised in 2021 was DKK 289.75.

Vesting of share options is expensed in the Income statement for 2022 with DKK 7m (2021: DKK 7m). The calculated fair values are based on the Black-Scholes formula for measuring share options. The outstanding options on 31 December 2022 have an average weighted remaining contractual time 2.1 years (2021: 2.3 years).

1 Other assurance engagements amount to DKK 0.4m (2021: DKK 0.0m) Includes review of regulatory financial statement.

2 Tax and VAT advice amount to DKK 1.7m (2021: DKK 0.6m) and comprise of work related to Tax compliance.

3 Non-audit services amount to DKK 1.1m (2021: DKK 0.3m) and comprises of 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 dividend per share (DKK) at grant date	Expected term	Fair value per option at time of granting
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
2018	383	331.60	27.87%	-0.20%	11.00	3 years	30.48

The expected volatility for 2018 to 2022 is based on the historical volatility for the past three years. The risk-free interest rate is for 2018 to 2022 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 0.07% (2021: 0.04%) of the share capital if all remaining RSUs are transferred. Vesting of RSUs is expensed in the Income statement for 2022 with DKK 4m (2021: DKK 2m).

The number of RSUs granted in 2021 and 2022 is based on the average share price of the Parent Company's shares five days after the release of the Q4 report.

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

2021	Executive Board Number	Key employees Number	Resigned Executive Board members and employees Number	Total
Outstanding at 1 January	0	0	0	**0**
Granted during the year	8,844	15,260	0	**24,104**
Outstanding at 31 December	**8,844**	**15,260**	**0**	**24,104**
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 dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
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 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. 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.

1,790 shares have been transferred during 2022 (2021: 150 shares). Vesting of shares for 2022 is an expense of DKK 19m (2021: DKK 29m).

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected annual dividend 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. Part of the Parent Company's holding of treasury shares is 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 flow

DKK million	**2022**	2021
Non-cash operating items		
Change in provisions	11	7
Change in write-down of inventories for the year	6	8
Change in provision for defined benefit plans and jubilee obligations	16	10
Vesting of share option plans and employee shares expensed in the Income statement	30	37
Non-cash operating items	**64**	**62**
Change in working capital		
Change in inventories	-61	-91
Change in receivables, such as trade receivables, prepaid costs, etc.	-463	-359
Change in current liabilities, such as trade payables, deferred income, current account with joint ventures, etc.	530	597
Change in working capital	**6**	**148**

§ Accounting policies

The Cash flow statement has been prepared using the indirect method, and shows the consolidated cash flow 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 flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation (EBITDA) and special items adjusted for the cash flow effect of special items, 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 flow 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 flow 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

2022

McBurney Transport Group

On 29 December 2022 DFDS entered into an agreement to acquire 100% of McBurney Transport Group headquartered in Northern Ireland. The company is focused on moving cold chain and dry goods in trailers by road and ferry between island of Ireland and the UK. Closing of the transaction is subject to regulatory approval.

Lucey Transport Logistics

On 30 September 2022, the acquisition of Lucey Transport Logistics Ltd. based in Dublin, Ireland was completed and the DFDS Group obtained control as from this date. The acquired company is after the acquisition included in the Dry Goods Business Unit in the Logistics Division. DFDS Group acquired 100% of the share capital.

Lucey Transport Logistics is an Irish provider of transport and logistics solutions, primarily to consumer goods companies. Door-door transports are provided for full- and part-loads as well as distribution services. The logistics solutions include warehousing, inventory management, bonded storage, and product rework and labelling.

DFDS paid DKK 300m for the acquired company. Cash in the acquired company amounted to DKK 76m. Accordingly the liquidity effect was DKK 224m. In addition, an earn-out agreement was entered into according to which seller is entitled to additional payment based on 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 42m which is the same as their gross value.

Lucey Transport Logistics revenue included in the 2022 reporting is DKK 75m and EBITDA of DKK 23m. If the transaction had been completed as of 1 January 2022 revenue from 1 January 2022 to 31 December 2022 is estimated to have been DKK 297m and EBITDA of DKK 91m.

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 of DKK 111m at acquisition date.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is DKK 97m. 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.

Other acquisitions 2022

ICT Logistics

On 15 September 2021 DFDS Group entered into an agreement to acquire 80.1% of the shares in ICT Logistics Group. The transaction was completed on 19 January 2022. The purchase price for the acquired shares amount to DKK 69m. Cash in the acquired company amounted to DKK 33m. Consequently, the liquidity effect was DKK 35m.

The acquisition is made by DFDS A/S which already owned 19.9% of ICT Logistics Group. In Q1 2022 the Group revalued the existing ownership share of 19.9% to DKK 17m which resulted in a gain of DKK 9m recognised under Special items.

primeRail

On 10 May 2022 DFDS Group acquired 100% of the share capital of the German rail forwarding company primeRail GmbH headquartered in Troisdorf, Germany. The purchase price for the acquired shares amounted to DKK 37m. Cash in the acquired company amounted to DKK 16m. Accordingly, the liquidity effect was DKK 21m.

DKK m	Lucey Transport Logistics	Other acquisitions	Total acquisitions 2022
Non-current intangible assets	111	19	**130**
Land and buildings	196	0	**196**
Equipment etc.	38	33	**71**
Non-current assets	**345**	**52**	**397**
Trade receivables including work in progress services	42	73	**115**
Other receivables	5	6	**11**
Cash at hand and in bank	76	50	**126**
Current assets	**123**	**129**	**252**
Total assets	**469**	**181**	**650**
Deferred tax	14	4	**18**
Interest bearing debt	196	18	**214**
Non-current liabilities	**210**	**22**	**232**
Trade payables	17	66	**83**
Interest bearing debt	16	10	**26**
Other current liabilities	13	8	**21**
Current liabilities	**47**	**83**	**130**
Total liabilities	**257**	**106**	**363**
Fair value of acquired net assets	**212**	**76**	**288**
Total purchase price			
Cash consideration	300	106	**406**
Contingent consideration	7	0	**7**
Fair value of existing ownership share	0	17	**17**
Fair value of the purchase price	**308**	**123**	**431**
Goodwill at acquisition	**97**	**47**	**144**
Cash consideration	300	106	**406**
Acquired cash at hand and in bank	76	50	**126**
Net out flow of cash from acquisition	**224**	**56**	**280**

The above purchase price allocations are preliminary. Accordingly, changes may occur as the purchase price allocation is not considered final until 12 months after acquisition.

5.5 Acquisitions and non-controlling interests (continued)

2021
HSF Group
The purchase price allocation for HSF Group (acquired 14 September 2021) is finalised and unchanged compared to 31 December 2021. For further details of the acquisition, refer to the annual report for 2021.

Acquisition of non-controlling interests
Acquisition of shares by DFDS A/S in AB DFDS Seaways during 2022 amounts to less than DKK 1m (2021: less than DKK 1m), equivalent to an ownership of 0.01% (2021: 0.01%) after which the company is owned 97.1% (2021: 97.1%). Badwill of less than DKK 1m (2021: Badwill of less than DKK 1m) is recognised directly in equity.

! Significant accounting estimates and assessments

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 DFDS 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 DFDS 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 sections 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 DFDS 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 Special 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 405m (2021: DKK 619m). In addition, the Group has issued two guarantees in relation to defined benefit pension schemes in the UK of an amount up to DKK 148m (2021: DKK 255m).

The Group is in 2022 as well as in 2021 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 8,596m (2021: DKK 7,062m) have been pledged as security for mortgage on ferries and bank loans with a total carrying amount of DKK 5,353m (2021: DKK 5,024m).

At year end 2022 DKK 175m (2021: DKK 167m) of the cash was deposited on restricted bank accounts. DKK 175m is not restricted from January 2023.

! Significant accounting estimates and assessments

Provisions and contingencies
Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. Such outcome depends on future events which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., Management uses external legal advisers as well as relevant case law.

5.7 Contractual commitments

DKK million	**2022**	2021
Contractual commitments, term 0-1 year	59	625
Contractual commitments, term 1-5 years	27	86
Contractual commitments, term after 5 years	0	91
Contractual commitments (undiscounted)	**86**	**802**

The Group contractual commitments in 2022 include a Vessel Share Agreement in the Netherlands. Contractual commitments in 2021 mainly relates to one new building for a freight and passenger ferry (Ro-pax) delivered in 2022 and a commitment for a new headquarter in Denmark.

5.8 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 42.3%, 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 dividend DKK 8.00 per share has been carried out during the year.

DKK million	Sale of Services	Purchase of Services	Receivables	Liabilities
2022				
Non-current assets	36	167	23	12
2021				
Non-current assets	35	189	26	51

5.9 Events after the balance sheet date

On 9 February 2023, an auction share buyback of DKK 300m was announced and launched on 10 February 2023. The buyback was completed on 22 February 2023 with a total of 1,071,428 shares purchased at a price of DKK 280 per share which equalled a total purchase sum of DKK 300m.

On 16 February 2023, DFDS awarded 26,984 restricted share units and 128,838 share options to the Executive Board and a number of key employees. The theoretical value is DKK 22m calculated according to the Black-Scholes model.

On 29 December 2022, DFDS announced it had entered into an agreement to acquire 100% of McBurney Transport Group. Completion of the acquisition was subject to regulatory approval. The required regulatory approvals have been received on 23 February 2023 and completion of the transaction will be announced separately.

5.10 Company overview

Company	Ownership share 2022 [1]	Country	City	Currency	Share Capital
Parent Company					
DFDS A/S		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	43,500,000
DFDS Logistics A/S		Denmark	Esbjerg	DKK	600,000
DFDS Skandinavia A/S		Denmark	Esbjerg	DKK	7,500,000
DFDS Stevedoring A/S [2]		Denmark	Esbjerg	DKK	502,000
ICT Holding A/S [2]		Denmark	Herning	DKK	500,000
DFDS Logistics Denmark A/S		Denmark	Herning	DKK	500,000
ICT Solutions ApS		Denmark	Herning	DKK	125,000
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 Logistics SARL		France	Boulogne sur Mer	EUR	30,000
DFDS Seaways S.A.S. [2]		France	Dieppe	EUR	37,000
Dunes Bail SNC [3]		France	Paris	EUR	1,000
Flandres Bail SNC [3]		France	Paris	EUR	1,000
DFDS Germany ApS & Co. KG [2] [5]		Germany	Cuxhaven	EUR	25,000
HSF Logistics Deutschland GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
HSF Beteiligungs GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
Eurofresh Logistics GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
HSF Grundstücksverwaltungs GmbH & Co KG.		Germany	Neuenkirchen-Vörden	EUR	20,000
ICT Logistics GmbH		Germany	Norderstedt	EUR	25,000
primeRail GmbH [2]		Germany	Troisdorf	EUR	98,000
Alphatrans-Szállítás Szolgáltató Kft.		Hungary	Gyula	HUF	3,000,000
Lucey Transport Logistics Ltd.[2]		Ireland	Dublin	EUR	3,000
DFDS Logistics Contracts (Ireland) Ltd. [2]		Ireland	Dublin	EUR	200
DFDS Seaways Ireland Ltd.[2]		Ireland	Dublin	EUR	100
Samer Seaports & Terminals SRL	60.00	Italy	Trieste	EUR	2,800,000
DFDS SIA		Latvia	Liepaja	EUR	113,886
ICT Logistics UAB		Lithuania	Klaipeda	EUR	2,896
AB DFDS Seaways [2]	97.10	Lithuania	Klaipeda	EUR	96,438,756
NorthSea Terminal AS		Norway	Brevik	NOK	1,000,000
DFDS Logistics AS [2]		Norway	Lysaker	NOK	20,538,000
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 Sp. z o.o.	80.00	Poland	Szubin	PLN	5,000
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
ICT Logistics Technology SRL		Romania	Bucharest	RON	147,050
Romania Transport Group SRL		Romania	Tibod	RON	1,000
N&K Spedition Spain S.L.	80.00	Spanien	Tarragona	EUR	60,000
DFDS Seaways Hispania S.L. [2]		Spanien	Valencia	EUR	3,000
DFDS Seaways Holding AB [2]		Sweden	Gothenburg	SEK	100,000
DFDS Logistics Services AB [2]		Sweden	Gothenburg	SEK	1,100,000
DFDS Logistics 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

1 Unless otherwise indicated, the companies are 100% owned by DFDS Group.

2 The Company is directly owned by the Parent Company DFDS A/S.

3 The Company is controlled by DFDS Group, but DFDS Group has no ownership in the company.

4 Due to minority protection in the shareholders' agreements the DFDS Group does not have a controlling interest.

5 Relief in accordance with Sec. 264b German Commercial Code (HGB).

5.10 Company overview (continued)

Company	Ownership share 2022 [1]	Country	City	Currency	Share Capital
DFDS Professionals AB [2]	87.50	Sweden	Gothenburg	SEK	25,000
DFDS Seaways AB		Sweden	Gothenburg	SEK	25,000,000
DFDS Logistics Helsingborg AB		Sweden	Helsingborg	SEK	50,000
DFDS Logistics Karlshamn AB [2]		Sweden	Karlshamn	SEK	1,800,000
Alphatrans International Trucking B.V.		the Netherlands	Brielle	EUR	18,000
DFDS Logistics Nijmegen B.V.		the Netherlands	Nijmegen	EUR	40,840
DFDS Transport B.V.		the Netherlands	Nijmegen	EUR	22,689
DFDS Holding B.V.		the Netherlands	Vlaardingen	EUR	40,000,000
DFDS NewCo B.V. [2]		the Netherlands	Vlaardingen	EUR	1
DFDS Logistics B.V.		the Netherlands	Vlaardingen	EUR	455,000
DFDS Seaways B.V.		the Netherlands	Vlaardingen	EUR	18,400
Maxibas B.V.		the Netherlands	Wijchen	EUR	18,152
DFDS Logistics Wijchen B.V.		the Netherlands	Wijchen	EUR	20,000
Huisman International B.V.		the Netherlands	Wijchen	EUR	15,882
Huisman International Transport B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Warehousing B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Network Logistics B.V.		the Netherlands	Wijchen	EUR	18,000
DFDS Logistics Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,150
DFDS Packaging Pool B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Logistics Transport Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,160
DFDS Property Nijmegen B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Property and Equipment Winterswijk B.V.		the Netherlands	Winterswijk	EUR	77,140
DFDS Turkey Denizcilik ve Tasi Yati A.Ş.		Türkiye	Istanbul	EUR	342,000,000

Company	Ownership share 2022 [1]	Country	City	Currency	Share Capital
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
Huisman International (UK) Ltd.		UK	Corby	GBP	100
DFDS Logistics Ltd. [2]		UK	Immingham	GBP	150,000
DFDS Logistics Contracts Ltd.		UK	Immingham	GBP	2,571,495
DFDS Logistics Services Ltd. [2]		UK	Immingham	GBP	100
DFDS Logistics Property Ltd.		UK	Immingham	GBP	250,000
DFDS Seaways Holding Ltd. [2]		UK	Immingham	GBP	250,000
DFDS Seaways Plc. [2]		UK	Immingham	GBP	40,250,000
LLC DFDS		Ukraine	Kiev	UAH	357,644
Associates:					
Bohus Terminal Holding AB [4]	65.00	Sweden	Gothenburg	SEK	50,000
Gothenburg RO/RO Terminal AB	65.00	Sweden	Gothenburg	SEK	5,000,000
DeaL Energy A/S [2]	50.00	Denmark	Hellerup	DKK	500,000
Euro Asia cold Chain Logistic	52.04	China	Shanghai	CNY	22,100,000

28 Dormant entities

Parent Financial Statements 2022

Income statement 1 January – 31 December

DKK million	Note	2022	2021
Revenue	1	11,621	8,250
Costs:			
Ferry and other ship operation and maintenance	2	-3,591	-2,029
Freight handling		-2,452	-2,313
Transport solutions		-472	-321
Employee costs	3	-1,485	-1,162
Cost of sales and administration	4	-978	-654
Operating profit before depreciation (EBITDA) and special items		**2,643**	**1,771**
Profit on disposal of non-current assets, net		5	1
Amortisation, depreciation and impairment losses on intangible and tangible assets and Right-of-use assets	5	-1,534	-1,695
Operating profit (EBIT) before special items		**1,115**	**77**
Special items, net	6	55	-55
Operating profit (EBIT)		**1,170**	**22**
Financial income	7	630	259
Financial costs	7	-192	-175
Profit before tax		**1,608**	**106**
Tax on profit	8	0	24
Profit for the year		**1,608**	**131**

Statement of comprehensive income 1 January – 31 December

DKK million	Note	2022	2021
Profit for the year		**1,608**	**131**
Other comprehensive income			
Items that are or may subsequently be reclassified to the Income statement:			
Value adjustment of hedging instruments for the year		210	43
Value adjustment transferred to operating costs		9	-56
Value adjustment transferred to financial costs		11	-73
Value adjustment transferred to non-current tangible assets		7	-64
Foreign exchange adjustments, foreign branches		-33	2
Tax on items that are or may be reclassified to the Income statement	8	-42	-1
Items that are or may subsequently be reclassified to the Income statement		**162**	**-150**
Total other comprehensive income after tax		**162**	**-150**
Total comprehensive income		**1,770**	**-19**

Balance sheet 31 December Assets

DKK million	Note	2022	2021
Goodwill		116	116
Software		320	292
Development projects in progress		12	14
Non-current intangible assets	9	**448**	**423**
Land and buildings	10	22	1
Terminals	10	27	23
Ferries and other ships	10	6,397	4,734
Equipment, etc.	10	199	138
Assets under construction and prepayments	10	172	1,192
Right-of-use assets	11	1,818	1,209
Non-current tangible assets		**8,635**	**7,297**
Investments in subsidiaries	12	9,289	8,387
Investments in associates, joint ventures and securities		2	10
Receivables	13	75	62
Prepaid costs		3	8
Derivative financial instruments	24	263	34
Deferred tax assets	16	0	3
Other non-current assets		**9,631**	**8,504**
Non-current assets		**18,714**	**16,224**
Inventories	14	183	162
Receivables	13	2,210	1,682
Prepaid costs		77	79
Derivative financial instruments	24	29	6
Cash		489	475
Current assets		**2,988**	**2,405**
Assets		**21,702**	**18,629**

Balance sheet 31 December Equity and Liabilities

DKK million	Note	2022	2021
Share capital		1,173	1,173
Reserves		501	275
Retained earnings		8,975	7,908
Equity		**10,649**	**9,355**
Interest-bearing liabilities	20	3,955	3,041
Deferred tax	16	6	0
Pension and jubilee liabilities	18	9	8
Other provisions	19	31	109
Derivative financial instruments	24	71	36
Non-current liabilities		**4,071**	**3,193**
Interest-bearing liabilities	20	4,622	4,194
Trade payables		1,650	1,284
Other provisions	19	16	3
Corporation tax		36	4
Other payables	22	428	394
Derivative financial instruments	24	49	77
Prepayments from customers		182	126
Current liabilities		**6,982**	**6,082**
Liabilities		**11,053**	**9,275**
Equity and liabilities		**21,702**	**18,629**

Statement of changes 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							
Dividend paid						-235	**-235**
Dividend on treasury shares						5	**5**
Extraordinary dividend paid						-235	**-235**
Extraordinary dividend 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. The Board of Directors proposes to the Annual General Meeting that a dividend of DKK 5.00 per share (corresponding to DKK 293m) is paid in 2023. In addition, DKK 300m has been distributed during February 2023 through a share buyback.

Statement of changes in equity 1 January – 31 December 2021

DKK million	Share capital	Translation reserve	Hedging reserve	Reserve for development costs	Treasury shares	Retained earnings	Total
Equity at 1 January 2021	**1,173**	**-5**	**147**	**285**	**-25**	**7,808**	**9,382**
Comprehensive income for the year							
Profit for the year						131	**131**
Other comprehensive income after tax	0	2	-151	0	0	-1	**-150**
Total comprehensive income	**0**	**2**	**-151**	**0**	**0**	**130**	**-19**
Transactions with owners							
Share-based payments						13	**13**
Purchase of treasury shares					-4	-71	**-75**
Sale of treasury shares						6	**6**
Cash from sale of treasury shares related to exercise of share options					4	44	**48**
Capitalised development costs, additions				22		-22	**0**
Total transactions with owners 2021	**0**	**0**	**0**	**22**	**0**	**-30**	**-8**
Equity at 31 December 2021	**1,173**	**-3**	**-4**	**307**	**-25**	**7,908**	**9,355**

Statement of cash flows 1 January - 31 December

DKK million	Note	2022	2021
Operating profit before depreciation (EBITDA) and special items		**2,643**	**1,771**
Cash flow effect from special items related to operating activities		-54	-31
Adjustments for non-cash operating items, etc.	25	24	27
Change in working capital	26	280	313
Payment of pension liabilities and other provisions		-1	-1
Interest etc., received		65	117
Interest etc., paid		-193	-75
Taxes paid		-1	20
Cash flow from operating activities		**2,764**	**2,141**
Investments in ferries including dockings, etc.		-1,121	-952
Investments in other non-current tangible assets		-115	-41
Sale of other non-current tangible assets		4	1
Investments in non-current intangible assets		-70	-62
Acquisition of enterprises, associates, joint ventures, and activities	12	-406	0
Sale of shares in associated company		0	20
Group internal acquisition of enterprises	12	0	-41
Group internal divestment of enterprises		28	0
Capital contributions to subsidiaries, etc.	12	-108	-1,701
Dividends received from subsidiaries		166	148
Other investing cash flows		1	153
Cash flow from investing activities		**-1,622**	**-2,476**
Free cash flow		**1,142**	**-335**

DKK million	Note	2022	2021
Proceed from bank loans and loans secured by mortgage in ferries	21	3,894	1,758
Repayment and instalments of bank loans and loans secured by mortgage in ferries	21	-1,980	-569
Repayment of corporate bonds incl. settlement of cross currency swap	21	-1,000	0
Payment of lease liabilities	21	-940	-1,227
Change in Group internal financing, net	21	-579	134
Acquisition of treasury shares		-32	-75
Cash received from sale of treasury shares		0	6
Cash received from exercise of share options		0	48
Other financing cash flows		-33	0
Dividends paid		-459	0
Cash flow from financing activities		**-1,128**	**75**
Net cash flow		**14**	**-260**
Cash and cash equivalents at 1 January		475	735
Cash and cash equivalents at 31 December		**489**	**475**

Notes

Note 1. Revenue

DKK million	Ferry Division	Logistics Division	Non-allocated	Total
				2022
Geographical markets				
North Sea	6,146	-	0	**6,146**
Baltic Sea	1,564	-	0	**1,564**
English Channel	3,088	-	0	**3,088**
Continent	-	409	0	**409**
Nordic	-	370	0	**370**
UK/Ireland	-	15	0	**15**
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**

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 415m (2021: DKK 431m). Onboard sales amounts to DKK 1,286m (2021: DKK 445m).

Note 1 Revenue (continued)

DKK million	Ferry Division	Logistics Division	Non-allocated	Total
				2021
Geographical markets				
North Sea	4,351	-	0	**4,351**
Baltic Sea	1,370	-	0	**1,370**
English Channel	1,911	-	0	**1,911**
Continent	-	319	0	**319**
Nordic	-	254	0	**254**
UK/Ireland	-	17	0	**17**
Other	0	0	28	**28**
Total	**7,632**	**590**	**28**	**8,250**
Product and services				
Seafreight and shipping logistics solutions	5,924	0	0	**5,924**
Transport solutions	26	454	0	**480**
Passenger seafare and onboard sales	936	0	-1	**935**
Terminal services	86	0	0	**86**
Charters including related income	431	0	0	**431**
Agency and other revenue	230	136	28	**394**
Total	**7,632**	**590**	**28**	**8,250**

Note 2. Costs

DKK million	**2022**	2021
Ferry and other ship cost including charters related cost	1,240	695
Bunker	2,351	1,335
Total ferry and other ship operation and maintenance	**3,591**	**2,029**

Note 3. Employee costs

DKK million	**2022**	2021
Wages, salaries and remuneration	1,255	1,029
Hereof capitalised employee costs	-47	-33
Defined contribution pension plans	81	72
Other social security costs	67	55
Share based payment, reference is made to note 17	16	17
Other employee costs	115	71
Government grants (Covid-19)	-3	-49
Total employee costs	**1,485**	**1,162**
Full time equivalents (FTE)	2,820	2,377

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	**2022**	2021
Audit fees	3	2
Other assurance engagements	0	0
Tax and VAT advice	1	0
Non-audit services	0	0
Total fees	**4**	**2**

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	**2022**	2021
Software	44	39
Land and Buildings	2	0
Terminals	5	3
Ferries and other ships	463	401
Equipment etc.	38	36
Right-of-use assets	981	1,215
Total amortisation and depreciation for the year	**1,534**	**1,695**

Note 6. Special Items, net

DKK million	2022	2021
Acquisition and integration costs relating to HSF Logistics Group	0	-29
ICT Logistics value adjustment	9	0
Adjustment of earn-out regarding an acquisition	5	0
Reversal of restructuring costs	15	-74
Reversal of impairment of a freight ferry made in connection with reclassification to asset held for sale	0	33
Accounting gain related to divestment of a subsidiary (2021: divestment of an associated company)	27	16
Special items, net	**55**	**-55**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Operating costs	15	-104
Operating profit before depreciation (EBITDA)	**15**	**-104**
Profit on disposal of non-current assets and associates, net	27	16
Amortisation, depreciation, and impairment losses/reversal on intangible and tangible assets	0	33
Financial income	13	0
Profit before tax	**55**	**-55**

Note 7. Financial income and costs

DKK million	2022	2021
Financial income		
Interest income from banks, etc.	3	1
Interest income from subsidiaries	16	15
Foreign exchange gains, net[1)]	35	6
Reversal of impairment of investments in subsidiaries[2)]	364	0
Dividends received from subsidiaries	166	148
Ineffectiveness on derivative contracts	0	89
Other financial income	46	0
Total financial income	**630**	**259**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.	-84	-52
Interest expense on lease liabilities[3)]	-86	-13
Interest expense to subsidiaries	-9	0
Impairment of investments in subsidiaries	0	-110
Other financial costs	-15	-8
Transfer to assets under construction	1	8
Total financial costs	**-192**	**-175**
Financial income and costs, net	**438**	**85**

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 1m (2021: DKK 4m) interest income and interest expenses relate to financial instruments measured at amortised cost.

1 Foreign exchange gains in 2022 amounts to DKK 509m (2021: DKK 137m) and foreign exchange losses amounts to DKK 474m (2021: DKK 132m).

2 Reference is made to note 31.

3 Reference is made to note 11.

Note 8. Tax

DKK million	2022	2021
Current joint tax contributions	-33	0
Movement in deferred tax for the year	-11	5
Adjustment to corporation tax in respect of prior years	0	15
Adjustment to deferred tax in respect of prior years	2	3
Tax for the year	**-42**	**23**
Tax for the year is recognised as follows:		
Tax in the Income statement	0	24
Tax in Other comprehensive income	-42	-1
Tax for the year	**-42**	**23**
Tax in the Income statement can be specified as follows:		
Profit before tax	1,608	106
Income subject to tonnage tax	-1,069	-94
Profit before tax subject to corporate income tax	**539**	**12**
22% tax of profit before tax	-118	-3
Tax effect of:		
Non-taxable/non-deductible items[1)]	119	12
Adjustments of tax in respect of prior years	2	18
Corporate income tax	**3**	**27**
Tonnage tax	-3	-3
Tax in the Income statement	**0**	**24**
Effective tax rate (%)	2.5	-22.9
Effective tax rate before adjustment of prior years' tax (%)	15.2	-5.7

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.

Note 9. Non-current intangible asset

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**

DKK million	Goodwill	Software	Development projects in progress	Total
Cost at 1 January 2021	116	539	55	**711**
Additions	0	0	62[2)]	**62**
Disposals	0	-1	0	**-1**
Transfers	0	102	-102	**0**
Cost at 31 December 2021	**116**	**640**	**14**	**771**
Amortisation and impairment losses at 1 January 2021	0	310	0	**310**
Amortisation charge	0	39	0	**39**
Disposals	0	-1	0	**-1**
Amortisation and impairment losses at 31 December 2021	**0**	**348**	**0**	**348**
Carrying amount at 31 December 2021	**116**	**292**	**14**	**423**

1 Primarily relates to tax exempt dividends from subsidiaries and write-down of investment in subsidiaries.

2 Addition on development projects in progress relates to the implementation of a new ERP system (DKK 34m), which went live in 2021, Transport Management System (DKK 12m) and other operational systems (DKK 16m).

Note 9 Non-current intangible assets (continued)

The Parent Company's carrying amount of Goodwill DKK 116m (2021: 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.

Note 10. 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 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[1)]	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**

Note 10 Non-current tangible assets (continued)

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2021	11	64	9,171	443	834	**10,523**
Foreign exchange adjustments	0	0	-1	0	0	**-1**
Additions	0	0	0	0	1,001	**1,001**
Disposals	0	0	-189	-18	0	**-207**
Transfers	0	7	621[2)]	15	-643	**1**
Transferred from assets classified as held for sale	0	0	118[4)]	0	0	**118**
Cost at 31 December 2021	**11**	**72**	**9,720**	**440**	**1,192**	**11,435**
Depreciation and impairment losses at 1 January 2021	10	46	4,726	283	0	**5,065**
Depreciation charge	0	3	401	36	0	**440**
Impairment charge	0	0	-33[3)]	0	0	**-33**
Disposals	0	0	-189	-17	0	**-206**
Transferred from assets classified as held for sale	0	0	81[4)]	0	0	**81**
Depreciation and impairment losses at 31 December 2021	**10**	**49**	**4,986**	**302**	**0**	**5,347**
Carrying amount at 31 December 2021	**1**	**23**	**4,734**	**138**	**1,192**	**6,088**

1 Primarily relates to two new vessels delivered in 2022.

2 Transfers Ferries and other ships primarily relates to a new-building DKK 388m, which was deployed in February 2021.

3 Impairment charge relates to a reversal of an impairment of DKK 33m that was made in 2020 on Ark Futura. The reversal was made in connection with classifying the ferry back from Assets classified as held for sale.

4 Ark Futura has ceased to be classified as asset held for sale during 2021 and consequently reclassified to ferries and other ships.

Note 11. 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 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. At 31 December there are no significant extension options which are not already incorporated. 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 2022	62	57	3,585	49	**3,752**
Additions/Remeasurement	155	71	1,443[1]	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**
Depreciations 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**

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2021	62	57	3,228	63	**3,409**
Additions/Remeasurement	0	0	1,122[1]	0	**1,122**
Disposals	0	0	-765	-14	**-779**
Cost at 31 December 2021	**62**	**57**	**3,585**	**49**	**3,752**
Depreciation and impairment losses at 1 January 2021	38	48	1,897	22	**2,006**
Depreciation charge	22	2	1,181	11	**1,215**
Disposals	0	0	-672	-5	**-677**
Depreciations and impairment losses 31 December 2021	**60**	**50**	**2,405**	**28**	**2,543**
Carrying amount at 31 December 2021	**2**	**6**	**1,180**	**21**	**1,209**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	**2022**	2021
As at 1 January	1,242	1,450
Additions/Remeasurement	1,676	1,122
Instalments	-940	-1,227
Disposals	-88	-103
Foreign exchange adjustments	-11	0
Total Lease liabilities at 31 December	**1,878**	**1,242**

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	**2022**	2021
Within 1 year	930	749
1-3 years	423	500
3-5 years	293	3
After 5 years	562	4
Total Lease liability, non-discounted	**2,208**	**1,256**

Lease liabilities are recognised in the Balance sheet as follows:

DKK million	**2022**	2021
Non-current liabilities	1,022	503
Current liabilities	856	739
Total Lease liabilities	**1,878**	**1,242**

1 Primarily related to the Group internal charter contracts.

Note 11 Right of use assets and lease liabilities (continued)

The following amounts are recognised in the Income statement:

DKK million	**2022**	2021
Expenses relating to low-value assets (included in cost of sales and administration)	-3	-2
Interest expenses on lease liabilities	-86	-13
Depreciation, ships	-946	-1,181
Depreciation, other non-current assets	-36	-35
Total amount recognised in the Income statement	**-1,070**	**-1,231**

The following amounts from leases are recognised in the Statement of cash flows:

DKK million	**2022**	2021
Net cash flows from operating activities, gross	-3	-2
Interest etc. paid	-86	-13
Net cash flows from operating activities, net	-89	-15
Net cash flows from financing activities	-940	-1,227
Total cash outflow from Leases	**-1,029**	**-1,242**

In 2022 the Parent Company paid DKK 1.027m (2021: DKK 1,241m) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 86m (2021: DKK 13m), and instalments of lease liability amount to DKK 940m (2021: DKK 1,227m).

There are 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 12m (2021: DKK 5m). The Parent Company has no lease contracts including fixed and variable payments.

Note 11 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	**2022**	2021
Minimum Lease payments (income)		
Ferries		
Within 1 year	353	425
1-3 years	577	625
3-5 years	177	442
Total ferries	**1,107**	**1,492**

The specified minimum payments are not discounted. Operating lease- and rental Income recognised in the Income statement amount to DKK 415m in 2022 (2021: DKK 431m). The contracts are entered into on usual conditions.

Note 12. Investments in subsidiaries

DKK million	**2022**	2021
Cost at 1 January	8,832	7,091
Additions[1)]	539	1,741
Disposals	-3	0
Cost at 31 December	**9,368**	**8,832**
Accumulated impairment losses at 1 January	-445	-335
Disposals	2	0
Impairment losses[2)]	0	-110
Reversal of prior year impairment losses[2)]	364	0
Accumulated impairment losses at 31 December	**-79**	**-445**
Carrying amount at 31 December	**9,289**	**8,387**

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 2022: Additions relates to purchase of Lucey Transport Logistics, ICT Logistics and primeRail, Reference is made to note 27. Further addition relates to capital injection in Lundvej 15 Aps (DKK 65m), Dronningens Kvarter 1 Aps (DKK 43m) and acquisition of minority shares in AB DFDS Seaways (less than DKK 1m).

2 Reference is made to note 31.

Note 13. Receivables

DKK million	2022	2021
Other non-current receivables	15	15
Interest-bearing receivables from subsidiaries	60	47
Total non-current receivables	**75**	**62**
Trade receivables	782	619
Interest-bearing receivables from subsidiaries[1)]	648	387
Non-interest-bearing receivables from subsidiaries	416	325
Receivables from associates and joint ventures	22	23
Other receivables and current assets	343	328
Total current receivables	**2,210**	**1,682**

The carrying amount of receivables is in all material respects equal to the fair value.

DKK million	2022	2021
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	122	72
31-60 days	8	5
61-90 days	5	0
91-120 days	4	2
More than 120 days	26	2
Past due, but not impaired	**166**	**81**
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	15	16
Write-downs	14	4
Realised losses	-3	0
Reversed write-downs	-8	-4
Write-downs at 31 December	**17**	**15**

Note 13 Receivables (continued)

DKK million	2022	2021
Age distribution of write-downs:		
Days past due:		
Up to 30 days	1	6
31-60 days	0	0
61-90 days	0	0
91-120 days	1	0
More than 120 days	14	9
Write-downs at 31 December	**17**	**15**

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. Receivables from subsidiaries are impaired by DKK 0m at 31 December 2022 (2021: DKK 0m).

Note 14. Inventories

DKK million	2022	2021
Bunker	126	102
Goods for sale	78	78
Write-down of inventories end of year	-22	-18
Total inventories	**183**	**162**

Write-down of inventories expensed during the year amounts to DKK 6m (2021: DKK 8m).

Note 15. Distribution to shareholders and treasury shares

Distribution to shareholders
A dividend of DKK 4.00 per share was paid in March 2022 (corresponding to DKK 229m excluding dividend on treasury shares) and further an extraordinary dividend of DKK 4.00 per share was paid in August 2022 (corresponding to DKK 229m excluding dividend on treasury shares) – i.e., a total dividend distribution in 2022 of DKK 459m. The Board of Directors proposes for the 2022 Annual General Meeting in March 2023 that a dividend of DKK 5.00 per share is paid in 2023 (corresponding to DKK 293m including dividend on treasury shares). Further, DKK 300m has been distributed during February 2023 through a share buyback.

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 16. Deferred tax

DKK million	Land and buildings, terminals and other equipment	Tax loss carried forward	2022 Total
Deferred tax at 1 January	6	-9	**-3**
Recognised in other comprehensive income	0	11	**11**
Adjustment regarding prior years recognised in the Income statement	0	-2	**-2**
Deferred tax at 31 December, net	**6**	**0**	**6**

DKK million	Land and buildings, terminals and other equipment	Tax loss carried forward	2021 Total
Deferred tax at 1 January	5	0	**5**
Recognised in the Income statement	1	-6	**-5**
Adjustment regarding prior years recognised in the Income statement	0	-3	**-3**
Deferred tax at 31 December, net	**6**	**-9**	**-3**

DKK million	**2022**	2021
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	0	-3
Deferred tax liabilities	6	0
Deferred tax at 31 December, net	**6**	**-3**

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 17. 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.

No shares have been transferred during 2022 (2021: none). Vesting of shares for 2022 is an expense of DKK 4m (2021: DKK 8m).

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 18. 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	**2022**	2021
Provision for jubilee liabilities	9	8
Total actuarial liabilities	**9**	**8**

Note 19. Other provisions

DKK million	**2022**	2021
Other provisions at 1 January	112	37
Addition from acquisition of enterprises	7	0
Provisions made during the year	1	104
Used during the year	-54	-30
Reversal of unused provisions	-19	0
Other provisions at 31 December	**46**	**112**
Other provisions are expected to be payable in:		
0-1 year	16	3
1-5 years	24	103
After 5 years	6	6
Other provisions at 31 December	**46**	**112**

Of the Parent Company's provision of DKK 46m (2021: DKK 112m), DKK 31m (2021: DKK 28m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 7m is estimated restructuring provision (2021: DKK 74m) and DKK 7m (2021: DKK 9m) is other provisions.

Note 20. Interest-bearing liabilities

DKK million	2022	2021
Issued corporate bonds[1]	283	298
Bank loans and mortgage on ferries and other ships	2,650	2,240
Lease liability	1,022	503
Total interest-bearing non-current liabilities	**3,955**	**3,041**
Issued corporate bonds[1]	0	932
Bank loans and mortgage on ferries and other ships	2,079	578
Lease liability	856	739
Payables to subsidiaries[2]	1,687	1,946
Total interest-bearing current liabilities	**4,622**	**4,194**
Total interest-bearing liabilities	**8,576**	**7,235**

The fair value of the interest-bearing liabilities amounts to DKK 8,587m (2021: DKK 7,193m). 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 400m for which the fair value measurement is categorised within level 3. 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 NOK400m has been calculated based on the quoted bond price in June 2019 which is the latest quoted price (2021: quoted bond price in June 2019). DKK 1,905m of the Interest-bearing liabilities in the Parent Company fall due after five years (2021: DKK 1,084m). 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 24 for financial risks, etc.

DKK million	2022	2021
DKK	4,446	1,699
EUR	3,120	3,404
SEK	371	551
NOK	340	1,239
GBP	292	335
USD	7	7
Total interest bearing liabilities	**8,576**	**7,235**

Note 21. 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. 2022	Cash flows	Foreign exchange movements	New/ disposed/ remeasured leases	Fair value 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[3]	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[3]	0	0	0	0	**172**
Total liabilities from financing activities	**7,438**	**-239**	**-61**	**1,587**	**32**	**-2**	**8,757**
Receivables from subsidiaries		-366[3]					
Total cash flows		**-604**					

1 The Parent Company has issued a 5-year corporate bond in 2019. During 2022 the Group repaid corporate bonds of NOK 1,250m (DKK 898m). Reference is made to the Consolidated 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 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 21 Changes in liabilities arising from financing activities (continued)

DKK million	1 Jan. 2021	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: New/ disposed/ remeasured leases	Non-cash changes: Fair value changes	Non-cash changes: Other changes	31 Dec. 2021
Changes in 2021							
Interest-bearing liabilities:							
Bank loans and mortgage on ferries	1,633	1,189	0	0	0	-5	**2,818**
Issued corporate bonds	1,162	0	67	0	0	1	**1,230**
Lease liabilities	1,450	-1,227	0	1,019	0	0	**1,242**
Payables to subsidiaries, interest-bearing	1,972	-26[1)]	0	0	0	0	**1,946**
	6,217	**-65**	**67**	**1,019**	**0**	**-4**	**7,235**
Derivative financial instruments:							
Derivatives related to issued corporate bonds	140	0	0	0	-63	0	**77**
Other:							
Payables to subsidiaries, non-interest-bearing	167	-41[1)]	0	0	0	0	**126**
Total liabilities from financing activities	**6,525**	**-106**	**67**	**1,019**	**-63**	**-4**	**7,438**
Receivables from subsidiaries		202[1)]					
Total cash flows		**96**					

Note 22. Other payables

DKK million	2022	2021
Holiday pay obligations, etc.	158	159
Payables to subsidiaries	172	126
Payables to associates and joint ventures	12	50
Public authorities (VAT, duty, etc.)	30	11
Other payables	45	42
Accrued interests	11	6
Total other payables	**428**	**394**

Note 23. Information on financial instruments

DKK million	2022	2021
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	100	36
Derivatives, related to interest-bearing activities	192	5
Financial assets measured at amortised cost:		
Trade receivables, receivables from subsidiaries, receivables from associates and joint ventures, other receivables and cash	2,728	2,185
Financial assets measured at fair value through profit or loss:		
Securities	1	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-111	-32
Derivatives, related to interest-bearing activities	-8	-81
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, Leases, trade payables, payables to subsidiaries, payables to associates and joint ventures and other payables	-10,469	-8,745
Total	**-7,567**	**-6,623**

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 134m.

Note 23 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 in put is not based on observable market data.

DKK million

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**

2021	Level 1	Level 2	Level 3
Derivatives, financial assets	0	40	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-113	0
Total	**0**	**-72**	**10**

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 (2021: DKK 10m). These consist of minor unlisted shares and investments.

Note 24. 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 2022 would, other things being equal, have increased net interest payments by DKK 27m for the Parent Company in 2022 (2021: DKK 5m). A decrease in the interest rate of 1%-point compared to the actual interest rates in 2022 would, other things being equal, have had a positive effect of DKK 10m (2021: DKK 1m).

Liquidity risks
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Note 24 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	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
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 assets				
Commodity swaps	27	0	0	0
Interest swaps & caps	0	90	38	64
Forward exchange contracts and currency swaps	2	0	0	71
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	-29
Total	**-4,029**	**-1,313**	**-1,083**	**-2,075**

Beside the contractual maturities the Parent Company has issued guarantees for DKK 6,865m (2021: DKK 7,211m). These are not presented in the above table as the contractual maturity is not possible to predict. Reference is made to note 28.

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.

DKK million

2021	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	475	0	0	0
Trade receivables	619	0	0	0
Non-interest bearing receivables from subsidiaries	325	15	0	0
Interest bearing receivables from subsidiaries	387	45	2	0
Receivables from associates and joint ventures	23	0	0	0
Other receivables and current assets	328	0	0	0
Non-derivative financial liabilities				
Bank loans and mortgages on ferries	-604	-523	-742	-1,158
Issued corporate bonds	-954	-308	0	0
Lease liabilities (Non-discounted)	-749	-500	-3	-4
Trade payables	-1,284	0	0	0
Payables to associates and joint ventures	-50	0	0	0
Payables to subsidiaries	-2,072	0	0	0
Other payables	-7	0	0	0
Derivative financial assets				
Interest swaps & caps	1	2	1	0
Forward exchange contracts and currency swaps	5	6	6	18
Derivative financial liabilities				
Interest swaps & caps	-4	0	0	0
Cross currency interest rate swaps	-71	-6	0	0
Forward exchange contracts and currency swaps	-2	-6	-6	-18
Total	**-3,636**	**-1,274**	**-742**	**-1,162**

Note 25. Non-cash operating items

DKK million	2022	2021
Change in provisions	0	1
Change in write-down of inventories for the year	6	8
Change in provision for defined benefit plans and jubilee obligations	1	2
Vesting of share option plans and employee shares expensed in the Income statement	16	17
Non-cash operating items	**24**	**27**

Note 26. Change in working capital

DKK million	2022	2021
Change in inventories	-26	-66
Change in receivables, such as trade receivables, prepaid costs, etc.	-149	-74
Change in current liabilities, such as trade payables, deferred income, current account with joint ventures, etc.	455	453
Change in working capital	**280**	**313**

Note 27. Acquisition and divestments of enterprises, activities, and non-controlling interests

Acquisition and disposals
During 2022 the Parent Company has purchased Lucey Transport Logistics, ICT Logistics Group and primeRail. For further details reference is made to the Consolidated Financial Statements note 5.5.

Acquisition of non-controlling interests
For further details reference is made to the Consolidated Financial Statements note 5.5.

Note 28. Guarantees, collateral and contingent liabilities

Issued guarantees amount to DKK 7,037m (2021: DKK 7,490m) of which the Parent Company has issued guarantees on behalf of subsidiaries of DKK 6,865m (2021: DKK 7,211m). In addition, the Parent Company has issued a few guarantees on behalf of subsidiaries without a specific capped amount.

The Parent Company has issued guarantees up to DKK 148m (2021: DKK 255m) to defined benefit pension schemes in the UK. Bank guarantees issued on behalf of the Parent Company amounts to DKK 25m (2021: DKK 24m).

Certain ferries with a total carrying amount of DKK 4,298m (2021: DKK 2,668m) have been pledged as security for mortgage on ferries with a total carrying amount of DKK 2,954m (2021: DKK 2,493m).

Note 29. Contractual commitments

DKK million	2022	2021
Contractual commitments, term 0-1 year	0	500
Contractual commitments, term 1-5 years	0	78
Contractual commitments, term after 5 years	0	91
Total contractual commitments (undiscounted)	**0**	**669**

There are no contractual commitments in 2022. Contractual commitments in 2021 mainly relate to one new building for a freight and passenger ferry (Ro-pax) delivered in 2022 and a commitment for a new headquarter in Denmark.

Note 30. 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

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

DKK million

2021	Sale of service	Purchase of service	Receivables	Liabilities	Capital contribution
Associates and joint ventures	13	171	23	50	0
Subsidiaries	1,137	1,178	759	2,101	1,741

Note 31. 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 2023 and business plans beyond 2023. 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 2.5% 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 2022 is based on the WACC assumptions for the Group with reference to note 3.1.4. The WACC applied is 7.6% (2021: 6.0%).

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.

2021
In 2021 investments in subsidiaries have been impaired by DKK 110m in total as the calculated value in use of the individual investments is lower than the book value. The impairment of DKK 110m in 2021 is recognised under Financial items. Write-downs and reversals are recognised under Financial items.

Note 32. Events after the balance sheet date

On 9 February 2023, an auction share buyback of DKK 300m was announced and launched on 10 February 2023. The buyback was completed on 22 February 2023 with a total of 1,071,428 shares purchased at a price of DKK 280 per share which equalled a total purchase sum of DKK 300m.

On 16 February 2023, DFDS awarded 26,984 restricted share units and 128,838 share options to the Executive Board and a number of key employees. The theoretical value is DKK 22m calculated according to the Black-Scholes model.

Note 33. Accounting Policies

The Parent Company Financial Statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate Parent Company Financial Statements for companies reporting under IFRS.

The 2022 Financial Statements have been prepared in accordance with International Financial Reporting Standards 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 31.

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.

Note 33. Accounting Policies (continued)

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 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 unless it qualifies as a special item. 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 capitalized 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.

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 2022. The Annual report has been prepared in accordance with International Financial Reporting 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 2022 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 2022.

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-2022-12-31-en.zip is prepared in all material respects in accordance with the ESEF Regulation.

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

Copenhagen, 24 February 2023

EXECUTIVE BOARD

Torben Carlsen
President & CEO

Karina Deacon
Executive Vice President & CFO

BOARD OF DIRECTORS

Claus V. Hemmingsen
Chair

Klaus Nyborg
Vice Chair

Anders Götzsche

Dirk Reich

Jill Lauritzen Melby

Kristian Kristensen

Lars Skjold-Hansen

Marianne Henriksen

Minna Aila

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 2022 of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit 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 2022, [pages 95 - 176], comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies 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 2 years including the financial year 2022.

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 2022. 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.

Valuation of intangible and tangible assets
The carrying amount of Goodwill, Ferries and other ships, other non-current intangible and tangible assets as well as Right-of-use 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 revenue, EBIT margin, future investments, and growth expectations. The impairments performed did not lead to impairments or reversals of impairments 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

- We considered the appropriateness of Management defined CGUs and the methodology used by Management to assess the carrying amount of intangible and tangible assets assigned to CGUs.
- We tested the mathematical accuracy of the relevant value-in-use models prepared by Management and assessed the reasonableness of significant assumptions in relation to the ongoing operation of the assets. We challenged Management's estimate of future cash flows and challenged whether these were appropriate in light of the significant assumptions being revenue, EBIT margin, future investments and growth expectations, etc.
- We used our internal valuation experts to independently calculate the discount rate. In calculating the discount rate, the key inputs used were independently sourced from market data. We compared the discount rate used by Management to our calculated rate.
- Finally, we assessed the disclosure of these matters in the Consolidated Financial Statements.

Statement on the Management's review
Management is responsible for the Management's review, [pages 11 - 94].

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.

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. 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 International Financial Reporting 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.

Independent Auditors' Reports (continued)

- 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 2022 with the filename DFDS-2022-12-31-en.zip 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 including notes.

In our opinion, the annual report of DFDS A/S for the financial year 1 January to 31 December 2022 with the file name DFDS-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 24 February 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Rasmus Friis Jørgensen State Authorised Public Accountant mne28705	Thomas Wraae Holm State Authorised Public Accountant mne30141

Other

Fleet list per 31.12.2022

	Year built	GT	Lane metres	TEU[3]	Deployment
Freight ferries (ro-ro)					
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	2020	60,465	6,690		Gothenburg-Ghent
Primula Seaways	2004/14/16	37,985	4,650		Gothenburg-Ghent
Flandria Seaways	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		Esbjerg-Immingham
Selandia Seaways	1998/13	24,803	2,772		Cuxhaven-Immingham
Hollandia Seaways	2019	60,465	6,690		Vlaardingen-Immingham
Scandia Seaways	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	32,336	4,076		Vlaardingen-Felixstowe
Acacia Seaways	2017	32,770	4,076		Vlaardingen-Felixstowe
Ark Dania [6]	2014	33,313	3,000	342	Esbjerg-Immingham
Mediterranean					
Fadiq [1]	2017	32,770	4,076		Dry-dock
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		Mersin-Trieste
Artemis Seaways	2005/20	29,060	3,726		Istanbul-Trieste
Dardanelles Seaways	2006/19	29,060	3,726		Istanbul-Trieste
Paqize [1]	2010	29,429	3,663		Istanbul-Trieste
Cappadocia Seaways	2002/20	26,525	3,214		Mersin-Trieste
Gallipoli Seaways	2001/20	26,525	3,214		Istanbul-Trieste
Aspendos Seaways	2005/19	29,060	3,726		Istanbul-Trieste
Olympos Seaways	2002/20	26,525	3,214		Mersin-Trieste
Pergamon Seaways	2013/20	31,595	4,094		Istanbul-Trieste
Galata Seaways	2010/19	34,215	4,350		Istanbul-Sete
Myra Seaways	2009/17/19	34,236	4,350		Istanbul-Sete
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
Mont Ventoux [5]	1996	18,469	2,025		Marseille-Tunis
Ark Futura	1996/00	18,725	2,308	246	Marseille-Tunis

	Year built	GT	Lane metres	TEU[3]	Deployment
Freight ferries (ro-ro)					
Baltic					
Belgia Seaways	2000	21,005	2,475		Klaipeda-Køge-Fredericia
Channel					
Botnia Seaways	2000	11,530	1,899	300	Sheerness-Calais
Chartered out/not allocated					
Finlandia Seaways	2000	11,530	1,899	300	Not allocated

	Year built	GT	Lane metres	Passengers	TEU[3]	Deployment
Freight and passenger ferries (ro-pax)						
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		Seasonal lay up
Regina Seaways [1]	2010/15	25,666	2,500	600		Dry-dock
Optima Seaways	1999	25,263	2,300	336		Rosslare-Dunkerque
Visborg [2]	2003	29,746	1,800	400		Rosslare-Dunkerque
Baltic						
Victoria Seaways	2009/14	25,675	2,500	600		Kiel-Klaipeda
Athena Seaways	2007/15	26,141	2,593	462		Kiel-Klaipeda
Patria Seaways	1991	18,332	1,800	213		Paldiski-Kappelskär
Sirena Seaways	2002/03	22,382	2,056	623		Paldiski-Kappelskär
Aura Seaways	2021	56,043	4,500	600		Karlshamn-Klaipeda
Luna Seaways	2022	56,043	4,500	600		Karlshamn-Klaipeda

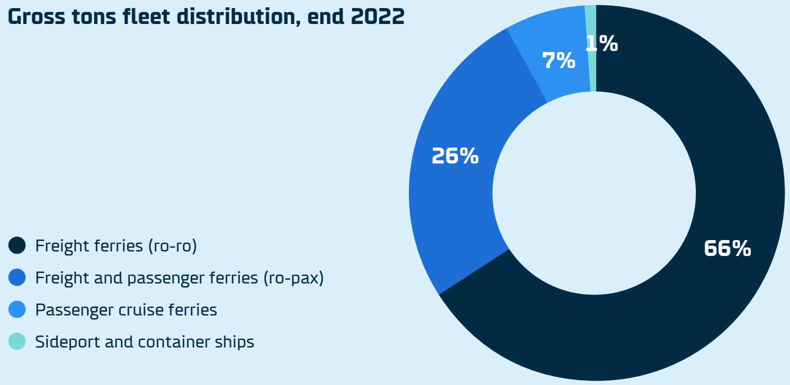
[1] Chartered (bareboat charter)
[2] Chartered (time charter)
[3] TEU: 20 foot container unit
[4] Short-sea day ferry
[5] VSA: Vessel sharing agreement with owner/charterer
[6] SCA: Slot charter agreement with DFDS

Fleet list (continued)

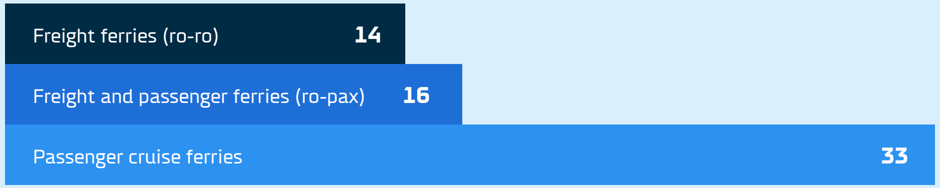
	Year built	GT	Lane metres	Passengers	TEU[3]	Deployment
Passenger cruise ferries						
Pearl Seaways	1989/01/05/14	40,231	1,482	2,168		Oslo-Frederikshavn-Copenhagen
Crown Seaways	1994/05/14	35,498	1,370	2,044		Oslo-Frederikshavn-Copenhagen
King Seaways	1987/93/06	31,788	1,410	1,534		Newcastle-Ijmuiden
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

[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

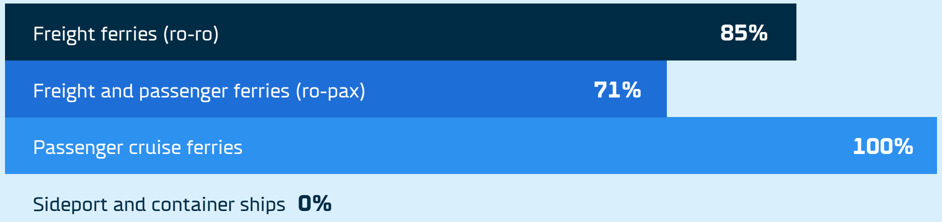
Gross tons fleet distribution, end 2022



Average age of owned vessels in route network, end 2022



Ownership shares of fleet, end 2022



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, the Baltic nations, and SNG countries

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

Roundings may in general cause variances in sums and percentages in this report.

Operating profit before depreciation (EBITDA)
Profit before depreciation and impairment on non-current assets

Operating profit (EBIT)
Profit after depreciation and impairment on non-current intangible and tangible assets

Operating margin
$$\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$$

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)
$$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$$

Weighted average cost of capital (WACC)
Average capital cost for net interest-bearing liabilities and equity, weighted according to the capital structure

Free cash flow, FCFE
Cash flow from operating activities minus cash flow from investing activities

Adjusted free cash flow, FCFE
Free cash flow excluding acquisitions/divestments and special items 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
$$\frac{\text{Equity}}{\text{Total assets}} \times 100$$

Net interest-bearing debt
Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets

Earnings per share (EPS)
$$\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Weighted average number of circulating shares}} \times 100$$

P/E ratio
$$\frac{\text{Share price at year-end}}{\text{Earnings per share (EPS)}}$$

FCFE yield
$$\frac{\text{Adjusted free cash flow}}{\text{Market value at year-end plus non-controlling interests}} \times 100$$

Total distribution yield
$$\frac{\text{Total distribution to shareholders}}{\text{Market value at year-end plus non-controlling interests}} \times 100$$

Cash pay-out ratio
$$\frac{\text{Total distribution to shareholders}}{\text{Adjusted free cash flow}} \times 100$$

Dividend return
$$\frac{\text{Paid dividend per share}}{\text{Share price at beginning of year}}$$

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, ex. treasury shares, year-end times share price at year-end

Moving for all to grow since 1866

For more than 155 years, DFDS has enabled trade and travel since the company was founded 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 market for food and raw materials.

DFDS developed quickly in line with the growth it helped create. Around 1900, 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. Jobs and industry were upheld.

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 sixties, 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 with the same purpose. Connecting businesses with door-door road transport solutions to facilitate trade and growth. Following a restructuring in 2000 to focus the Group more on the ferry network, the product and geographic scope of the logistics activities were realigned to overlap with the ferry network.

Since then the network has been expanded in and around Europe through organic growth and acquisitions. Key mile-stones have been the addition of Norfokline in 2010 and UN RoRo in 2018. The latter expanded the route network in the Mediterranean significantly. Contract logistics solutions are furthermore being developed to make customer offerings even stronger.

* Abbreviation in Danish for The United Steamship Company.

Financial calendar 2023

22 March
AGM

11 May
Q1 report 2023

15 August
Q2 report 2023

15 November
Q3 report 2023

Addresses of DFDS' subsidiaries, locations and offices are available from www.dfds.com
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