

2022 ANNUAL REPORT

Company Announcement No. 1012

“DSV delivered a strong set of results for 2022. We achieved EBIT growth of 48% and a strong cash flow, driven by good performances across all divisions. 2022 was an eventful year, and I know that our teams across the organisation have worked hard to support our customers as they navigated extremely volatile freight markets and geopolitical unrest. We also made good progress on our strategic ambitions, and we have now committed to a net-zero target for CO₂ emissions and continue to look for viable M&A opportunities.

Towards the end of the year, our performance was impacted by the general macroeconomic slowdown and a gradual normalisation of the freight markets. We expect this trend will continue into 2023, and this is reflected in our financial guidance,” says Jens Bjørn Andersen, Group CEO.

Selected financial highlights for 2022 (1 January - 31 December 2022)

(DKKm)	Q4 2022	Q4 2021	2022	2021
Revenue	51,231	61,302	235,665	182,306
Gross profit	11,656	11,674	52,149	37,615
EBIT before special items	4,749	5,113	25,204	16,223
Special items	-	324	1,117	478
Operating margin	9.3%	8.3%	10.7%	8.9%
Conversion ratio	40.7%	43.8%	48.3%	43.1%
Adjusted earnings			18,765	11,847
Adjusted free cash flow			22,810	8,659
Diluted adjusted earnings per share of DKK 1			81.4	50.9
Proposed dividend per share (DKK)			6.50	5.50
EBIT before special items				
Air & Sea	3,816	4,011	20,658	12,768
Road	451	513	2,040	1,857
Solutions	546	748	2,701	1,775

Q4 2022 results

For Q4 2022, revenue amounted to DKK 51,231 million (Q4 2021: DKK 61,302 million). The decline of 18.9% (in constant currencies) was mainly due to lower freight rates and declining volumes in the Air & Sea division. The freight markets were impacted by the general macroeconomic slowdown and a reduction of inventory levels in the retail sector in Q4 2022.

For Q4 2022, gross profit came to DKK 11,656 million (Q4 2021: DKK 11,674 million). The decline of 3.1% (in constant currencies) for the Group was primarily due to lower activity in Air & Sea.

EBIT before special items was DKK 4,749 million for Q4 2022 (Q4 2021: DKK 5,113 million), a decline of 10.6% (in constant currencies). All divisions performed in line with expectations but were impacted by the general economic slowdown and inflationary pressure on the cost base.

EBIT before special items for the full-year 2022 was DKK 25,204 million. This was within the guidance range of DKK 24,500-25,500 million.

Outlook for 2023

- EBIT before special items is expected to be in the range of DKK 16,000-18,000 million.
- The effective tax rate of the Group is expected to be approximately 24%.

The 2023 outlook assumes a global economic growth in the level of 2-3% in 2023 – with lowest growth rates in the advanced economies. Normally, we expect transport volumes to grow in line with the economy, but in the second half of 2022, we saw volumes declining more than GDP due to reduction of inventory levels and normalisation of consumer behaviour after COVID-19. We expect this negative development in freight volumes to continue in the first part of 2023, but with a recovery in the second half of the year.

We assume declines in air and sea freight volumes of 2-5% for the full year 2023. As transport markets continue to normalise, we expect that our gross profit yields in Air & Sea will decline compared to the average level in 2022. For Road and Solutions, we expect that markets will be flat or decline by low single digits in 2023.

Across all divisions our aim of taking market share remains intact. We will monitor activity closely across our organisation and adjust our capacity and cost base accordingly.

The outlook for 2023 assumes that the currency exchange rates, especially the US dollar against DKK, will remain at the current level.

The geopolitical and macroeconomic environment remains uncertain, and unforeseen changes may therefore impact our financial results for 2023.

Dividend

The Board of Directors proposes ordinary dividends of DKK 6.50 per share for 2022 (2021: DKK 5.50 per share).

New share buyback programme

A separate company announcement about a new share buyback programme of DKK 2,500 million will be issued today. The programme starts 2 February 2023 and will run until 26 April 2023.

Investor teleconference

DSV will host an investor teleconference on 2 February 2023, at 11.00 CET. Please refer to investor.dsv.com for details.

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Yours sincerely,
DSV A/S



Global Transport and Logistics

Annual Report 2022

Keeping supply chains flowing in a world of change

Delivering sustainable growth

DSV is one of the world's leading freight forwarders. We help companies connect with the world and ensure smooth and efficient storage and transport of their goods. By air, sea and road.

We keep supply chains flowing – from shipper to customer doorstep – and help to deliver sustainable growth. By giving our customers the logistics services they require. By running a profitable operation that delivers return on investment for our shareholders. And by giving our people an inspiring place to work and equal opportunities to develop their talent.

Combining the latest technologies and the talent of our strong global workforce, we make supply chains leaner and greener. That is how we will help to shape a sustainable future.

Welcome to our Annual Report 2022.

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Annual Report for the year ending 31 December 2022
(46th financial year). Published 2 February 2023.



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Letter from our CEO

Keeping supply chains flowing in a world of change



We integrated Agility GIL within a year – our fastest integration to date.

In extraordinary market conditions with continued supply chain disruptions, our teams delivered a strong set of results in 2022. It was also a year when we finalised the integration of Agility's Global Integrated Logistics business (GIL) and we continued to drive the sustainability agenda. In addition, we had to adjust to an increasingly volatile macroeconomic and geopolitical environment.

Strong financial performance

2022 was a good year for DSV. I am proud of the results we have achieved for the year and we also made good progress on our long-term strategic ambitions. Our gross profit for the year amounted to DKK 52.1 billion (+33.3%), and operating profit before special items was DKK 25.2 billion (+48.0%).

Our adjusted free cash flow for 2022 amounted to DKK 22.8 billion (+163.4%) and ROIC improved by 550bp to 25.1%. Read more about our Group results on [pages 19–22](#).

The significant supply chain disruptions increased the value of our services and had a positive impact on our financial performance for 2022. As the freight markets gradually normalise and the general economic slowdown continues, we expect a significant decline in earnings for 2023. This development is reflected in our outlook.

Navigating macroeconomy and geopolitics

COVID-19 had a lasting effect on our industry and global supply chains. Over the past two years, we have managed to adapt to the challenges it created, mitigate disruptions and offer our customers robust logistics solutions.

Although today the world seems to have moved on from COVID-19, the pandemic made a significant impact on 2022 and still casts its shadows across our industry. Market volatility persists. At the start of 2022, capacity was tight, freight rates reached unprecedented highs, and then plummeted. In the second half of 2022, we have been in a period of economic slowdown and declining transport volumes across most markets.

Several factors caused the current slump – normalisation of consumer behaviour after the pandemic, the ongoing energy crunch and inflationary levels not seen in decades, to name a few. Not all geographies and industries have been affected the same – the Middle East region and the healthcare and energy industries are examples of more resilient areas.

The volatile macroeconomic environment in 2022 was further fuelled by Russia's invasion of Ukraine. In response, we divested or closed down our

operations in Russia and Belarus. In response to Ukraine's humanitarian crisis, we have donated transport and logistics services, food and supplies, and in some instances, our staff have opened their homes to take in families fleeing the war.

Navigating market volatility and tough challenges is not new to DSV. Our cost discipline, focus on keeping net working capital under control, strong capital structure and scalable asset-light business model are all designed with this purpose in mind.

A stronger company

We integrated GIL within a year – our fastest integration to date. To bring together two large and complex organisations across multiple countries and divisions is a considerable undertaking, and we are very happy with the outcome. Lessons learnt from previous integrations, cultural synergies between our two companies and the close collaboration all contributed to a successful integration.

We are a different company today compared to only a few years ago. Our journey of successful acquisitions and integrations has transformed us into a top three player in our industry. We have added new highly skilled colleagues to our teams, and by joining forces, we have a more comprehensive service offering, greater scale and a stronger global network. On top of this, we have worked to develop our digital production platforms and create more transparent supply chains. That means we are now even better placed to support growing customer needs.

Our organisation and market position are already strong, but M&A remains an important part of our strategy, and we will continue to monitor the market in search of value creation opportunities.

Committing to net-zero by 2050

In 2022, we raised our ambitions and took additional steps to create a more sustainable business. On the environment, we recalculated our 2019 CO₂ emission baseline to reflect our larger size after the GIL integration. We implemented an internal CO₂ fee to support new sustainability initiatives and innovation with funding.

But most importantly, we committed to net-zero emissions across our operations by 2050.

To achieve our sustainability ambitions, we also changed our organisation in 2022 and established a new Operational Sustainability Team headed by our COO. Its purpose is to connect our operational teams directly to our sustainability targets. This will more concretely embed sustainability into our operations and help us drive innovation and implement environmental and climate initiatives.

We are determined to reach our long- and mid-term targets, but we know we are at the start of a long and complex net-zero journey. We cannot get there alone; we must collaborate closely with our customers, suppliers and other stakeholders across the industry. And ultimately, we depend on continued technological development in our industry.

Success built by our people

I have always believed that DSV is a people business, and I will never grow tired of celebrating our employees' hard work and contributions. They are central to our current and long-term success.

Operating in the volatile and challenging environment of recent years has reinforced the importance of our people and their outstanding efforts in supporting our customers – making our success during this period even more remarkable. A huge thanks to all of them for their amazing work and team spirit.

Whatever market challenges persist in 2023 and beyond, we are optimistic about the future and are committed to keeping supply chains flowing in this world of change.

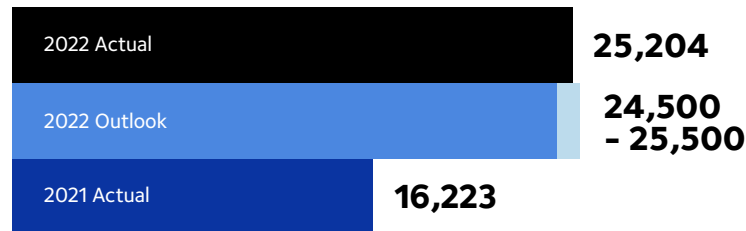
Jens Bjorn Andersen
Group CEO, DSV A/S

Highlights 2022

Group results

EBIT before special items

EBIT before special items was up 48.0% for 2022, in line with our latest outlook for the year. Growth compared to 2021 was driven by strong performance across all business areas and geographical regions and by the addition of Agility Global Integrated Logistics (GIL), which was fully integrated during the year.



Adjusted free cash flow

The earnings growth was converted to cash, and the adjusted free cash flow was also impacted by improved net working capital. In line with our capital allocation policy, we allocated DKK 21,633 million to shareholders in 2022 through share buyback and dividend.



ROIC before tax

The increase in ROIC (pre-tax) was driven by the strong earnings growth, while invested capital stayed stable in 2022. Earnings and ROIC for 2022 were boosted by the extraordinary market conditions. We maintain our 2026 target of a minimum ROIC of 20%.



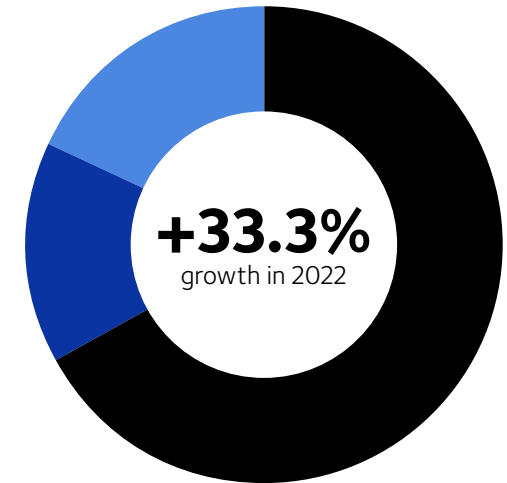
Gross profit

DKK 52,149 million

Air & Sea
67% of total

Road
15% of total

Solutions
18% of total



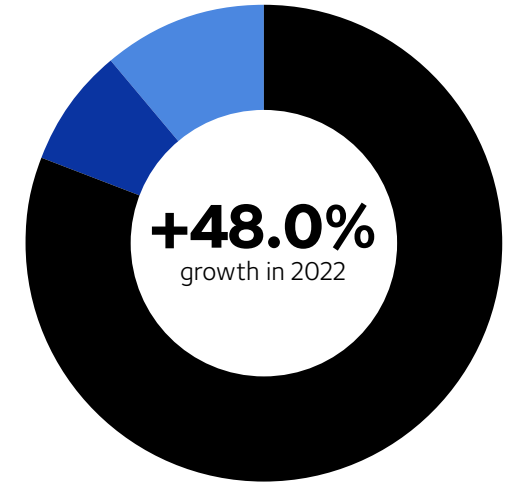
EBIT before special items

DKK 25,204 million

Air & Sea
81% of total

Road
8% of total

Solutions
11% of total



Growth including M&A and in constant currencies.



Global footprint

AMERICAS

Gross profit: DKK 13,274 million

25% of total

EBIT before special items: DKK 7,111 million

28% of total

EMEA

Gross profit: DKK 27,501 million

53% of total

EBIT before special items: DKK 10,952 million

44% of total

APAC

Gross profit: DKK 11,374 million

22% of total

EBIT before special items: DKK 7,141 million

28% of total

Air & Sea

The division achieved 38.5% increase in gross profit and 53.0% growth in EBIT for the year. This was driven by the successful integration of GIL and by earnings growth across all regions. The results were positively impacted by the extraordinary market conditions, which led to higher gross profit per shipment, especially in the first half of the year. Towards the end of 2022, freight markets declined, and the division increased its focus on productivity and cost management.

EBIT before special items:

DKK 20,658 million

+53.0%

Road

The increase in EBIT before special items was driven by 11.0% growth in gross profit. In a market impacted by new regulation, geopolitical events and by significant cost inflation, all regions performed well and contributed to the growth.

EBIT before special items:

DKK 2,040 million

+9.2%

Solutions

Solutions achieved 35.3% growth in gross profit and 47.4% growth in EBIT in 2022. This was driven by the inclusion of GIL, primarily in the Middle East, and strong organic growth across all regions.

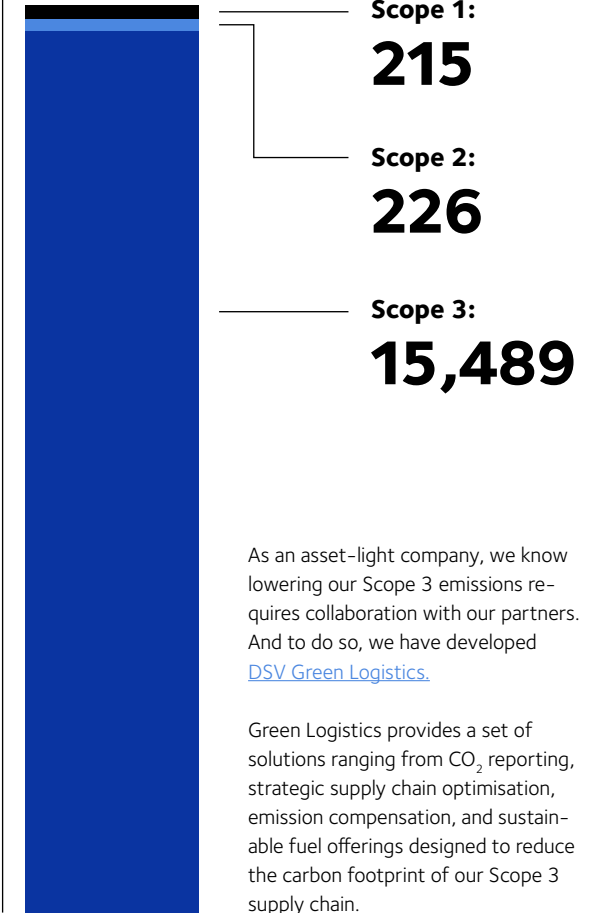
EBIT before special items:

DKK 2,701 million

+47.4%

CO₂ emissions

('000 tonnes)



As an asset-light company, we know lowering our Scope 3 emissions requires collaboration with our partners. And to do so, we have developed [DSV Green Logistics](#).

Green Logistics provides a set of solutions ranging from CO₂ reporting, strategic supply chain optimisation, emission compensation, and sustainable fuel offerings designed to reduce the carbon footprint of our Scope 3 supply chain.

Five-year overview

Financials	2022	2021	2020	2019	2018*
Results (DKKm)					
Revenue	235,665	182,306	115,932	94,701	79,053
Gross profit	52,149	37,615	28,534	23,754	17,489
Operating profit before amortisation and depreciation (EBITDA) before special items	30,275	20,417	13,559	10,292	6,212
Operating profit (EBIT) before special items	25,204	16,223	9,520	6,654	5,450
Special items, costs	1,117	478	2,164	800	-
Net financial expenses	866	841	1,729	858	249
Profit for the year	17,671	11,254	4,258	3,706	3,988
Adjusted earnings	18,765	11,847	6,146	4,456	4,093
Cash flow (DKKm)					
Operating activities	26,846	12,202	10,276	6,879	4,301
Investing activities	(966)	420	(556)	1,371	(444)
Free cash flow	25,880	12,622	9,720	8,250	3,857
Adjusted free cash flow	22,810	8,659	8,746	3,678	3,916
Share buyback	20,313	17,841	5,031	4,888	4,161
Dividends distributed	1,320	920	588	423	380
Cash flow for the year	1,635	3,942	2,721	766	(143)
Financial position (DKKm)					
DSV A/S shareholders' share of equity	71,519	74,103	47,385	49,430	14,561
Non-controlling interests	222	175	(88)	(111)	(29)
Balance sheet total	159,045	161,395	96,250	97,557	38,812
Net working capital	5,116	8,031	2,701	3,125	1,767
Net interest-bearing debt (NIBD)	29,870	29,245	18,189	18,355	5,831
Invested capital	99,540	101,231	64,285	68,595	20,381
Gross investment in property, plant and equipment	1,514	1,180	1,121	1,000	720

* The implementation of IFRS 16 Leases as of 1 January 2019 had a material impact on the financial statements and key ratios for 2019 onwards. Comparative figures for 2018 have not been restated.

** Comparative figures have been restated, as our method for calculation and data transparency has improved.

Ratios	2022	2021	2020	2019	2018*
Financial ratios (%)					
Gross margin	22.1	20.6	24.6	25.1	22.1
Operating margin	10.7	8.9	8.2	7.0	6.9
Conversion ratio	48.3	43.1	33.4	28.0	31.2
Effective tax rate	23.9	24.5	24.3	25.8	23.3
ROIC before tax	25.1	19.6	14.3	13.4	26.7
Return on equity	24.1	18.4	8.8	11.6	27.2
Solvency ratio	45.0	45.9	49.2	50.7	37.5
Gearing ratio	1.0	1.4	1.3	1.8	0.9
Share ratios					
Earnings per share of DKK 1	77.3	49.3	18.7	18.7	22.0
Diluted adjusted earnings per share of DKK 1	81.4	50.9	26.5	22.1	22.1
Number of shares issued ('000)	219,000	240,000	230,000	235,000	188,000
Share price at year-end (DKK)	1,096.5	1,527.5	1,020.0	767.8	429.2
Proposed dividend per share (DKK)	6.50	5.50	4.00	2.50	2.25
ESG data	2022	2021	2020	2019	2018
CO ₂ e (g/tonne-km) - Air transport	694.4	**707.4	704.0	718.2	728.0
CO ₂ e (g/tonne-km) - Sea transport	6.6	**6.5	6.2	6.4	7.0
CO ₂ e (g/tonne-km) - Road transport	97.5	**98.7	92.8	93.2	96.5
Lost Time Injury Frequency Rate	2.8	4.5	6.7	5.0	4.6
Lost workdays due to lost time injury	52.0	61.0	78.8	97.5	98.0
Gender diversity (%) (female/male)	39/61	38/62	38/62	39/61	38/62
Employee turnover ratio (adjusted for synergies)	22.1	21.9	20.5	21.1	20.1
Employees (FTE)	76,283	77,958	56,621	61,216	47,394

For a definition of financial key figures and ratios, please refer to [page 83](#).

For definition of ESG data, please refer to [Sustainability Report](#).

Our strategy: Growth. Efficiency. Sustainability.

Following the successful integration of Agility's Global Integrated Logistics business (GIL), we have in 2022 reinforced our focus on initiatives to support organic growth. We have also raised our ambitions for sustainability and reconfirmed our M&A strategy.

Our strategy is anchored in our corporate purpose of keeping supply chains flowing in a world of change. The four focus areas for delivering our strategy remain consistent: sustainable growth, our customers, our people and operational excellence. With this focus we aim to create long-term value for our stakeholders and make DSV fitter for the future.

Helping our customers grow sustainably

By combining a broad range of logistics service offerings, competitive pricing and a strong geographic footprint, DSV continues to enhance the customer experience we deliver. We are able to leverage our scale and global reach, providing capacity and consistent service levels across our network.

Across the three divisions, our end-to-end logistics services and digital integrations enable customers to achieve visibility and control of supply chains, which is essential when operating in today's complex market conditions.

Throughout our operations, we seek to support customers' growth while remaining mindful of the environmental impact of our services and providing options for reduction of emissions through our Green Logistics services.

In 2022, we completed the integration of more than 35,000 customers from GIL, adding to our foothold among both the large, global customers as well as small and mid-sized customers. Our industry-specific solutions in automotive, industrial, chemicals, retail and fashion, healthcare, technology and energy help customers in those sectors succeed, and we will continue to strengthen our expertise, not least in the fast-growing healthcare and e-commerce sectors.

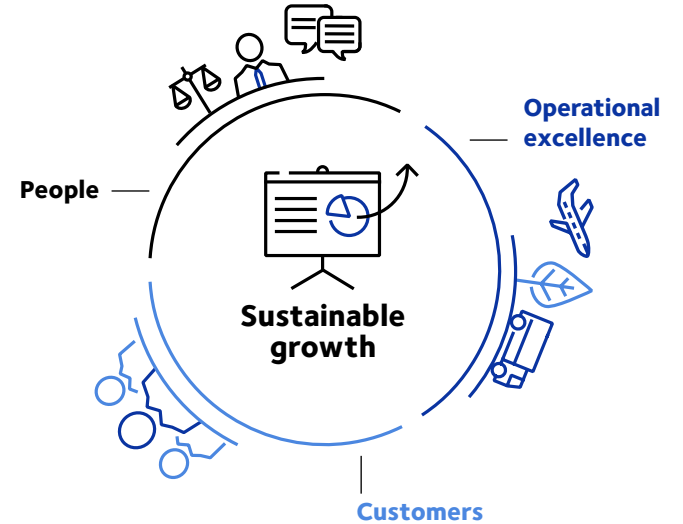
We proactively manage customer relations through our Global Customer Success Programme. In 2022, we received feedback from more than 13,000 customers, and in line with our internal targets, we responded to the evaluations within 48 hours.

Our organic growth target remains unchanged: we aim to take market share across our three divisions and the markets we operate in.

Supporting our people to develop their talent

Our employees are the heart of our business and responsible for the long-term success of our company. DSV employs more than 75,000 people worldwide – from office workers to warehouse operatives. Regardless of function or position, we respect our employees' rights.

Focus areas in our strategy



Our purpose:

Keeping supply chains flowing in a world of change

For nearly five decades, we have moved millions of shipments across oceans and continents. Knowing how to do that in the most streamlined way is how we have earned the trust of our customers and partners. And it is how we will continue to deliver global transport and logistic services that can help businesses and societies prosper.

We work to create a safe, healthy and nurturing workplace where everyone has the chance to grow and develop their talent.

To enable our employees to do their best, we give them the right digital tools, training and conditions. In recent years, the pandemic showed the importance of the skills and knowledge of our experienced teams, and the continued development of our industry will increase the need for further skills.

As for any company, hiring and keeping talented employees is critical for us. To attract, motivate and retain the best of them, we provide career-advancing opportunities through our DSV Academy and our talent management programme.

DSV operates globally and employs +150 different nationalities. In combination with an inclusive and responsive culture, diversity – also related to gender and other factors – makes our workplaces more dynamic and ultimately leads to better business decisions. In 2022, we continued our focus on diversity and inclusion across our organisation, supported by mandatory e-learning programmes.

Operational excellence, every day

Local empowerment and global scale

We maintain a flat, locally empowered organisation, firmly anchored in local markets. This has always been a core strength in DSV, and we continue to believe in local ownership and decisions based on sound business acumen, supported by solid data.

As a global company, we aim to benefit from our scale where we can. We work together as one global network, and we have centralised selected activities – e.g. in our International Shared Service Centres and group functions such as our Global Commercial Organisation, Group Property, Group Insurance and Group Procurement.

Transparency, productivity and scalability

Through our focus on transparency, productivity and scalability, we support more efficient global trade flows for our customers. And more efficient workflows for DSV.

We support transparency by measuring productivity and financial performance, ensuring that our managers have good insights to inform their decision making. High data quality across systems, activity-based costing and a strong financial organisation are key elements in this.

We boost productivity by defining and standardising our service catalogues across geographies and divisions. Standardised service catalogues enable digitalisation, automation and efficient workflows across the organisation. By streamlining our services across the organisation, we can deliver a high and consistent service level – this is exactly what our customers are looking for.

To support our growth strategy, our physical and digital infrastructure must be able to scale. Working according to the principle of one main system per business area, we run a consolidated, standardised and scalable IT platform and, where available, we use standard off-the-shelf IT systems with high focus on data quality and security.

Developing our infrastructure

Based on our knowledge of the logistics markets, technological trends and our ongoing dialogue with customers, we plan development of our IT infrastructure as well as the long-term planning of warehouses (and warehouse automation), terminals and offices.

We prepare strategic roadmaps for each business area, closely managed and prioritised by our Group Executive Committee. All planning of our infrastructure and innovation is based on enterprise solutions which can be applied across our network.

Continued focus on M&A

DSV has had a remarkable journey in recent years. The acquisitions and successful integrations of UTi Worldwide, Panalpina Welttransport and Agility's Global Integrated Logistics business have transformed us into a top three global player in our industry. Our worldwide organisation is now bigger than ever; our geographical footprint is more diverse; and the services we offer to our customers are more advanced.

We continue to focus on balancing stable, above-market organic growth with an active acquisition strategy. Measured by revenue and profit margins, we are one of the industry's largest and most profitable players. This gives us a strong market position and forms the foundation of our ambition to continuously grow our business.

Within the fragmented transport and logistics industry, we believe there is room for further consolidation, and we will continue to monitor the market for relevant, value-creating opportunities.

Fitter for the future

Our ambitions for the coming years revolve around three themes: growth, efficiency and sustainability. At a practical level, that means continuing our focus on M&A, strengthening our market position through organic growth, enhancing our logistics and digital capabilities, continuing our work on the sustainability agenda and exploring new opportunities in response to changing market dynamics.

As we engage in all of these activities, our mindset will always be to try to do more with less, accelerating our operational excellence initiatives and digital transformation to constantly find more efficient solutions to support our customers.

Key strategic projects for each of our divisions are described in the divisional reviews on [pages 24-30](#).

Sustainable logistics for a fast-changing world

DSV's approach to sustainability has evolved systematically over recent years. As the world's third-largest transport and logistics provider, we take an active role in the sustainability agenda in our industry, and today, this is fully integrated in our corporate strategy and business operations.

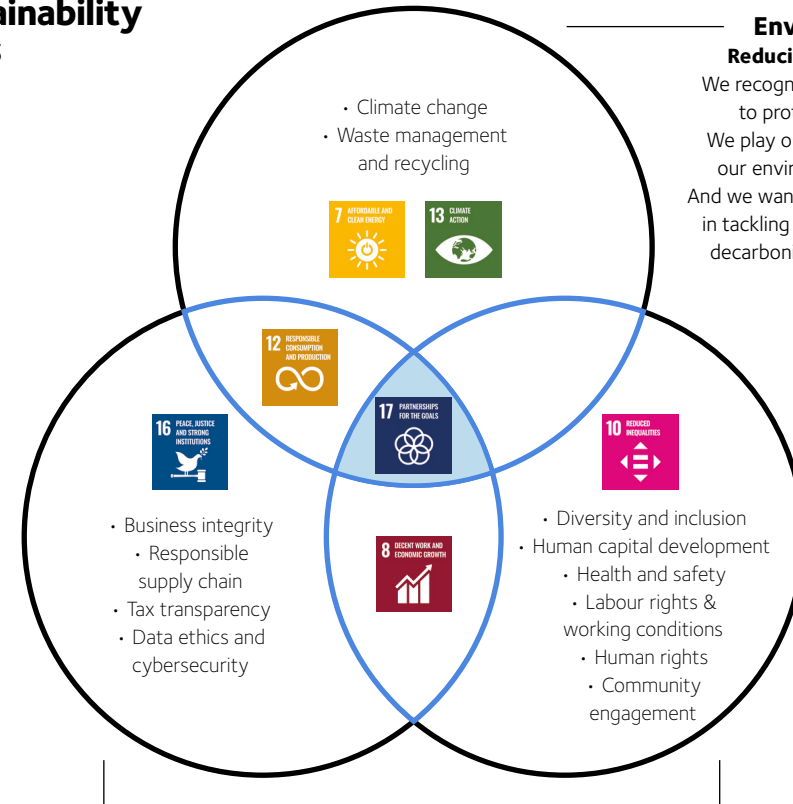
Sustainability strategy anchored at the top

Our sustainability strategy and efforts are driven from the highest management levels in our company. In close collaboration with the Executive Board, the Board of Directors sets the direction, reviews the performance and further develops our Sustainability targets and strategy.

We are guided by our commitment to promote and fulfil the United Nations' Sustainable Development Goals (SDGs). Our strategy and targets are based on our analysis of materiality, risks and opportunities and our dialogue with our major stakeholders.

Our sustainability strategy is centred around our sustainability priorities within environment, social and governance. These priorities and our associated material topics are highlighted in the adjacent figure.

Our sustainability priorities



Environment

Reducing our impact.

We recognise the urgent need to protect the planet. We play our part by reducing our environmental impact. And we want to lead our industry in tackling climate change and decarbonising transport and logistics.

Governance

Doing business with integrity. We do business compliantly and honestly and pay taxes where we generate our profits. We handle data ethically with the right safeguards around data privacy.

Running a responsible supply chain. We make sure all suppliers match our standards, environmental and social criteria, and understand our sustainability goals.

Social

Caring for our employees. We strive to be a safe and inclusive place to work. We work hard to attract and keep talent by giving employees responsibility and growth opportunities. We want to promote diversity, protect rights and improve our employees well-being.

Engaging with communities. We work with local communities across the globe. We respond to local needs, challenges and emergencies everywhere we do business.

Raising our environmental ambitions

We – and the whole industry – need to do more to protect the environment. To hold ourselves accountable to that goal, we have now committed to reaching net-zero carbon emissions across our operations by 2050. To make sure this follows a common, robust and science-based definition, we follow the recognized SBTi Net-Zero Standard.

We continue to work towards our 2030 emission reduction targets, and this year, we increased our target ambition for the 1.5°C global warming scenario for scope 1 and 2, in line with the latest climate science. We also recalculated our 2019 CO₂ emission baseline for all scopes, to reflect our larger business size after the integration of Agility's Global Integrated Logistics business (GIL).

Our biggest challenge to reach net-zero is technological; in our industry today there are still no carbon neutral solutions available at scale. Another challenge is that the majority of emissions in our supply chain are not in our full control.

As an asset-light freight forwarder we do not own or control the transport equipment and we have limited direct influence on investments in new technologies. Still, we take responsibility for our scope 3 emissions and engage with our customers, suppliers and other partners in finding new and more sustainable transport solutions to be able to optimise supply chains and offer our customers lower-emission transport alternatives.

Our approach to managing the risk and opportunities from climate change is an embedded part of our risk management framework, as described on [page 36](#).

Driving innovation in logistics

Delivering our targets will require a huge effort across our industry. We have strengthened our governance and initiated various organisational changes in DSV to anchor our ESG strategies in our business operations and help drive innovation and implementation of our environmental and climate initiatives. Solar panels on rooftops, partnerships with suppliers on sustainable fuel and pilots with electric trucks are examples of the inno-

vation initiatives we worked on in 2022 to investigate the possibilities within these technologies.

In 2023, we are introducing an internal carbon fee – the fee will be levied on our activities, based on their CO₂ emissions. The funds generated will be invested back into our innovation initiatives.

At the end of 2021, we implemented our Green Logistics services to help customers reduce emissions from their supply chains. We continue to promote and develop these services, and we expect growing demand in the coming years, as many of our customers have set their own, ambitious climate targets.

Partnerships and stakeholder engagement

No one, DSV included, can tackle planet-wide environmental challenges alone. Collaboration and partnerships are key to finding and implementing effective and long-lasting solutions to our most pressing sustainability challenges.

We engage regularly with employees, customers, suppliers and investors on our sustainability strategy – and use their input and ideas to enhance our plans. During 2022 we evaluated more options for expanding existing partnerships and working with innovative new companies. These are partnerships that can help us develop more sustainable energy sources, scale sustainable fuel technologies and run alternative trucking technology pilots.

Integrity and transparency

As one of the world's largest freight forwarding companies, our global network spans geographical and cultural borders across the globe, engaging with customers, suppliers, business partners and public authorities in more than 80 different countries.

We are committed to conducting our activities with integrity and engaging with our stakeholders in an open and transparent manner. We strive to ensure that we apply and maintain uniform high ethical standards across our global organisation as defined by our Code of Conduct. To safeguard

this focus, we run global awareness campaigns and recurring training programmes for all employees.

As a freight forwarder we are aware of our position in the global logistics value chain in which our services are, to a large degree, performed by third-party suppliers. How our suppliers act reflects back on us as a company and on our industry as a whole. Our Supplier Code of Conduct outlines our ethical business standards, which we require our suppliers to follow. And our new centralised third-party risk management vetting platform and ongoing annual supplier audits are other measures to safeguard compliance with our standards.

Our social responsibility

Freight forwarding is a people business, and ensuring that our employees thrive in an inspiring working environment is a central part of our HR strategy. We believe that a diverse and inclusive working environment consisting of people from across different nationalities, cultures, genders and ages generates better work dynamics and provides a stronger basis for engaging with our customer base.

Being mindful of employee safety is also high on our agenda which we manage through several health and safety initiatives as well as addressing labour and human rights.

We apply this mindset everywhere we operate globally, and when we integrate companies – like GIL in 2021/22 – we make sure this culture and these standards are implemented across the organisation. In 2022, we performed our first global people survey – this has provided us with valuable information to further enhance these values and culture, making DSV an even more attractive place to work.

Across the globe, we continue to engage in and support the communities we are part of. In 2022, the war in Ukraine only confirmed how quickly things can change and how important it is that we are ready to respond as a company with both financial and logistics support.

Our business model

We ship freight by land, sea and air – and provide contract logistics too. Our business model is flexible and asset light, which helps us to keep supply chains flowing efficiently, from shipper to consignee.

A light model for the right reasons

Our business model allows us to quickly scale activities to match changes in market demand or modes of transport. It also helps us choose the best partners for any service, based on reliability, available capacity, sustainability factors, transit time and price.

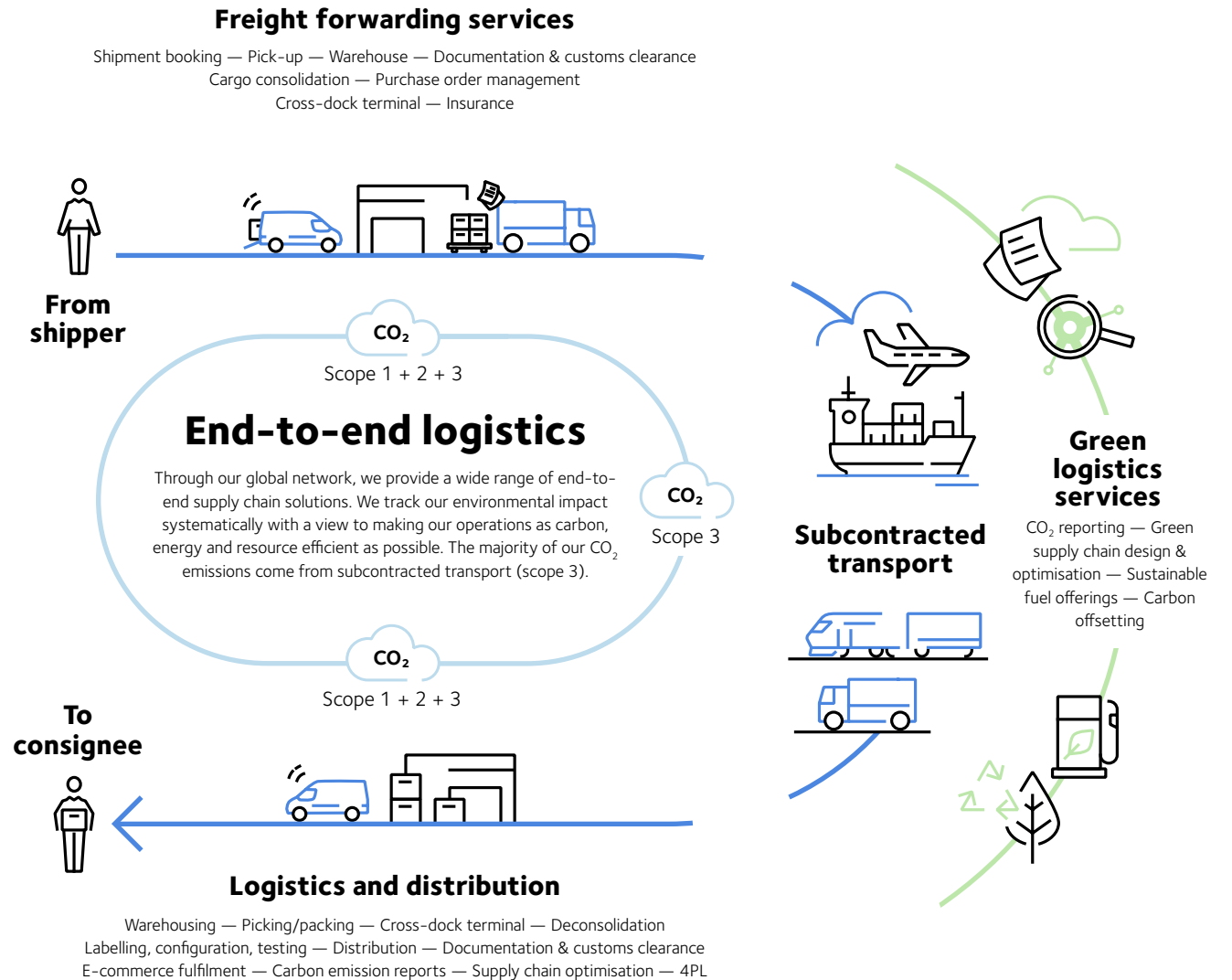
Although we are a global business, we are always close to local markets. Working with container carriers, airlines, road hauliers and railway operators, we move goods to wherever they are needed. And being one of the largest buyers globally means we – and our customers – benefit from keen pricing and strong, long-standing relationships with carriers.

We offer a unique combination of a highly skilled workforce with extensive industry know-how, advanced IT systems, modern warehouses and terminals, strong carrier relationships and a global network across more than 80 countries.

Adding value to complex supply chains

As well as transport, our customers buy a full range of freight forwarding, logistics and distribution services from us. And we constantly develop new services to keep ahead of what customers need.

Our workflows are highly digitalised, and our systems tightly integrated with customers and suppliers. To cut the environmental impact of our business, we work closely with customers and suppliers to track and minimise emissions across our entire supply chain – from shipper to final destination.



Our industry and market trends

By understanding market trends in our own industry – and in others that affect us – we can take advantage of opportunities and act quickly to reduce risks.

A fragmented competitive landscape

We are one of the top three global freight forwarders, with a market share of roughly 4%. Together, the top 20 forwarders have an estimated global market share of 30–40%. The rest of the market consists of a long tail of smaller regional and local freight forwarders.

The mix of industry fragmentation and service standardisation creates a competitive pricing landscape. But because of our scale, global network, strong IT systems and logistics competences, big freight forwarders like DSV are in a good position to consolidate the market and gain market share. Our acquisition track record is a strong example of this, and we expect the consolidation trend to prevail in the coming years.

New competition emerging

In recent years, new competitors have entered the industry. One category is the digital forwarders, who typically offer a simple, standardised range of services, mainly focused on online price quoting and booking. Digital forwarders have a high level of digital capabilities but a lower level of logistics capabilities, such as operational expertise, global networks, scale, warehouses and carrier relationships.

Furthermore, a few of the large ocean carriers now aim to provide door-to-door transport services, air and overland transport in addition to ocean transport.

This has created scenarios where these carriers are both suppliers and competitors to freight forwarders.

So far, the new players have not gained material market shares. Based on our strong logistics capabilities and our clear roadmap to further enhance our digital capabilities, we are confident that DSV will remain highly competitive.

GDP sets the pace for market growth

In recent years, global trade growth has been on level with GDP growth, and we believe this correlation will continue in the long term – with different growth rates between regions.

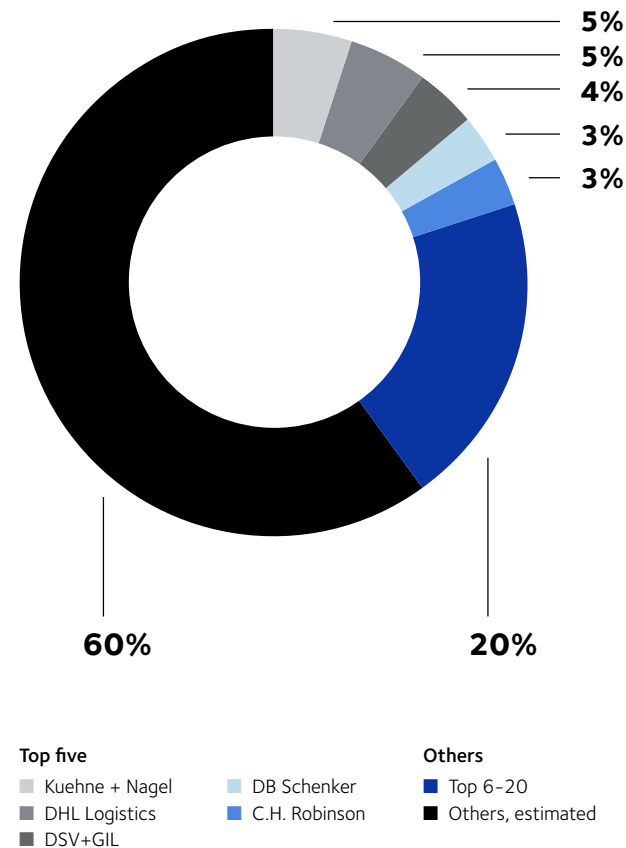
As a result of the slowdown in the global economy and a post-COVID shift in consumer spending away from goods and towards services, global trade volumes have contracted during 2022 and have developed worse than the general economy. This development will also impact our markets going into 2023. Our asset-light model enables us to quickly adjust our capacity to such changes in demand.

Our industry has changed dramatically in recent years. New trends and market dynamics are affecting transport and logistics globally and locally. We must understand these dynamics so we can act quickly to capitalise on opportunities and mitigate threats.

In the following chart we have listed important ongoing trends affecting DSV.

Market share

Top five global freight forwarders and market share based on 2021 revenue.



Source: Armstrong & Associates and DSV estimates.

Trends	Their impact	Our response
<p>A need for reliable global supply chains <i>Even before the COVID-19 pandemic, companies sought more reliable and transparent supply chains.</i></p> <p><i>That need has only grown, and companies are contingency planning and adjusting their setup to protect against future risks.</i></p>	<p>Many companies are diversifying outsourced production between China and other East Asian countries. With dual sourcing and with more countries involved, dependencies are reduced, but complexity goes up.</p> <p>Companies are also considering reshoring of production. It is happening for certain products, but so far with limited impact on global trade.</p> <p>For some companies, storing extra buffer inventory closer to the end market can be another way to make supply chains more robust.</p>	<p>We help our customers optimise their supply chains – suggesting efficiency improvements to increase reliability, cut costs or reduce the environmental impact.</p> <p>By providing supply chain visibility through our digital services, we can support planning and monitoring all the way from purchase order to final delivery.</p> <p>Dual sourcing and more complex supply chains may increase the demand for our services – e.g., purchase order management, cargo consolidation, customs clearance and warehousing.</p>
<p>Geopolitical instability and protectionism <i>Geopolitical instability causes tension and unrest. Global trade flows and economies are impacted by factors like protectionism, trade wars and political and military conflicts.</i></p>	<p>Across the globe, we continue to see new examples of conflicts, protectionism, changes to tariffs and embargoes.</p> <p>In 2022, the war in Ukraine had both direct and indirect impact on the supply chains of many companies and on transport markets due to the closure of Russian air space and Ukrainian truck drivers leaving the European market.</p> <p>In recent years, the UK Brexit and the “trade war” between China and the US have also had a significant impact on supply chains and our operations.</p>	<p>When such changes occur, we and our customers must react quickly to keep supply chains flowing – and to avoid violating any regulation. We offer a strong operational and compliance setup to help customers prepare for and adapt to market changes.</p> <p>Ultimately, we expect the benefits of global supply chains to win out over protectionism, and we believe globalisation is here to stay. There will be examples of more local production, and with our flexible business model we can adapt to such changes in trade flows.</p>
<p>Greener supply chains <i>The demand for greener supply chain solutions is growing – driven by increasing environmental regulations and consumer pressure.</i></p>	<p>The transport and logistics industry is a major contributor to carbon emissions, and the sector as a whole must make a bigger effort to develop more environmentally sustainable business practices and reduce emissions from its activities.</p> <p>Having a clear sustainability strategy and service offering is increasingly becoming a “license to operate” for transport and logistics companies.</p>	<p>In 2022, we continued our efforts to support greener supply chains for our customers through our Green Logistics offerings.</p> <p>This market is still at an early stage, and we expect that the demand for these services will increase in the coming years. We continue to develop our services, and in 2022, we changed our organisation and created new operational and commercial sustainability teams to support this.</p>
<p>The rise of e-commerce <i>Consumer behaviour is becoming increasingly digital, sending fulfilment centre and last-mile delivery activities skyward.</i></p>	<p>COVID-19 lockdowns accelerated the shift in consumers’ buying behaviour towards more online shopping.</p> <p>During 2022, e-commerce slowed a little, in line with the economic slowdown. But we still expect high structural growth in this area in the coming years, both for local and cross-border transactions.</p>	<p>We continue to see growth potential for DSV in the e-commerce market, and we are continuously developing our services. This includes the roll-out of our automated e-fulfilment factories and customised solutions for large customers.</p>
<p>Digitalisation and automation <i>Technology has transformed our industry over the past decades. This development will continue and will impact the way we operate and interact with customers and other stakeholders.</i></p>	<p>Across supply chains, the demand for visibility and productivity – often in tight labour markets – drives technological development.</p> <p>Customer and vendor interactions are gradually changing from manual and classic EDI based to more modern API connections. And to drive productivity and support the fast-growing e-commerce segment, warehouses are increasingly being fitted with automated storage & retrieval systems.</p>	<p>We aim to combine our strong logistics competences with advanced digital solutions. We work with strategic roadmaps to develop our digital and physical infrastructure, and we implement scalable technology across our organisation.</p> <p>Read more about our approach to technology in the following chapter.</p>

A responsive approach

At DSV, we continuously monitor the latest trends and adopt new technologies that benefit our business and our customers.

Our business operations rely on strong systems and technology. Last year, our scalable, digital platforms handled almost 270 million jobs, shipments and order lines. This platform not only supports efficient workflows; it also ensures a fast and smooth integration of M&As and supports our growth strategy.

Hybrid computing and AI

To fulfil our strategy and react quickly to our dynamic markets, we have a strong, scalable IT infrastructure. We take a hybrid computing approach blending on-premises and cloud-based infrastructure across operational systems, customer integrations and engagement services.

On top of our Advanced Integration Platform that we implemented in 2021, we are now applying artificial intelligence (AI) to improve our operational efficiency in various ways. In 2022, we implemented systems for improving data quality of vendor data and for automated scanning of customs declaration forms. Our modular approach to developing AI solutions allows us to quickly reuse models and data across the business to roll out even more solutions and respond to customer needs in a quick fashion.

Delivering supply chain visibility

Digitalisation is changing the way we interact with customers and vendors through every phase of a shipment. From quote, purchase order, booking, shipment tracking and status alerts to final billing and KPI reports. Our digital tools provide supply chain visibility to DSV customers – and make it easy to do business with us.

Our digital freight forwarding platform, myDSV, is part of our critical IT infrastructure, not only managing bookings but also tracking, claims and reporting. In 2022, bookings on myDSV were up by more than 30%.

Besides myDSV, we provide direct customer integrations for large customers. Increasingly, we are seeing EDI connections replaced by more advanced API integrations.

Automated, efficient warehousing

Automating and optimising warehouse processes improve customers' experiences and enable us to utilise warehouse space more efficiently. The structural growth in e-commerce transactions means that the demand for efficient warehouse solutions is growing too.

The journey towards more automated warehouses continued in 2022. Our automated goods-to-person storage and retrieval program, DSV Fulfillment Factory, was launched in 2021, and during 2022, it has been rolled out to even more sites and customers. In addition, we are increasing the adoption of a wider range of warehouse automation technologies, including automated guided vehicles and airborne autonomous drones for cycle count.

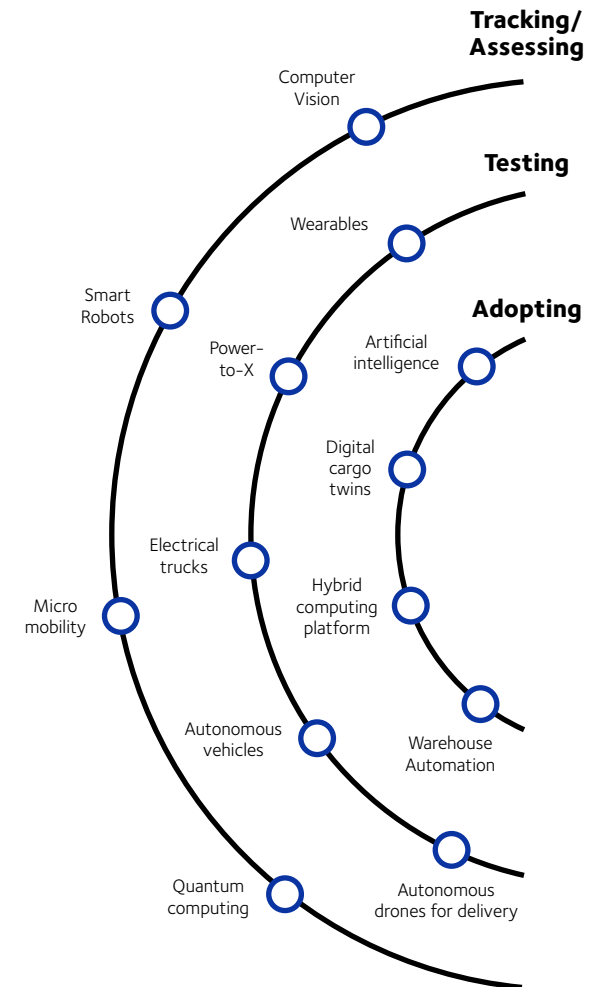
Digital cargo twins

In more and more warehouses and terminals, we now scan the size and weight of every incoming parcel and distribute this data across our IT systems as a "digital cargo twin". This gives us a precise view of the utilisation and performance of our warehouses and other assets, allowing us to optimise performance. In addition, the scanning of parcels ensures that customers are invoiced accurately based on the actual size and weight of their shipments.

Staying abreast of the latest trends

Our DSV Innovation Hub drives our global innovation efforts, monitoring trends and technologies and prioritising which to explore. Working with internal and external stakeholders, this team tests ideas, establishes financial business cases and implements projects across our global network.

DSV technology trend radar



Outlook for 2023 and 2026 financial targets

For 2023, we expect EBIT before special items of DKK 16,000–18,000 million. We maintain our 2026 financial targets and aim for a 45% conversion ratio for the Group.

Outlook 2023 (DKKm)	2022 actual	Outlook 2023
Operating profit (EBIT) before special items	25,204	16,000–18,000
Effective tax rate	23.9%	24.0%

Assumptions for 2023 financial outlook

After an extraordinary 2022, we expect a decline in our earnings and margins for 2023 as freight markets find a new normal level after the pandemic.

The World Bank projects global GDP growth in the level of 2–3% in 2023 – with lowest growth rates in the advanced economies. Normally, we expect transport volumes to grow in line with the economy, but in the second half of 2022, we saw volumes declining more than GDP due to reduction of inventory levels and normalisation of consumer behaviour after COVID-19. We expect this negative development in freight volumes to continue in the first part of 2023, but we expect a recovery in the second half of the year.

We have based our guidance on the assumption of declines in air and sea freight volumes of 2–5% for the full year 2023. As transport markets continue to normalise, we expect that our gross profit yields in Air & Sea will decline compared to the average level in 2022.

For Road and Solutions, we expect that markets will be flat or decline by low single digits in 2023. Across all divisions our aim of taking market share remains intact.

We will monitor activity closely across our organisation and adjust our capacity and cost base accordingly.

The outlook for 2023 assumes that the currency exchange rates, especially the US dollar against DKK, will remain at the current level.

The geopolitical and macroeconomic environment remains uncertain, and unforeseen changes may therefore impact our financial results.

2026 financial targets

While we expect decline in conversion ratio and ROIC in 2023 compared to the extraordinary levels in 2022 – mainly for Air & Sea – our 2026 targets are unchanged.

The targets are based on the assumption of stable global economic development during the period 2024–26, with average annual global GDP growth of at least 3% and transport market growth in line with GDP.

All the way towards 2026 we will continue our focus on achieving organic growth ahead of the market, and we see opportunities to improve productivity across the Group. Our IT systems, infrastructure and back-office functions are scalable, providing opportunities to leverage operations in all three divisions.

The targets are based on organic growth and do not include the potential impact from large acquisitions in the period. The strategic objectives of the Group are translated into the following targets:

2026 targets (%)	2022 actual	2026 targets
DSV Group		
Conversion ratio	48.3	>45.0
ROIC (before tax)	25.1	>20.0
Divisional targets for conversion ratio		
Air & Sea	59.7	>50.0
Road	25.8	>30.0
Solutions	29.0	>30.0

Forward-looking statements

This Annual Report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks, because many factors, some of which are beyond our control, may result in actual developments differing considerably from the expectations set out in the 2022 Annual Report. Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for our services, competition in the transport sector, operational problems in one or more of DSV's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.

Capital structure and allocation

Capital structure

The aim of DSV's target capital structure is to ensure:

- sufficient financial flexibility to meet our strategic objectives; and
- a robust financial structure to maximise the return for our shareholders.

Our target financial gearing ratio is below 2.0 x EBITDA before special items. The ratio may exceed this level following significant acquisitions.

Capital allocation policy

Our free cash flow allocation prioritisation remains unchanged:

1. We pay net interest-bearing debt in periods when the financial gearing ratio is above target range.
2. We make value-adding investments in the form of acquisitions or development of the existing business.
3. Our distribution to the shareholders takes place through share buybacks and dividends.

Value-adding investments

DSV pursues an active acquisition strategy. Our acquisitions have created substantial value for shareholders over the years and have also contributed to consolidating an otherwise fragmented industry.

As a Group, we have a track record of successful company integrations – the most recent chapter in this story being the acquisition of Agility's Global Integrated Logistics business (GIL) in 2021.

We have been able to create increasing return on invested capital (ROIC) over time. However, large acquisitions have initially diluted ROIC before tax.

Capital structure

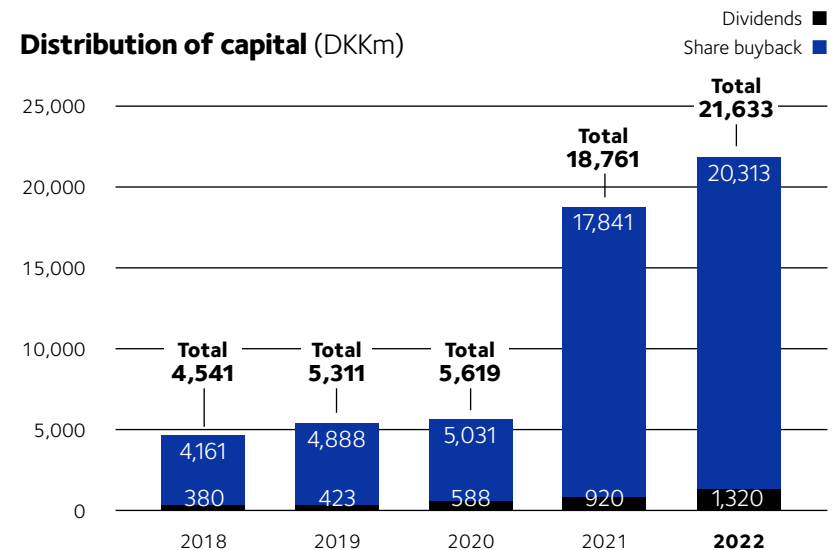
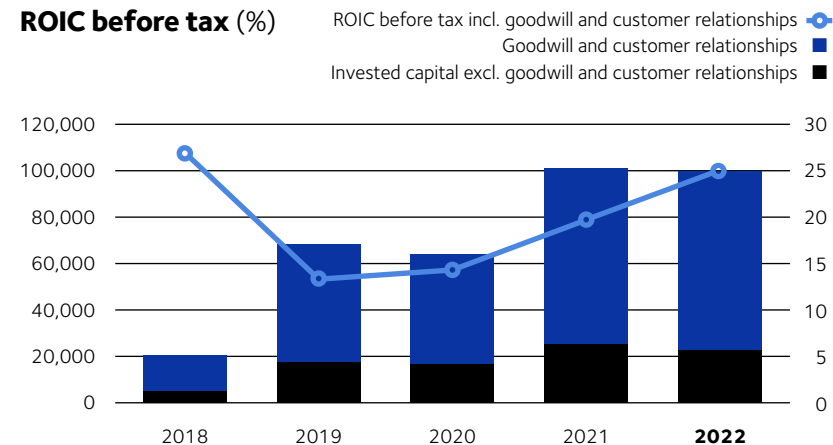
Group Management continuously monitors whether the capital structure is in line with the targets, and excess capital is distributed to shareholders through share buybacks and dividends.

Adjustments to the capital structure are usually announced in connection with the release of quarterly financial reports and are made primarily through share buybacks.

Dividend policy

DSV aims to ensure an annual dividend pay-out ratio of approximately 10-15% of our net profit.

Proposed dividend for 2022 amounts to DKK 6.50 per share (2021: 5.50 per share). The proposed dividend for 2022 is equivalent to 8.1% of net profit. The lower dividend payout-ratio for 2022 reflects the extraordinary result for 2022 and expected normalisation of earnings in 2023.





Michael Ebbe
CFO

Financial review

The Group delivered strong results for 2022, achieving 33% growth in gross profit. EBIT before special items was DKK 25,204 million – up 48% and in line with the expected level of DKK 24,500–25,500 million.

Income statement (DKKm)	2022	2021	Growth*
Revenue	235,665	182,306	24.3%
Direct costs	183,516	144,691	
Gross profit	52,149	37,615	33.3%
<i>Gross margin</i>	22.1%	20.6%	
Other external expenses	5,559	4,173	
Staff costs	16,315	13,025	
Operating profit before amortisation and depreciation (EBITDA) before special items	30,275	20,417	
Amortisation and depreciation	5,071	4,194	
Operating profit (EBIT) before special items	25,204	16,223	48.0%
<i>Conversion ratio</i>	48.3%	43.1%	
Special items, costs	1,117	478	
Net financial expenses	866	841	
Profit before tax	23,221	14,904	
Tax on profit for the year	5,550	3,650	
Profit for the year	17,671	11,254	

* Growth including M&A and in constant currencies.

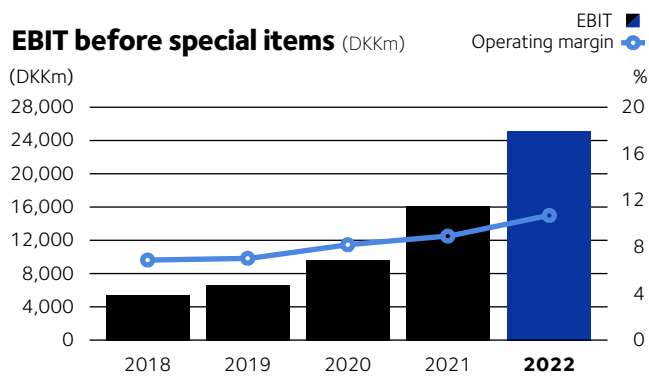
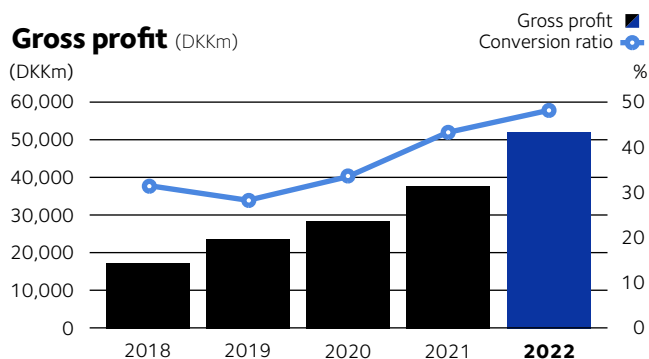
Strong performance in an extraordinary year

2022 was an eventful year with volatile freight markets, heightened geopolitical unrest, historically high inflation rates and a macroeconomic slowdown. The market for air and sea shifted from congestion, lack of capacity and record-high freight rates in the first half of the year to declining volumes and rapidly falling rates in the second half. The markets for road and contract logistics were less volatile – but certainly also impacted by the changes in the world around us.

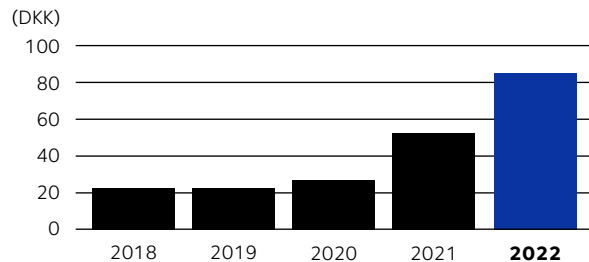
For DSV, it was also an integration year. We completed the integration of Agility's Global Integrated Logistics business (GIL) less than one year after the closing of the transaction – a new record for us.

Across all business areas, we achieved growth in earnings in 2022 – with the strongest performance in Air & Sea and Solutions. In the extraordinary market conditions, we delivered 48% growth in EBIT before special items. And very importantly, we converted the earnings to cash. Adjusted free cash flow was up by 163.4% compared to 2021, and in line with our capital allocation policy, we allocated DKK 21,633 million to shareholders through share buyback and dividend.

Earnings per share (diluted and adjusted) was up 59.9% in 2022,



Diluted adjusted earnings per share of DKK 1



driven primarily by growth in earnings and to a less degree a reduction in the number of issued shares.

The performance of each of our divisions is further described in the reviews on [pages 24-30](#).

Integration of Agility's Global Integrated Logistics business

The acquisition of GIL was closed in August 2021, at which date we included GIL in our consolidated financial statements. Consequently, the business combination was only partly included in the comparable P&L figures for 2021.

We finalised the integration during Q3 2022, and in line with previous announcements, we estimate that GIL will contribute at least DKK 3 billion annually to combined EBIT before special items. The integration triggered costs of DKK 1.1 billion in 2022, which are recognised in the income statement under special items.

Ukraine and Russia

As previously announced, we have divested or closed down all DSV subsidiaries in Russia and Belarus. We made this decision shortly after Russia's invasion of Ukraine, and the exit had no material impact on the financial results of the Group. We also make sure that we comply with international sanctions against Russia and Belarus at all times, and we have stopped organising transports to, from and through the two countries, except for pharmaceutical shipments and humanitarian aid.

Our Ukrainian operations were temporarily suspended when the invasion started in February 2022. During the year, we have resumed activities in the country to the extent possible.

Results

Revenue

Revenue was up 24.3% in 2022. The Air & Sea division grew revenue by 26.1%, driven by the inclusion of GIL and higher freight rates in the first half of the year. In the second half of 2022, the economic slowdown resulted in lower demand for freight services.

In combination with less congestion this led to falling freight rates and lower revenue for the division.

(DKKm)	2022	2021	Growth*
Air & Sea	174,431	131,901	26.1%
Road	41,507	35,416	16.4%
Solutions	24,409	18,734	26.2%
Non-allocated items and eliminations	(4,682)	(3,745)	n.a.
Total revenue	235,665	182,306	24.3%

* Growth including M&A and in constant currencies.

The Road and Solutions divisions also achieved strong revenue growth for the year. This was driven by higher average rates/fuel prices and higher activity (market share gains). GIL business contributed to the growth in both divisions, especially in Solutions, due to its strong footprint in the Middle East and APAC. The economic slowdown also affected Road and Solutions in the second half of 2022; however, less than the Air & Sea division.

Gross profit

Gross profit was up 33.3% in 2022. Growth in Air & Sea was mainly driven by the addition of GIL and higher gross profit yields due to the extraordinary market conditions with port congestion, high freight rates and general cost inflation. In the second half of the year, the division was affected by a gradual drop in yields as congestion started to ease.

(DKKm)	2022	2021	Growth*
Air & Sea	34,624	23,769	38.5%
Road	7,911	7,095	11.0%
Solutions	9,318	6,653	35.3%
Non-allocated items and eliminations	296	98	n.a.
Total gross profit	52,149	37,615	33.3%

* Growth including M&A and in constant currencies.

Gross profit growth in Road and Solutions was driven by the addition of GIL business and higher activity levels. Solutions in particular achieved high growth as we added new warehouse capacity.

Gross margin for the Group was 22.1%, compared to 20.6% last year. This increase was driven by the Air & Sea division with high gross profit yields and a change in its product mix. The Solutions division also achieved a higher gross margin, due to increased warehouse utilisation and more efficient workflows.

All regions achieved growth in gross profit in 2022, strongest in APAC and Americas. Furthermore, the Middle East was significantly strengthened by the addition of GIL's network in this region.

EBIT before special items

For the Group, EBIT before special items increased by 48.0%. This was driven by gross profit growth across all divisions and geographical regions and by the addition of GIL.

(DKKm)	2022	2021	Growth*
Air & Sea	20,658	12,768	53.0%
Road	2,040	1,857	9.2%
Solutions	2,701	1,775	47.4%
Non-allocated items and eliminations	(195)	(177)	n.a.
Total EBIT before special items	25,204	16,223	48.0%

* Growth including M&A and in constant currencies.

The 2022 conversion ratio was 48.3%, compared to 43.1% last year. Our Air & Sea and Solutions divisions improved their ratios and Road was on par with 2021, even though inflation put high pressure on the cost base in the second half of the year. In extraordinary market circumstances – and while managing the GIL integration – our teams continued to optimise workflows and systems and leverage our network. As logistics markets gradually normalise, we expect a lower conversion ratio in 2023.

Total staff costs (excluding hourly workers) were DKK 16,315 million in 2022 (2021: DKK 13,025 million). The cost rise was from the inclusion of GIL as well as organic increases in activity, cost inflation and the impact of exchange rate fluctuations.

Other external expenses totalled DKK 5,559 million in 2022 (2021: DKK 4,173 million). They were affected by the same factors as staff costs.

Depreciations totalled DKK 5,071 million in 2022 (2021: DKK 4,194 million). This rise was due to the inclusion of GIL and the addition of several warehouses in our Solutions division.

Special items totalled DKK 1,117 million in 2022 (2021: DKK 478 million), relating to the now finalised GIL integration. The total GIL integration cost came to DKK 1.6 billion.

Net financial expenses totalled DKK 866 million in 2022 (2021: DKK 841 million). The increase was partly due to the inclusion of GIL and an increase in our leasing debt compared to 2021 due to our warehouse expansions in 2022.

Gain on currency translation was DKK 276 million in 2022, compared to a DKK 53 million loss in 2021. Currency translations were mainly related to intercompany loans and had no cash impact. The integration of GIL led to a temporary increase in intra-group currency exposure.

(DKKm)	2022	2021
Interest on lease liabilities	727	495
Other interest cost, net	396	276
Interest on pensions	19	17
Currency translation, net	(276)	53
Net financial expenses	866	841

The effective tax rate was 23.9% in 2022, compared to 24.5% in 2021. This was in line with our expectations. The inclusion of GIL and the growth of the Air & Sea division have increased the Group's presence in countries with a relatively higher corporate tax rate.

Diluted adjusted earnings per share

Diluted adjusted earnings per share went up by 59.9% to DKK 81.4 in 2022 (2021: DKK 50.9). This was driven by the significant increase in adjusted earnings and also a reduction in shares outstanding, as treasury shares from share buybacks were cancelled during the year.

Cash flow statement

Cash flow from operating activities in 2022 rose by 120.0% to DKK 26,846 million. Cash flow from operating activities was positively affected by higher EBITDA before special items and an improvement in net working capital, but offset by higher tax payments for the period.

On 31 December 2022, our net working capital (NWC) was DKK 5,116 million, compared to DKK 8,031 million in 2021. The main reason was lower NWC for the Air & Sea division, where lower freight rates and lower activity in the last months of 2022 reduced funds tied up in NWC. Process optimisations, especially in the GIL business, also contributed to lower NWC.

(DKKm)	2022	2021
Cash flow from operating activities	26,846	12,202
Cash flow from investing activities	(966)	420
Free cash flow	25,880	12,622
Cash flow from financing activities	(24,245)	(8,680)
Cash flow for the period	1,635	3,942
Free cash flow	25,880	12,622
Net acquisition of subsidiaries and activities	-	(1,631)
Special items	664	828
Repayment of lease liabilities	(3,734)	(3,160)
Adjusted free cash flow	22,810	8,659

Relative to full-year revenue, funds tied up in NWC at year-end decreased to 2.2%, from 3.5% in 2021.

Cash flow from investing activities was an outflow of DKK 966 million in 2022, in line with our expectations. The cash inflow of DKK 420 million in 2021 was due to including the positive cash position of GIL.

Adjusted free cash flow (adjusted for acquisitions, special items and IFRS 16) was DKK 22,810 million, compared to DKK 8,659 million last year. *The adjusted free cash flow* was mainly driven by the significant positive increase in cash flow from operating activities.

Cash flow from financing activities was negative by DKK 24,245 million in 2022 (2021: negative DKK 8,680 million). This difference was mainly due to higher proceeds from borrowings last year. In 2021, we issued three new corporate bonds versus only one in 2022.

In line with our capital allocation policy, we allocated DKK 21,633 million to shareholders via share buybacks and dividend in 2022. At year end, the financial gearing ratio was 1.0x EBITDA (2021: 1.4x).

Capital structure

On 31 December 2022, DSV shareholders' share of equity was DKK 71,519 million (2021: DKK 74,103 million). This decrease was mainly driven by allocations to shareholders, partly offset by profit for the period.

The share capital was nominally DKK 219 million by the end of 2022 (2021: 240 million). The share capital is divided into 219 million shares of DKK 1 each. Each share has one vote.

The share capital was reduced on 20 April 2022 through the cancellation of 6 million treasury shares and on 22 December 2022 through the cancellation of 15 million treasury shares.

The solvency ratio excluding non-controlling interests was 45.0% on 31 December 2022, compared to 45.9% on 31 December 2021.

Net interest-bearing debt (including IFRS 16 lease liabilities) was DKK 29,870 million by the end of 2022 – close to the level of last year (2021: DKK 29,245 million).

In 2022, we issued one new corporate eight-year bond of EUR 600 million. The weighted average duration of corporate bonds, committed loans and credit facilities was 8.3 years on 31 December 2022, compared to 9.6 years on 31 December 2021.

Invested capital and ROIC

The invested capital including goodwill and customer relationships amounted to DKK 99,540 million on 31 December 2022 (2021: DKK 101,231 million). The decrease was mainly due to lower net working capital, partly offset by higher currency exchange rates.

Driven by strong growth in earnings, return on invested capital (including goodwill and customer relationships) was 25.1% for 2022 (2021: 19.6%). Excluding goodwill and customer relationships, return on invested capital was 105.1% for 2022 (2021: 77.9%).

Reporting on corporate social responsibility

Reporting on corporate social responsibility cf. section 99a of the Danish Financial Statements Act

We have reported separately on corporate social responsibility in our Sustainability Report 2022, in accordance with section 99a of the Danish Financial Statements Act.

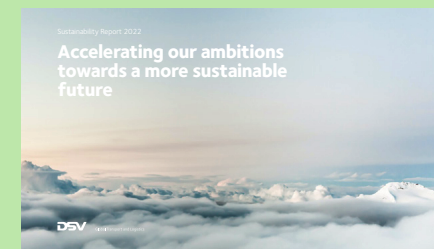
Reporting on management gender composition cf. section 99b of the Danish Financial Statements Act

We have reported separately on management gender composition in our Sustainability Report 2022, in accordance with section 99b of the Danish Financial Statements Act.

Reporting on diversity cf. section 107d of the Danish Financial Statements Act

We have reported separately on diversity in our Sustainability Report 2022, in accordance with section 107d of the Danish Financial Statements Act.

For more information on developments within each ESG area, please refer to our **Sustainability Report** at: <https://www.dsv.com/en/sustainability-reports>



ESG performance

In 2022, we committed to an ambitious 2050 net-zero target, and we restated our 2019 baseline for CO₂ emissions to now include GIL. We also completed our first global employee engagement survey and updated our human rights assessment programme.

Performance on CO₂ emissions

In 2022, we raised our ambitions and committed to reaching net-zero carbon emissions across our operations by 2050, and we revised our 2030 emission reduction targets for scope 1 and 2. According to our revised targets, we will reduce our scope 1 and 2 emissions by 50% by 2030 and our scope 3 emissions by 30%.

	2022	2021	2019 Baseline
Total Co₂ emissions ('000 tonnes)	15,930	15,373	20,526
Scope 1+2	441	254	409
Scope 3	15,489	15,119	20,117
Carbon intensity - Co₂e (g/tonne-km)			
Air transport	694.4	707.4	739.5
Sea transport	6.6	6.5	6.3
Road transport	97.5	98.7	98.1

Our total CO₂ emissions in 2022 increased by 4% compared to 2021. The increase was primarily due to the full-year effect from GIL, but this was offset by declining volumes within air and sea due to the economic slowdown in the second half of 2022. The growth in scope 1 and 2 emissions was also impacted by the growth in our Solutions division and an increase in our own truck fleet.

Compared to the 2019 baseline – now including GIL – our total emissions declined by 22%. The main reason for this was an overall decline in freight volumes in the period. As volume growth is expected to return in the coming years, we need to achieve lower carbon intensity per transport.

Carbon intensity has generally improved over the years as transport equipment becomes more efficient enabling better utilisation of capacity. For sea freight, carbon intensity saw a negative development in 2021 and 2022, mainly due to less slow-steaming in a period with port congestion and tight capacity – we expect this situation to reverse in the coming years as more capacity is added.

With our CO₂ baseline in place, we are now working on a roadmap with initiatives which over time can contribute to reducing our emissions across all business areas. This includes the continued development of our Green Logistics offerings, the use of sustainable fuels, pilots with electric trucks, own production of energy and continued focus on optimising our own buildings.

A business powered by people

We successfully integrated GIL in 2022. Across the organisation we were able to retain the key GIL employees, which was very positive. In a tight labour market we also achieved a relatively stable development for existing DSV employees, and as a result, our employee turnover adjusted for synergies was 22.1%. This was on level with last year and we estimate that this is on level with our industry.

Promoting health and safety capabilities across the organisation is a key priority for us in order to keep employees safe. It is reflected in our lost time injury frequency rate, which this year dropped to 2.8 compared to 4.5 in 2021.

Conducting our business activities responsibly and applying strong ethical standards is high on our agenda. This includes ensuring that we comply with the latest human rights regulations, and in 2022 we developed a new and improved Human Rights programme which will be fully rolled out in 2023.

Towards the end of 2022, we carried out a global engagement survey across our organisation. The survey achieved a high response rate and provided valuable feedback and insight on how we can make DSV an even better place to work. The results of the survey are currently being reviewed, and we look forward to addressing these findings over the coming year.

Working with integrity

The DSV Code of Conduct forms our ethical foundation and guides our principles, behaviour and culture. We conduct mandatory internal e-learning modules every year, and in 2022, we achieved a 100% completion rate among the employees assigned this year.

As freight forwarders, we depend on our suppliers who perform the transport services. This year, we have implemented a new global third-party risk management system, enabling us to improve our risk assessments, approval and monitoring capabilities. In combination with new automated distribution and sign-off capabilities of our Supplier Code of Conduct, these solutions will help enforce our standards across our entire supply chain.

We will continue developing the new platform in 2023, improving our supplier screening and evaluation capabilities.

Air & Sea

Gross profit

DKK 34,624 million

+38.5%

Operating profit

DKK 20,658 million

+53.0%

Geographic segmentation
based on gross profit

EMEA

39%

AMERICAS

32%

APAC

29%

The Air & Sea division operates a global network specialising in transportation of cargo by air and sea. The division offers both conventional freight forwarding services and tailored project cargo solutions.

For 2022, the division reported a 38.5% increase in gross profit and 53.0% increase in EBIT before special items. This growth was driven by the inclusion of GIL, high gross profit yields in extraordinary freight markets and a continued focus on operational excellence.

Condensed income statement and key figures (DKKm)	2022	2021	Growth*
Revenue	174,431	131,901	26.1%
Direct costs	139,807	108,132	
Gross profit	34,624	23,769	38.5%
Other external expenses	4,244	3,366	
Staff costs	8,471	6,598	
Operating profit before amortisation and depreciation (EBITDA) before special items	21,909	13,805	
Amortisation and depreciation	1,251	1,037	
Operating profit (EBIT) before special items	20,658	12,768	53.0%
Gross margin (%)	19.8	18.0	
Conversion ratio (%)	59.7	53.7	
Operating margin (%)	11.8	9.7	
Number of full-time employees at year end	23,032	24,675	
Total invested capital	68,813	73,256	
Net working capital	5,849	10,675	
ROIC before tax (%)	29.1	21.9	

* Growth including M&A and in constant currencies.

Market situation

Navigating volatile markets was a major theme in 2022. During the year, there was a significant change in the dynamics of the global freight markets. At the start of the year, supply chains were still heavily impacted by congestion and COVID-19 lockdowns. This resulted in lack of capacity, high freight rates and low schedule reliability.

During the second half of the year, demand for transport services declined as a result of the general macroeconomic slowdown, de-stocking in the retail sector and a gradual normalisation after COVID-19 lockdowns as consumption shifted away from material goods and towards services. Congestion across supply chains gradually eased and capacity started to recover, leading to a more balanced market situation by the end of the year.

Air

The global air freight market saw gradually declining demand during 2022, especially for export from Asia to Europe and to North America. Demand for air freight was also impacted by improving schedule reliability and lower rates in the sea freight market, which made sea freight a more competitive alternative. The available air freight capacity gradually increased as belly-space capacity in passenger planes returned. As a result, air freight rates declined, mainly in the second half of 2022.

This year, we achieved air freight volume growth of 3% (including M&A impact). Adjusted for the acquisition of GIL, the division's 2022 volumes were down by approximately 7%, compared to an estimated general market decline of 8-10%.

Sea

In the global sea freight market, port congestion was still an issue on the US East Coast and in Northern Europe in the first part of 2022, but available capacity gradually increased as congestion eased during the year. In combination with weaker

demand – especially on the Asia–Europe and Trans–Pacific routes – this led to rapidly declining spot rates from the historical high rate levels we saw at the end of 2021.

In 2022, we achieved sea freight volume growth of 7% (including M&A impact). Adjusted for the acquisition of GIL, the division's 2022 volumes were down by approximately 7%, which we estimate to be in line with the general market.

The volume development compared to the market for both air and sea was impacted by our relatively high exposure to the Asia–Europe trade lane, which was among the weakest performing in 2022. Furthermore, our ability to outgrow the market is normally limited during an integration year.

Air freight (DKKkm)	2022	2021
Revenue	90,591	70,846
Direct costs	71,988	57,795
Gross profit	18,603	13,051
Gross margin (%)	20.5	18.4
Volume (tonnes)	1,557,972	1,510,833
Gross profit per unit (DKK)	11,941	8,638
Sea freight (DKKkm)		
Revenue	83,840	61,055
Direct costs	67,819	50,337
Gross profit	16,021	10,718
Gross margin (%)	19.1	17.6
Volume (TEUs)	2,665,147	2,493,951
Gross profit per unit (DKK)	6,011	4,298

Strategic and operational highlights

We successfully completed the integration of GIL in 2022, less than a year after the acquisition – thanks to the strong efforts from our teams worldwide. The inclusion of GIL has strengthened our Air & Sea network across most geographies, especially in the Middle East and APAC. With the integration of GIL, we also gained new competences, e.g., within the energy and the chemicals sectors.

With the GIL integration behind us and general demand declining, our focus has shifted to adjusting our capacity and workforce and managing the impact of cost inflation on our business. This was a theme in the last part of 2022 and will continue to be high priority for us in 2023.

In 2022, we continued to develop systems and service offerings to customers. Our workflows are already close to paperless, but we see potential to use and further improve our systems, focusing on areas like digital customer integrations and booking data quality. This will help us provide better and faster supply chain visibility to customers – and increase our own productivity.

Our air charter network provides tailor-made solutions to customers on specific routes. In 2022, we added new lanes to the network, e.g., from Singapore to Los Angeles. We operate the network with a clear focus on flexibility so we can scale capacity up and down as demand changes. LCL (less than container load) in ocean freight is another business area where we increased our focus in 2022. We have gained a strong position within LCL in recent years, and we see good growth opportunities in this market.

We saw increasing interest from customers for our Green Logistics services in 2022, especially around carbon footprint transparency and supply chain optimisation. The market for sustainable fuel is still relatively immature with volatile pricing and limited availability. We expect this will improve in the coming years, and it is highest priority for us to make sure that our customers have the option to choose lower-emission transports.

Results

DSV Air & Sea revenue was DKK 174,431 million in 2022 (2021: DKK 131,901 million), a growth of 26.1%.

This revenue growth was driven by the addition of GIL business and higher freight rates for both air and sea compared to 2021. Geographically, all regions contributed to the growth in revenue.

Gross profit came to DKK 34,624 million for 2022 (2021: DKK 23,769 million), a growth of 38.5%. The increase was driven by the addition of GIL and high yields per unit for both air and sea freight compared to the same period last year.

The extraordinary market conditions over the past years have had a positive impact on gross profit per TEU (sea freight) and per tonne (air freight). Our skilled forwarders, scale benefits and strong carrier relationships have enabled us to navigate the complex markets and offer transport solutions for our customers despite the challenges. With weaker demand, less congestion and lower freight rates, our gross profit yields started to decline in the second half of 2022.

The division's gross margin was 19.8% for 2022 (2021: 18.0%). The increase was mainly due to the extraordinary markets as well as a change in product mix compared to 2021 – with growth within higher-margin activities like LCL and decline in lower-margin project business.

This year, EBIT before special items was DKK 20,658 million (2021: DKK 12,768 million) – an increase of 53.0%. The significant growth was driven by the inclusion of GIL, the general gross profit rise and our continued focus on productivity, achieving synergies and managing costs (operational excellence). All regions contributed to the EBIT growth in 2022.

The conversion ratio came to 59.7%, compared to 53.7% last year. The conversion ratio was positively affected by extraordinary high gross profit yields. As yields normalise, we expect conversion ratio to decline. The improvement in 2022 was also driven by the GIL integration and the achieved synergies.

Net working capital (NWC) was DKK 5,849 million at the end of the year, compared to DKK 10,675 million at year-end 2021. This was due to a combination of lower freight volumes and lower freight rates in the last part of 2022, but also process improvements, especially in the GIL related business.

In 2022, return on invested capital was 29.1%, compared to 21.9% in 2021. The increase was driven by the strong earnings growth.

Focus areas for 2023

After completing three large integrations in recent years, we have achieved a strong market position. We have the network, skilled people and digital tools to provide market-leading global services to our customers, and our clear target is to gain market share. Today, some companies

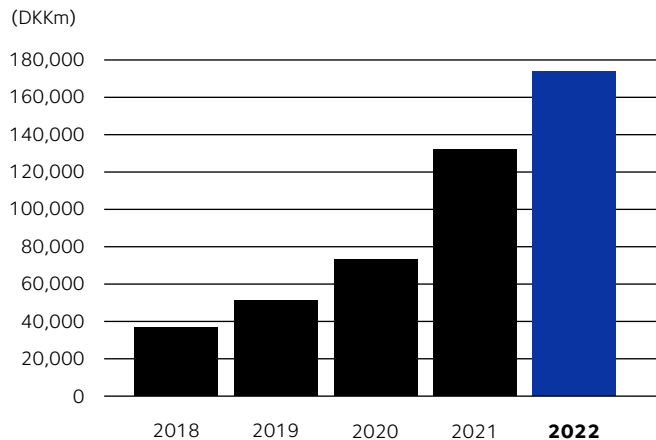
are taking a critical look at their supply chains. We see this as an opportunity, and we are ready to help them with production relocation, dual sourcing strategies, lowering emissions and by creating more supply chain visibility/predictability.

In 2022, we had good momentum within sectors like energy, healthcare and semiconductors, and we will continue to focus on these sectors. Furthermore, we will continue to develop our LCL network, express services and our air charter network as well as adapting to future changes in demand.

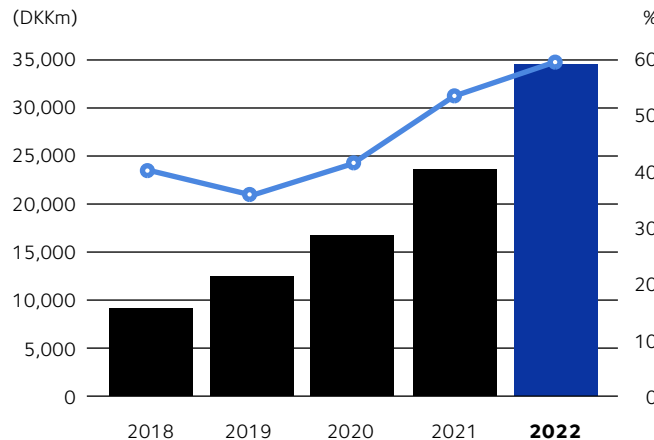
Supply chain disruptions and volatility will still be an issue in some parts of the market in 2023, but the soft markets we saw in the second half of 2022 are likely to continue in the first part of 2023.

Due to the transport market slowdown and increasing competition, we expect a decline in gross profit yields compared to the 2022 level, and we will do our best to navigate the markets, adjust capacity and protect our margins.

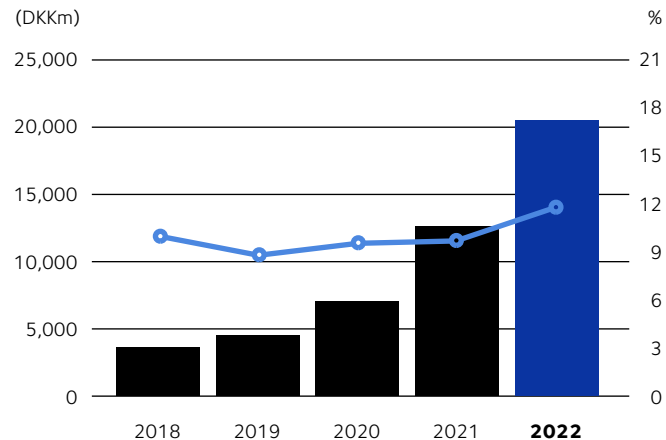
Revenue



Gross profit



EBIT before special items



Road

Gross profit

DKK 7,911 million

+11.0%

Operating profit

DKK 2,040 million

+9.2%

Geographic segmentation based on gross profit

EMEA

93%

AMERICAS

7%

The Road division is among the market leaders in Europe and furthermore has operations in North America, South Africa and in the Middle East. The division operates more than 23,000 trucks and offers full load, part load and groupage services through a network of more than 250 terminals.

For 2022, the Road division achieved 11.0% growth in gross profit and a 9.2% increase in EBIT before special items. The increase in earnings was mainly driven by organic growth. The division delivered strong operational performance in a market affected by tight capacity and cost inflation.

Condensed income statement and key figures (DKKm)	2022	2021	Growth*
Revenue	41,507	35,416	16.4%
Direct costs	33,596	28,321	
Gross profit	7,911	7,095	11.0%
Other external expenses	1,425	1,122	
Staff costs	3,543	3,149	
Operating profit before amortisation and depreciation (EBITDA) before special items	2,943	2,824	
Amortisation and depreciation	903	967	
Operating profit (EBIT) before special items	2,040	1,857	9.2%
Gross margin (%)	19.1	20.0	
Conversion ratio (%)	25.8	26.2	
Operating margin (%)	4.9	5.2	
Number of full-time employees at year end	16,701	16,888	
Total invested capital	10,690	9,624	
Net working capital	(586)	(2,133)	
ROIC before tax (%)	20.1	20.0	

* Growth including M&A and in constant currencies.

Market situation

We estimate that our main road freight market in Europe grew by around 1-3 % in 2022 – in line with European GDP. With the general economic slowdown in the second half of the year, the road freight market slowed down and market volumes dropped below 2021 levels in the last quarter of the year.

The road market was characterised by tight capacity and lack of truck drivers during most of 2022. The EU Mobility Package came into effect at the beginning of the year, and the new regulation effectively reduced available capacity. On top of this, the market was impacted by higher fuel costs and general cost inflation, which also contributed to increasing freight rates and costs.

In a challenging market, we estimate that our Road business grew its share across most markets as a consequence of our strong network and market position.

Strategic and operational highlights

The war in Ukraine, EU's Mobility Package and other market challenges were top of mind in 2022. Following the outbreak of the war, many Ukrainian truck drivers left Western Europe and returned to their home country. This added to the already tight situation with structural lack of truck drivers.

Our effective procurement setup and network meant that, in most cases, we were able to provide necessary capacity for our customers. We believe that this was an important factor behind our market share gains in 2022.

We also made progress on our Road Way Forward programme. We implemented improvements across our European groupage network, including enhanced planning, better equipment utilisation – and most importantly, more departures and higher and more consistent customer service levels. Our new transport management system is live in the Baltic countries, but we made less progress than expected in 2022. We have now changed our approach and reduced vendor dependency, and we are confident that we will achieve further progress in 2023.



The GIL acquisition had a limited impact on the Road division, but it did add road activities in the Middle East, which continued to perform well in 2022.

We have continued our work to help customers optimise their supply chains and reduce their carbon footprints. This includes promoting our Green Logistics services, where we are seeing good interest – especially in Northern Europe and among large customers. Longer term, we are involved in strategic partnerships with truck manufacturers, and we are testing different technologies and equipment. This includes electric trailers, which have the potential to reduce CO₂ emissions from transport by up to 40%.

Results

DSV Road revenue was DKK 41,507 million in 2022 (2021: DKK 35,416 million) – a growth of 16.4%. This was driven mainly by higher freight rates and higher fuel surcharges. For international transports and business-to-business shipments, we achieved growth year-on-year. Business-to-consumer shipments were down, mainly due to lower activity for customers within e-commerce and construction/do-it-yourself and similar sectors. In a market with record-high rate increases and cost inflation, the division has tracked developments closely and has generally been able to adjust prices and provide capacity to our customers.

The division has more than 85% of its revenue in Europe and saw good performance across most countries in this region – especially in our German operations. Our still relatively small operation in North America achieved the highest organic growth rate in 2022, and adding GIL’s road activities also contributed to growth.

Gross profit was DKK 7,911 million in 2022 (2021: DKK 7,095 million), an annual increase of 11.0%.

The division’s gross margin was 19.1% for 2022, compared to 20.0% for 2021. Capacity shortages, higher fuel prices and general cost inflation – partly due to the EU Mobility Package – led to higher direct freight cost for the division. The pass-through element of cost inflation had a negative impact on the gross margin.

EBIT before special items was DKK 2,040 million in 2022, compared to DKK 1,857 million in 2021. This 9.2% increase was driven by the gross profit growth and solid performance across all regions, except for South Africa which was loss-making in 2022. The conversion ratio came to 25.8% for 2022, compared to 26.2% for the same period last year. In an environment with high inflationary pressure on the cost base, the division has maintained focus on productivity and cost management.

Net working capital (NWC) was negative DKK 586 million at the end of the year, against negative DKK 2,133 million at year-end 2021. This development was mainly a result of pre-payments related to property projects included in NWC at the end of 2021.

Return on invested capital was 20.1% in 2022 and was on level with last year.

Focus areas in 2023

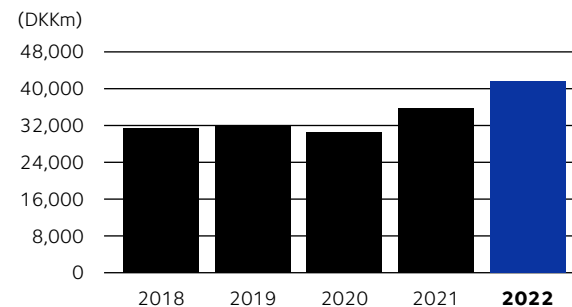
We expect a competitive market in 2023, with activity levels still impacted by the economic slowdown. During the year, we will monitor activity levels closely and adjust capacity when needed. Our target of gaining market shares across geographies remains unchanged.

Across our network, we will continue to develop our services and systems, supporting our customers’ need for supply chain visibility. We take more than 90% of customer bookings digitally, and we aim to enhance data quality in these bookings to improve customer service quality and our own productivity. We will also continue to promote and develop our Green Logistics services, and we expect an increasing demand for these services.

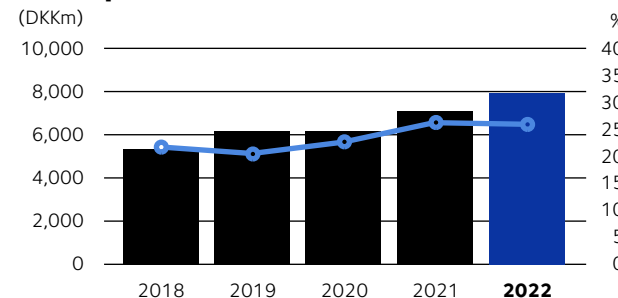
We continue to see North America as an attractive market with strong potential for DSV Road, both organically and through M&A.

The Road Way Forward project continues in 2023. This includes rolling out our transport management system in more countries and continuing development of our European groupage services – aiming for greater geographical network coverage and improved performance on first/last mile distribution. Based on the network improvements we have already made, we expect growth in international groupage shipments in 2023.

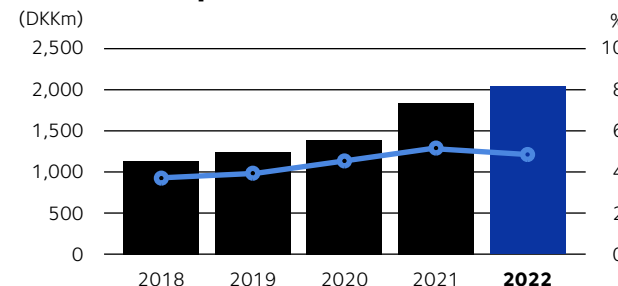
Revenue



Gross profit



EBIT before special items



Solutions

The Solutions division achieved a 35.3% increase in gross profit and a 47.4% increase in EBIT before special items. The strong performance was driven by organic growth and the addition of GIL activities.

Condensed income statement and key figures (DKK million)

	2022	2021	Growth*
Revenue	24,409	18,734	26.2%
Direct costs	15,091	12,081	
Gross profit	9,318	6,653	35.3%
Other external expenses	1,759	1,338	
Staff costs	2,254	1,664	
Operating profit before amortisation and depreciation (EBITDA) before special items	5,305	3,651	
Amortisation and depreciation	2,604	1,876	
Operating profit (EBIT) before special items	2,701	1,775	47.4%
Gross margin (%)	38.2	35.5	
Conversion ratio (%)	29.0	26.7	
Operating margin (%)	11.1	9.5	
Number of full-time employees at year end	32,077	31,866	
Total invested capital	23,364	20,182	
Net working capital	1,624	1,061	
ROIC before tax (%)	12.4	11.3	

* Growth including M&A and in constant currencies.

Gross profit

DKK 9,318 million

+35.3%

Operating profit

DKK 2,701 million

+47.4%

Geographic segmentation based on gross profit

EMEA

71%

AMERICAS

17%

APAC

12%

The Solutions division offers warehousing and logistics services globally and controls more than 500 logistics facilities. The service portfolio includes freight management, customs clearance, order management and e-commerce solutions.

Market situation

The contract logistics market grew by an estimated 3-4% in 2022 compared to the previous year. The market had strong momentum for the first part of the year, but growth decelerated towards the end of the year. For many companies, especially in the retail sector, inventory levels increased during the year, but in- and outbound transactions in warehouses declined compared to the high activity level in 2021.

Throughout the year, warehouse capacity stayed in high demand across most markets. As a result, warehouse utilisation has been high, and the market was impacted by lack of labour, increasing energy prices, general cost inflation and higher interest rates.

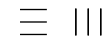
We estimate that Solutions took market share in all its major markets during the year. This was driven by a strong service offering, addition of new warehouse capacity and high utilisation of existing capacity.

Strategic and operational highlights

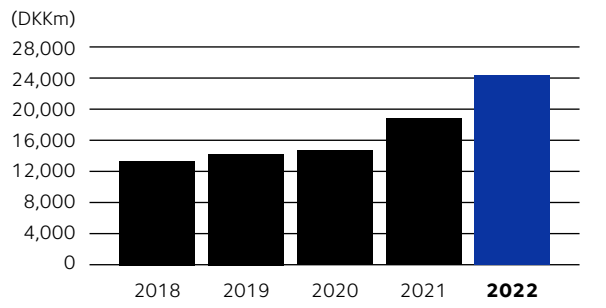
In 2022, we completed the GIL integration. The contract logistics operations in the Middle East and South-East Asia added activities across several industries, including pharma/healthcare, and were a strong contributor to the growth.

We continued executing our long-term strategy for developing multi-client warehouse campuses based on strategic roadmaps for each region, and in 2022 we added more than 800,000 m² of warehouse facilities – of which approximately 300,000 m² was a net addition to the existing capacity. The campuses are partly replacing existing facilities but are also adding new capacity and are a key organic growth driver for the division.

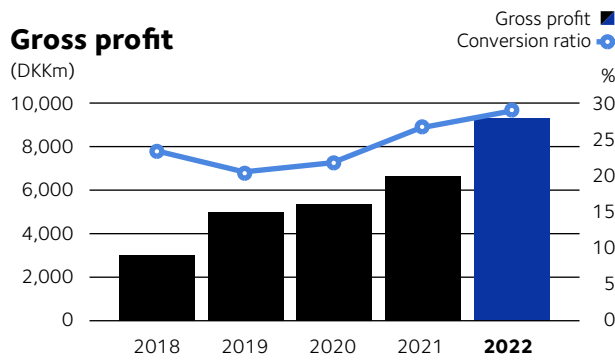
The new warehouses can be equipped and automated to match the needs of customers in different industries – and can accommodate changes in customer needs around seasonality and growth. Having several customers in the same location



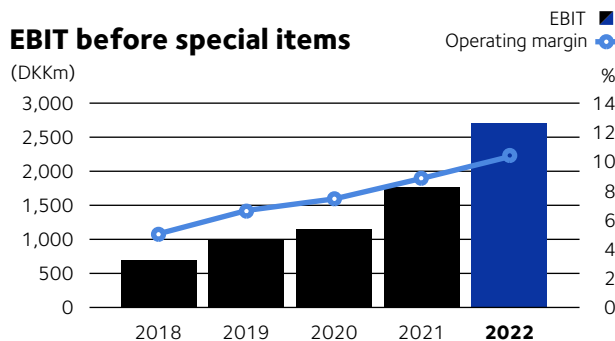
Revenue



Gross profit



EBIT before special items



delivers significant scale benefits, including improved utilisation of space and equipment, warehouse automation and better staff planning. This is clearly reflected in the division's higher profit margins in recent years.

Across both new and existing warehouses, we continue to focus on sustainability, launching several initiatives to reduce the environmental impact of our operations. Our new warehouses are certified in line with leading standards, such as BREEAM, and we increase the utilisation of rooftop areas for solar panels.

Our ongoing consolidation efforts also include the IT infrastructure. More than 70% of all sites operate on the division's global Warehouse Management System, enabling standardisation of services and workflows while reducing the cost per transaction (order line).

In 2021, we launched DSV Fulfilment Factory. This solution enables us to offer warehouse automation to all sizes of companies with multiple distribution channels, both B2B and B2C. We continued rolling it out in 2022 and now have 8 of 16 planned sites in operation.

Results

Solutions revenue was DKK 24,409 million in 2022 (2021: DKK 18,734 million), an annual growth of 26.2%. Growth was strongest in the first part of the year and was driven both by the inclusion of GIL and by organic growth across all regions.

Gross profit was DKK 9,318 million in 2022 (2021: DKK 6,653 million) – an annual increase of 35.3%. The division achieved a gross margin of 38.2%, compared to 35.5% last year. Higher activity, high warehouse utilisation and more efficient workflows in the new campuses were the main drivers behind this development.

EBIT before special items was DKK 2,701 million (2021: DKK 1,775 million). This increase of 47.4% was driven by organic growth across all regions and the successful integration of GIL.

The conversion ratio was 29.0%, compared to 26.7% last year.

This improvement was driven by growth in gross profit, and it was achieved despite general cost inflation affecting the cost base – especially in the second half of the year.

Net working capital (NWC) was DKK 1,624 million at the end of the year, compared to DKK 1,061 million last year. The increase was mainly due to higher activity levels and property projects in progress.

Return on invested capital came to 12.4%, compared to 11.3% last year. The growth in earnings was partly offset by an increase in average invested capital compared to 2021, mainly due to increases in warehouse leasing commitments.

Focus areas in 2023

The current economic slowdown is also impacting the contract logistics market. We are closely monitoring developments and maintain high focus on continuously adjusting capacity and managing our cost base to match demand levels.

Despite the temporary economic slowdown, we still expect the market to be characterised by strong demand for modern, efficient and automated warehouses in the right locations.

We will continue to develop multi-client, automated warehouses with a high focus on sustainability and energy efficiency. We aim to strengthen our footprint across existing countries and focus particularly on growing our presence in Americas and APAC. Bolt-on acquisitions may be relevant for us, especially to gain specific industry competences or a foothold in a specific market.

We maintain our target of gaining market share – our improved pharma sector offering and strengthened e-commerce products are examples of commercial initiatives we expect will support growth in 2023.

Several industries are focusing on creating more robust supply chains. This may lead to relocating production for our customers, more regional production and assembly, higher inventory levels and more stock points or distribution centres closer to the end consumer. We will work closely with our customers and pursue the opportunities this will provide.

Risk management

Risk governance structure

As a global freight forwarder, we are exposed to a variety of risks that are inherent to our operations. Managing these risks is an integrated part of our management activities.

Our risk management framework is based on structured risk identification, analysis and reporting processes, all of which provide the basis for ongoing risk assessments and subsequent initiation of relevant mitigating actions.

Our flat organisational structure allows for fast escalation and timely response to issues that may have a material impact on the Group's earnings and financial and strategic targets.

The Board of Directors is responsible for the Group's risk management strategy and the overall framework for identifying and mitigating risks. The Audit Committee supervises compliance with the established framework.

The Executive Board is responsible for the day-to-day risk management processes as well as the continuous development of the Group's risk management activities.

Risk management

Our risk management process is structured into two parallel tracks:

1. *Operational risk management* – which includes continuous handling of various identified risks resulting from our normal day-to-day operations;
2. *Strategic risk management* – which addresses key risks and other mid- to long-term strategic risks.

Operational risk management

Every week, the operational risks that arise as part of the daily business operations are registered and processed across the organisation, followed by initiation of mitigating actions.

The risks and risk management procedures initiated are reported on a weekly basis to the Executive Board as well as to senior management across the Group.

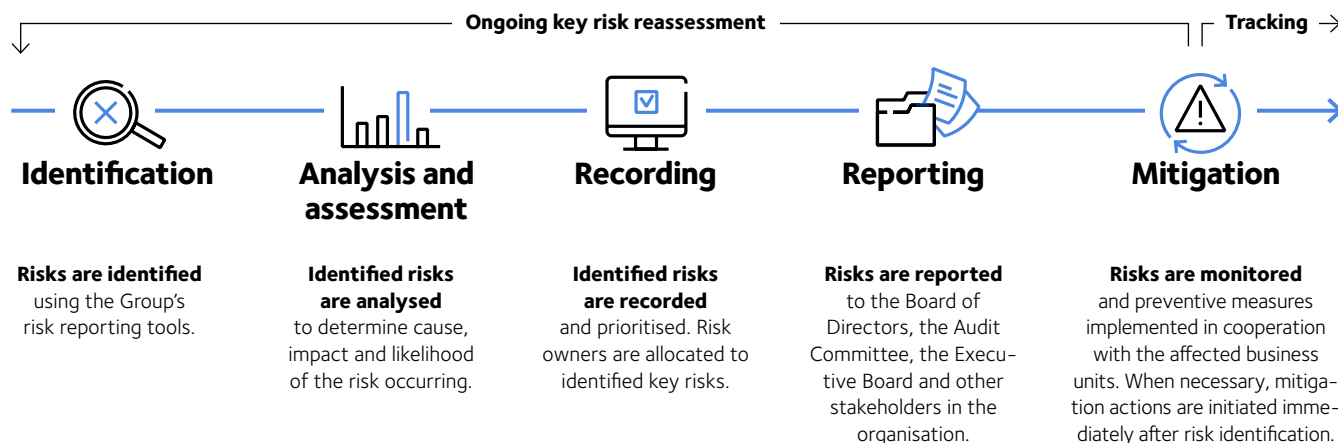
Our weekly operational risk reporting forms the basis for the Executive Board's day-to-day risk management activities and serves as input for the regular reporting to the Board of Directors and the Audit Committee. The weekly report is also distributed to lower management levels across the organisation to create awareness and support knowledge sharing on risks and other matters of importance to the Group.

Strategic risk management

The operational risk management process is followed up annually by high-level strategic risk assessments. They focus on identifying and mapping the key risks facing the Group.

These assessments are based on input from the operational risk management process and extensive risk surveys involving a number of key employees across functions, departments and regions.

Dynamic risk adaption



The key risks identified are addressed by the Executive Board and assigned to risk owners within the Group to make sure that relevant preventive measures are implemented. In line with the established framework, the key risks are reported to and addressed by the Audit Committee and the Board of Directors.

Key risk assessment 2022

The latest assessment of the Group's internal and external strategic risks was carried out in Q4 2022.

The analysis confirmed the eight overall key risk areas – also identified in previous years – which may have a significant impact on the Group's earnings, financial position and ability to achieve other strategic objectives, should they materialise.

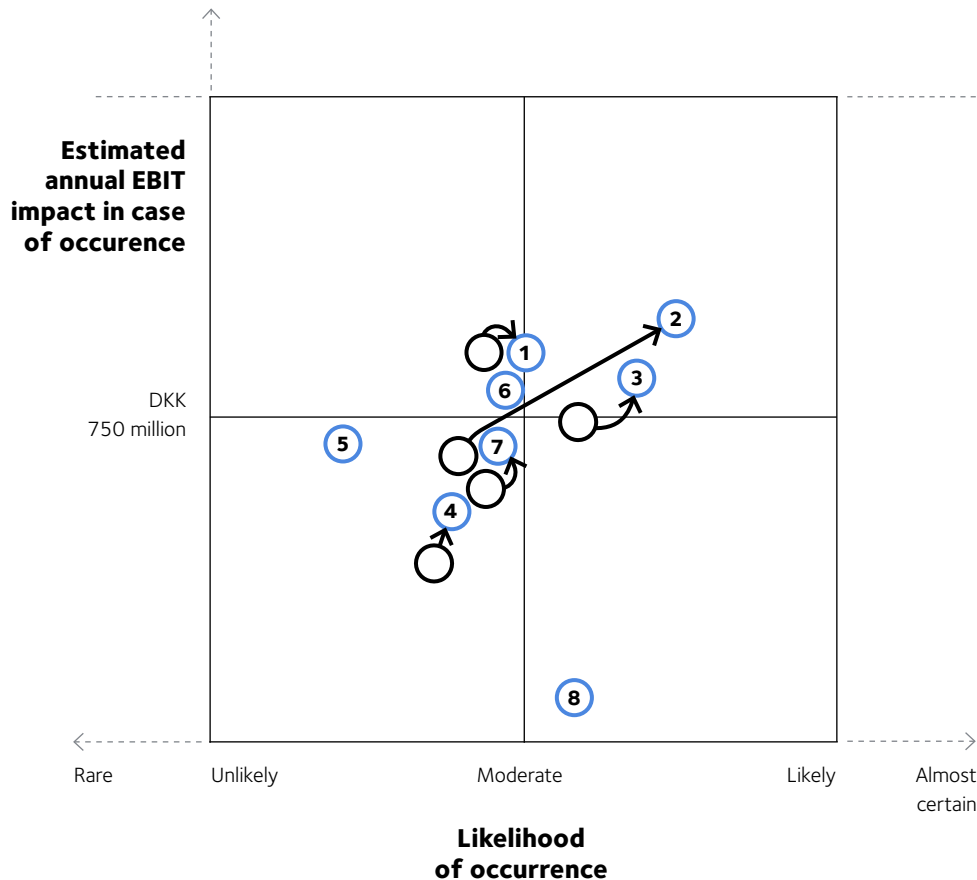
The results of the risk analysis are presented in the adjacent risk map and described in greater detail in the following pages. The risks are not listed in a specific order.

The indicated likelihood of occurrence and annual EBIT impact are based on our best estimates, taking mitigation strategies into consideration. As such, it should be noted that the quantifications applied in the risk map carries some degree of uncertainty.

Financial risks

Our daily operations involve various financial risks. However, these are not considered key risks. Our financial risks are monitored by our Group Finance departments to ensure a high level of management attention on the effectiveness of our hedging strategies. Please refer to [Chapter 4](#) of the notes for additional information on our financial risks.

Key risk map



- 2022
- 2021

- 1 **IT Security**
System breakdowns and cyberattacks
- 2 **Macroeconomy**
Recession and changes to global supply chains
- 3 **Employees**
Retention and attraction
- 4 **Compliance**
Increasing regulatory complexity
- 5 **M&A**
Acquisitions and integration
- 6 **Technology**
Disruption and technological adaption
- 7 **Commercial**
Failure to execute on organic growth strategy
- 8 **Climate risk**
The short-term impact from climate change

IT security – System breakdowns and cyberattacks

Risk description

IT systems, networks and related processes are crucial to our day-to-day operations – from the delivery of our core logistics services to our analytic capabilities and reporting to the financial markets.

This makes us vulnerable to system breakdowns, cyberattacks and failed IT implementations.

A breakdown or an attempt to cause damage to DSV, our customers, suppliers or partners through unauthorised access, destruction, corruption or manipulation of data or systems could pose a significant risk to the Group.

Mitigation strategies

Consolidation, centralisation and standardisation of our systems and processes are cornerstones of our IT strategy and security setup. When integrating acquired companies, we migrate these to our IT platform as quickly as possible.

The Group is focused on IT security and awareness, and we conduct regular audits and continuous analyses of current controls and regular security updates. Migration to cloud-based solutions, continuous cyber awareness training across the organisation, multi-factor authentication, anti-virus and patch management and disaster recovery training are among the measures implemented to mitigate the potential impact of this risk.

Our global IT organisation oversees IT risks and is responsible for ensuring infrastructure preparedness. The Executive Board and the Audit Committee actively monitor cyber risks and the effectiveness of our key IT controls through reporting and regular meetings with the IT and compliance teams.

Risk assessment

In 2022, we have experienced stable performance from our IT and security platforms – both in terms of operational performance and in terms of mitigating cyberattacks, phishing attempts and other IT security risks.

The geopolitical situation and increasing digitalisation of our industry and workplaces have accelerated the risk of targeted cyberattacks. This trend is likely to continue, and our strategy for IT security is already based on this. To mitigate the increased risk, we maintain a high security level, and we have – among other initiatives – expanded the IT security training of employees.

During 2022, the Agility's Global Integrated Logistics business (GIL) operational systems were successfully migrated to the DSV platform, reducing last year's heightened exposure level.

Everything considered, the IT risk of the Group remains on par with last year, with a slight increase in risk of occurrence.

Macroeconomy – Recession and changes to global supply chains

Risk description

An economic recession triggered by, e.g., geopolitical conflicts, rising inflation and interest rates, distortion of the financial markets or a pandemic will have an impact on our activity levels and, consequently, on our financial results.

Similarly, protectionist measures enacted by the major world economic powers can also have a negative impact on global trade. Some restrictions may be counterbalanced by increasing domestic activities and, as a result, sale of other logistics services.

Finally, changing industry and consumer patterns which lead to lower global trade volumes or shortened logistic chains (e.g., because of increasing environmental awareness or industries bringing production closer to home to mitigate supply chain exposures) is also something we monitor closely, although we have yet to see a material impact of this on our business.

Mitigation strategies

To diversify our geographical exposure, we have for several years focused on organic and acquisitive growth outside Europe, which has historically been our main market. The acquisitions of UTi, Panalpina and GIL have significantly strengthened our network in Americas, APAC and MENA.

Our asset-light approach implies that the majority of our terminals, warehouses and operational equipment are leased on short- to medium-term contracts, with the average duration closely monitored to accommodate capacity requirements. This allows us to quickly adapt to any potential slowdown in individual markets.

Certain global supply chains are gradually changing, and we continuously adapt our network and service offerings. This way, when production is established in new markets and dual sourcing strategies are applied, we are ready to support our customers.

Risk assessment

During 2022, the global economy and trade volumes have slowed down. Going into 2023, we are facing lower demand for transport services. This slowdown is already included in our financial guidance for the year – but, obviously, there is uncertainty related to the development both in terms of timing and severity.

We maintain our long-term assumption of 2–3% annual growth in global economy and transport volumes growing in line with this.

Navigating economic downturns and the resulting fluctuations in demand is not new to DSV. Our cost discipline, focus on keeping net working capital under control, strong capital structure and scalable asset-light business model are all designed with this very purpose in mind.

As a consequence of the economic slowdown, our macroeconomic risk has increased from last year.

Employees – Retention and attraction

Risk description

Our employees are our most important asset and vital to ensuring that we succeed when it comes to executing on our strategies and meeting our financial targets.

As freight forwarding is a people-reliant service offering, we depend on highly qualified management teams and employees with technical and operational qualifications, customer and market insights at all organisational levels.

Failure to attract new talent or to retain existing, experienced key employees can potentially have long-term consequences for the operational, strategic and financial development of our company.

Mitigation strategies

We strive to make our company an attractive place to work by offering a supportive and inspiring working environment for all employees. This includes ensuring that our office and warehouse premises are modern and safe places to work as well as encouraging a safe and healthy working environment.

We have established a performance culture centred around the empowerment of the individual, which allows our employees to take responsibilities, make decisions and influence their everyday work life. We also offer clear career-advancing opportunities to talented employees.

We implement this strategy through several initiatives driven by both local management teams and our Group HR department. Examples include initiatives to promote our diversity and inclusion policy, DSV Academy, talent development programmes and retention bonus programmes for key employees.

Risk assessment

During 2022, it remained a challenge to recruit new candidates for certain open positions and in some cases to retain existing colleagues. Skilled employees and managers will most likely continue to be in high demand, but as the global economy slows down, we expect parts of the labour markets to ease.

Compared to previous years, we were able to retain a stable turnover ratio for our employees, despite the challenging market in 2022.

The integration of GIL now completed, we see that we have managed to retain key staff throughout the GIL organisation, as we intended.

Despite the positive notes, it is our assessment that the challenges involved in recruiting and retaining staff for key positions have intensified. This implies that the employee risk has slightly increased.

Compliance – Increasing regulatory complexity

Risk description

At all levels of our organisation and in all the regions and countries we do business, we are committed to honest and ethical business practices and complying with all relevant international and local regulations.

As a result of our global operations, we are subject to extensive national and international regulatory requirements. In particular, regulations relating to tax, customs, VAT, data privacy and competition law continue to increase in scope and complexity. Trade embargoes impacting international transports is another area currently increasing in magnitude.

Cases of non-compliance may carry a long-term impact on our public reputation, which may in turn have a negative impact on our relationships with customers and other stakeholders.

Additionally, cases of non-compliance may lead to significant fines, claims, etc., for the Group, members of our Management or our employees.

Mitigation strategies

'We do not deal in compliance' is a mantra which is well-known throughout the DSV organisation. This fundamental principle has been defined to safeguard the company and its employees, but also because we believe it is the right way to run a business.

Our internal procedures, systems and employee training programmes are designed to ensure awareness of this core principle and to ensure proper understanding and compliance with relevant legislation and our Code of Conduct.

Our compliance framework is integrated into our business processes, containing clear guidelines on how to identify compliance-related issues and how to act accordingly. In addition, communicating and creating awareness of relevant issues is high on our agenda and activated through regular news updates, global newsletters, webcasts and internal conferences.

Significant compliance-related risks are monitored and managed at Group level in close cooperation with our local business units.

Risk assessment

Following the trend from previous years, regulatory requirements continue to expand in number and complexity. The fact that our operational activities span more than 80 countries and jurisdictions adds to this complexity.

To ensure adherence, we keep a close track of changes in the regulations governing international taxation, transfer pricing as well as goods and country restrictions – the latter currently emphasised by the international sanctions imposed as a result of the Russian-Ukrainian war.

The integration of the GIL business into our compliance framework was completed in 2022, significantly reducing the risk of non-conformance with existing DSV compliance processes.

Although the GIL integration has been successfully completed, regulatory complexity remains high. In addition to this, the current geopolitical situation also poses challenges. This leads us to conclude that the overall compliance risk exposure has increased slightly.

M&A – Acquisitions and integration failure

Risk description

Growth through strategic acquisitions is fundamental to our corporate strategy and has been for many years.

Acquisitions always involve the risk of unsuccessful integration of the acquired company, which could result in cost synergies, strategic advantages or economies of scale being delayed or not fully realised.

Deciding on and carrying out the wrong acquisition may also be costly and take up valuable resources that could have been spent on other potential acquisition candidates.

Mitigation strategies

We have a history of successful integration of acquired companies and realisation of expected synergies. This rests on several factors. First of all, we stress the importance that any potential acquiree matches our business model

Our IT, reporting and operational systems are designed to be scalable and to accommodate effective integration of acquired companies.

Large integrations are headed by an integration board, and the activities are organised into work streams (operational, commercial, financial, IT, legal, tax, etc.). The integration of operational activities is anchored with and led by local management teams, based on guidance from Group Management. Local ownership ensures that acquired activities are integrated, with due consideration of local legislation, market conditions and cultures.

Risk assessment

A little over a year after the takeover date, the integration of GIL was finalised in 2022. The integration of operations, IT and back-office functions across close to 60 countries was carried out according to our plans and in line with our financial business case.

M&A remains an important part of our strategy; this can lead to both large and small acquisitions and integrations in the coming years. We continue to apply our strong governance structure around M&A, but the financial risk related to each transaction will depend on the size and type of the acquired company.

Due to the completed integration of GIL, the M&A risk has decreased compared to last year.

Technology – Disruption and technological adoption

Risk description

As with most industries, freight forwarding undergoes continuous technological developments, while also being exposed to gradual changes in the competitive landscape, driven by both existing players and new entrants to the market.

Currently, we see digitalisation and automation of processes (quoting, booking, tracking, reporting and billing) and the increasing focus on sustainability as the most significant developments impacting the freight forwarding industry in the coming years. These developments provide an opportunity to optimise workflows and increase productivity, while also providing higher levels of service and product offerings to our customers.

Failure to keep up with, adapt to and utilise these new technological opportunities – as well as tackle the competitive challenges they bring – will lead to gradual loss of market share and earnings.

Mitigation strategies

Central to our mitigation strategy is the monitoring of the logistics market, our customers' needs and emerging technologies that could impact and improve our operations or services.

Strategic planning, innovation and continued development of our digital and physical infrastructure are anchored with our COO. Based on strategic roadmaps for each business area, we focus on developing our service catalogues, systems and operational procedures to ensure that we have a strong and competitive product offering that meets customer needs.

The aim of our strategy is to ensure that we can continue to benefit from our logistics expertise, scale and global network as a classic freight forwarder, while increasing our digital competences and utilising the benefits of technology.

Risk assessment

We believe that we are well positioned in our industry within these areas, and that our current development and strategic plans will ensure that we will remain so in the coming years.

In 2022, we have continued to invest in and develop our IT platforms across our service offerings. The COO function was established in 2021 and has been further strengthened during 2022.

Consequently, we assess that our technology risk has remained largely unchanged from last year.

For additional descriptions of our current technology focus areas, please see 'A responsive approach to technology and digitalisation' on [page 16](#).

Commercial – Failure to execute on organic growth strategy

Risk description

With the acquisitions of UTI in 2016, Panalpina in 2019 and GIL in 2021, DSV has grown significantly over few years, more than tripling our revenue and the number of employees of the Group.

Our network and market position have been strengthened, but growth also carries challenges. While we integrate acquired companies and grow as a business, we must make sure to maintain a strong commercial focus and stimulate collaboration across the organisation.

Most important of all, we must retain our focus on customer needs, know how to adapt to market changes and develop our services to ensure that our value proposition is clear. If we fail to deliver in these areas, our ability to execute on our organic growth strategy will be impaired, and this will influence our long-term financial results.

Mitigation strategies

Managing our commercial risk is anchored with the Executive Board and the Group Executive Committee. In this forum, strategic initiatives are aligned and our commercial threats and opportunities are explored. For each of our business areas, we define the overall strategy and purpose, our value proposition and which customer segments we target.

Through regular business reviews with divisions and our operational companies in each country, Executive Management ensures that each division and country is aligned with the Group's strategy and policies. These reviews include financial performance, market situation, organisation, local strategic initiatives, etc.

Risk assessment

During 2022, we estimate that DSV has taken market share across most of the markets we operate in. For the coming years, we maintain our target of achieving organic growth above the market.

A number of strategic projects are in place to support our organic growth ambitions. In 2022, we implemented a more systematic approach to managing and prioritising these projects. The initiatives are anchored with our COO and include enhancing our digital capabilities, deepening our vertical expertise, improving our green logistics services and strengthening the cooperation across divisions.

We go into 2023 with a stronger network and market position than ever. Still, we assess that the current macroeconomic slowdown will limit our short-term growth potential and intensify the competition across our industry. Based on this, we estimate that the potential impact from commercial risk for 2023 has increased slightly.

Climate – The long-term impact from climate change

Risk description

The long-term negative effects of climate change (as forecasted by the UN IPCC and others) have the potential of significantly impacting our industry. As such, it is a risk that we monitor closely.

Associated risks may manifest themselves as physical disruptions of our logistic sites and operations or other forms of disruption in the global supply chains, triggered by an increase in the number of extreme weather events.

Increasing climate regulations, taxations and customer requirements may also impact the financial results of our company – for example as a result of higher fuel costs or tax on emissions – to the extent that we are not able to transfer the associated costs to our customers.

Finally, increasing consumer climate awareness may also lead to changes in global supply and demand patterns, resulting in supply chains moving closer to home markets. This could have a dampening effect on the long-term growth potential on the more profitable intercontinental transport lanes.

Mitigation strategies

Oversight and management of climate-related risks is anchored with the Board of Directors. To support the Board of Directors in this role, we have established a Sustainability Board, headed up by the Group CEO. The Sustainability Board takes the lead when it comes to identifying, assessing and reporting on the development in climate-related risk.

To address the longer-term risk from climate change, we have committed to the Science Based Targets initiative. We aim to achieve our CO₂ emission reduction targets through a number of initiatives, such as making lower-emission transport alternatives available to our customers and investing in modern and energy-efficient infrastructure.

As part of our mitigation strategy, we include the potential impact from climate changes when we plan our physical infrastructure. For example, new warehouses and logistic centres are designed to withstand more extreme weather conditions; and when deciding on placement, locations with lower risk of flooding is also taken into consideration.

Furthermore, our asset-light business model allows us to adapt to changes in the market, as we have not invested in specific transport equipment.

For additional details and results on our 2022 TCFD climate risk assessment, please see the DSV Sustainability Report 2022: <https://www.dsv.com/en/sustainability-reports>

Risk assessment

Climate change and sustainability continue to move up on our agenda. In 2022, we have – among other initiatives – increased our ambitions and introduced a net-zero target for carbon emissions. And to support innovation and ensure that our sustainability ambitions are embedded in our operations, we established an Operational Sustainability team, headed up by our COO.

We continue to develop our climate risk assessment framework based on guidelines set by the Task Force on Climate-related Financial Disclosures (TCFD).

As reflected in the risk map, it is our current assessment that the overall climate risk to our company is unchanged from last year, with a potential low-to-moderate impact on our business, should unmitigated risks materialise.

Making projections on the long-term effects of climate change on our business involves a high degree of uncertainty, hence our assessment may change in the future.

Corporate governance

The Board of Directors and the Executive Board form the governing body of DSV, the ultimate authority resting with the shareholders at the General Meeting. The allocation of tasks and responsibilities between the two boards is defined by the Rules of Procedure.

Management structure

The Board of Directors outlines and supervises the overall vision, strategy and objectives of the Group's business activities.

The Executive Board is responsible for the execution of these and for the day-to-day management of the Group. It also provides input and supports the work done by the Board of Directors.

Divisional Management is responsible for managing the operational activities of the divisions, supported by centralised Group functions.

The Board of Directors

Board composition

The Board of Directors must comprise five to nine members in accordance with the Articles of Association and currently numbers eight. Directors are elected for a term of one year, and new Directors are elected in accordance with the applicable rules of the Danish Companies Act.

At the ordinary General Meeting in March 2022, Annette Sadolin resigned from her position after serving more than 12 years on the Board. Benedikte Leroy joined in her place, bringing substantial management experience from the tech industry as well as extensive expertise in the fields of legal compliance, ESG and business ethics.

All members of the Board of Directors are considered independent in accordance with the Danish Recommendation on Corporate Governance with the exception of Birgit W. Nørgaard, who has served more than 12 years on the Board. Birgit is not up for re-election at the Annual General Meeting in 2023.

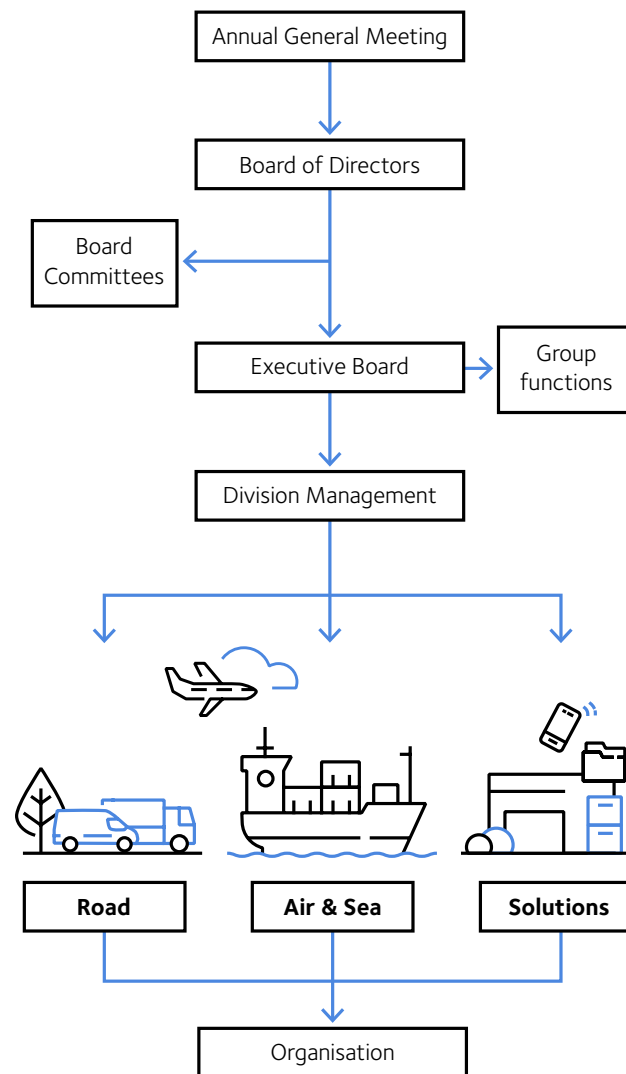
Board competencies

The Board is composed so as to ensure that the competencies of its members are diverse and business relevant, so it can perform its duties as intended. Overboarding is also taken into consideration when determining the Board's composition.

The current competencies required of Board members are: knowledge of the transport sector, international commercial experience as well as experience in strategy, M&A, risk management, IT, human resources and accounting. See [page 40](#) for a description of the individual members' competencies and experience.

Board self-evaluation

Once a year, the Board of Directors self-evaluates its composition, competencies and performance during the year. Diversity, overboarding, internal management cooperation, succession planning and strategic focus areas for the coming year are some of the topics evaluated.





The Chairman of the Board is responsible for initiating and running the evaluation process, which includes a mix of questionnaires and interviews. When completed, the outcome is presented to – and discussed by – the Board.

At least every third year, external advisors are brought in to help conduct the annual self-evaluation. The last time was in 2021. Using external advisors helps give an independent perspective on the performance and compositions of the Board of Directors. The Board can then use their input to support the self-evaluation the following years.

The 2022 self-evaluation addressed a number of topics – including Board members' mix of competencies and insight in areas like digitisation and ESG regulation. The summary report had no reservations on these topics and validated the appropriateness of the current Board composition.

Board committees

The Board of Directors is assisted by an audit, nomination and remuneration committee. Each is responsible for carrying out various preparatory tasks around the Board's key areas of responsibility.

The committees also assist the Board by preparing and assessing all managerial and strategic proposals presented to the Board, to ensure a solid and informed basis for decision-making.

The rules of procedure for the committees are available at:

<https://www.dsv.com/en/board-committees>

Board meetings

In 2022, the Board of Directors held nine ordinary and no extraordinary meetings. The agenda for each is defined in accordance with the annual cycle of the Board to make sure the strategic and operational policy framework of the Group is always up to date and in accordance with the emphasis defined by the Board.

Besides the work laid down in the annual cycle, this year the Board mainly focused on M&A and growth strategies, various integration topics around the acquisition of Agility's Global Integrated Logistics business (GIL), cybersecurity and the continuous development of our digital freight forwarding platforms.

	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
Meeting attendance 2022				
Thomas Plenborg	9/9	3/3	2/2	2/2
Jørgen Møller	9/9	-	2/2	2/2
Birgit W. Nørgaard	9/9	-	2/2	-
Marie-Louise Aamund	9/9	3/3	-	-
Beat Walti	9/9	-	-	2/2
Niels Smedegaard	9/9	3/3	-	-
Tarek Sultan Al-Essa	9/9	-	-	-
Benedikte Leroy (elected March 2022)	7/7	2/2	-	-
Annette Sadolin (resigned March 2022)	2/2	1/1	-	-

The Board also addressed various strategic considerations and business adaptations in light of the European energy crisis, emergence of a global economic downturn and other macroeconomic impacts brought on by the war in Ukraine.

Remuneration of the Board of Directors and Executive Board

Remuneration policy

Remuneration of the Board of Directors and Executive Board is carried out in accordance with DSV's Remuneration Policy as adopted by the Annual General Meeting.

The purpose of the Remuneration Policy is threefold: to make sure DSV can attract and retain qualified members of the Board of Directors and Executive Board; to align the interests of the Executive Board with those of our investors and other societal stakeholders; and ultimately to create incentive for generating long-term value for shareholders and executing on goals set by the Board of Directors (for example around sustainability or other strategic business initiatives).

The latest DSV Remuneration Policy is available at:

<https://www.dsv.com/en/remuneration-policy>

Remuneration report

We report on the remuneration of members of the Board of Directors and Executive Board separately in the DSV Remuneration Report.

The report is prepared in accordance with section 139b of the Danish Companies Act and the Danish Recommendations on Corporate Governance and is available at: <https://www.dsv.com/en/remuneration-reports>

Report on Corporate Governance cf. section 107b of the Danish Financial Statements Act

In managing DSV, the Board of Directors applies the latest Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

The Board uses the Recommendations for guidance when setting up management structures, tasks and procedures and checks against them to make sure we are acting in accordance with the principal intentions of the Recommendations. The Board regularly assesses its procedures based on the Recommendations.

DSV fully abided by the Recommendations in 2022.

We report on our adherence to the Recommendations – including internal controls and risk management systems applied as basis for the financial reporting process – in the Statutory Report on Corporate Governance available at <https://www.dsv.com/en/governance-reports>

Reporting on Data Ethics policies cf. section 99d of the Danish Financial Statements Act

We report separately on our policies and approach to Data Ethics in accordance with section 99d of the Danish Financial Statements Act. The reporting is available in our Statutory Report on Data Ethics, at: <https://www.dsv.com/en/data-ethics>

Executive Board



Jens Bjorn Andersen

Office	CEO
Member since	2008
Born	1966



Jens H. Lund

Office	COO and Vice CEO
Member since	2002
Born	1969



Michael Ebbe

Office	CFO
Member since	2021
Born	1970

Board positions
ME EET Group Holdings ApS

ME = Member

Board of Directors

CM = Chairman

DC = Deputy Chairman

ME = Member

* = Listed company



Thomas Plenborg

Office Chairman
Member since 2011
Up for re-election Yes
Independent Yes
Born 1967

Committee

Audit Committee Member
 Nomination Committee Chairman
 Remuneration Committee Chairman

Skills and experience

- Management experience from directorships and honorary offices
- Strategy and financial management
- Professor of accounting and auditing at Copenhagen Business School

Other Board positions

CM ECIT AS* ME Menzies Aviation



Jørgen Møller

Office Deputy Chairman
Member since 2015
Up for re-election Yes
Independent Yes
Born 1950

Committee

Audit Committee -
 Nomination Committee Member
 Remuneration Committee Member

Skills and experience

- General international management experience
- Extensive experience in shipping and logistics (industry expert)
- CEO of DSV Air & Sea Holding A/S 2002-2015



Benedikte Leroy

Office Member
Member since 2022
Up for re-election Yes
Independent Yes
Born 1970

Committee

Audit Committee Chairman
 Nomination Committee -
 Remuneration Committee -

Skills and experience

- International board and general management experience
- Extensive experience in technology from international leadership roles in Dell, Symantec, GE and Apple
- Legal compliance, ethics and extensive insight in environmental, social and governance regulation (ESG expert)
- Acquisition and divestment of enterprises



Beat Walti

Office Member
Member since 2019
Up for re-election Yes
Independent Yes
Born 1968

Committee

Audit Committee -
 Nomination Committee -
 Remuneration Committee Member

Skills and experience

- Professional board and general management experience
- Dr. jur. and legal experience serving as an attorney-at-law
- Acquisition and divestment of enterprises

Other Board positions

CM Ernst Göhner Foundation ME Siegfried Holding AG*
 CM Zurzach Care AG ME Wenger Vieli AG
 DC Rahn AG ME EGS Beteiligungen Ltd



Marie-Louise Aamund

Office Member
Member since 2019
Up for re-election Yes
Independent Yes
Born 1969

Committee

Audit Committee Member
 Nomination Committee -
 Remuneration Committee -

Skills and experience

- General international management experience
- International tech leadership experience from Microsoft, IBM and Google
- Cybersecurity, digital transformation and sustainability
- Acquisition and divestment of enterprises

Other Board positions

CM Thinkproject GmbH ME KIRKBI A/S
 ME The Lego Foundation ME WS Audiology A/S



Birgit W. Nørgaard

Office Member
Member since 2010
Up for re-election No
Independent No
Born 1958

Committee

Audit Committee -
 Nomination Committee Member
 Remuneration Committee -

Skills and experience

- General international management experience
- Strategy and financial management
- Acquisition and divestment of enterprises

Other Board positions

CM NO Invest A/S and two ME NCC AB*
 related subsidiaries ME ABP Associated
 DC NNE A/S ME British Ports
 DC The Danish Council for ICT ME WSP Global Inc.*
 DC Dansk Vækstkapital I ME RGS Nordic A/S
 ME Dansk Vækstkapital II ME Consolis Group SAS



Niels Smedegaard

Office Member
Member since 2020
Up for re-election Yes
Independent Yes
Born 1962

Committee

Audit Committee Member
 Nomination Committee -
 Remuneration Committee -

Skills and experience

- General international management experience
- Extensive experience in shipping, logistics and the airline industry (industry expert)
- Acquisition and divestment of enterprises

Other Board positions

CM ISS A/S* CM Bikubenfonden
 CM Molslinjen Group ApS and CM Falck A/S
 two related subsidiaries ME UK P&I
 CM Abacus Medicine A/S ME TT Club



Tarek Sultan Al-Essa

Office Member
Member since 2021
Up for re-election Yes
Independent Yes
Born 1964

Committee

Audit Committee -
 Nomination Committee -
 Remuneration Committee -

Skills and experience

- General international management experience
- Extensive experience in shipping and logistics
- Acquisition and divestment of enterprises
- Extensive insight in environmental, social and governance regulation (ESG expert)

Other Board positions

DC Agility Public Warehousing Company K.S.C.P.*
 ME National Real Estate Company K.P.S.C.*

Shareholder information

Share price performance in 2022

At year-end, the closing price for DSV shares on Nasdaq Copenhagen was DKK 1,096.5 – down 28.2% since year-end 2021. During the same period, the Danish C25 Index decreased by 13.5%.

The average daily trading volume of DSV shares on Nasdaq Copenhagen was 383,288 shares in 2022 (0.2% of shares issued).

At year-end, DSV's market capitalisation (excluding treasury shares) was DKK 238 billion against DKK 358 billion at the end of 2021.

Ownership

There is no complete record of all shareholders. Based on the available information as of 31 December 2022, DSV had 92,179 registered shareholders. The registered shares totalled 211 million, corresponding to 96.2% of the share capital. The 25 largest shareholders owned 60.9% of the free-floating share capital.

DSV has no majority shareholders.

Shareholders owning more than 5% of the share capital in DSV A/S according to latest shareholding notifications are:

- Ernst Göhner Stiftung, Switzerland (9.7%)
- Agility Public Warehousing Company K.S.C.P, Kuwait (8.0%)
- BlackRock, Inc., USA (7.8%)
- Capital Group Companies, Inc., USA (5.1%)

Share buyback and treasury shares

In 2022, DSV acquired 18.6 million treasury shares at a total purchase price of DKK 20,313 million (average purchase price DKK 1,092.8 per share).

During 2022, 21 million treasury shares were cancelled in connection with reduction of the registered share capital.

On 31 December 2022, DSV held 2.1 million shares as treasury shares, corresponding to 1.0% of the share capital.

On 1 February 2023, our portfolio of treasury shares amounted to 3.1 million shares.

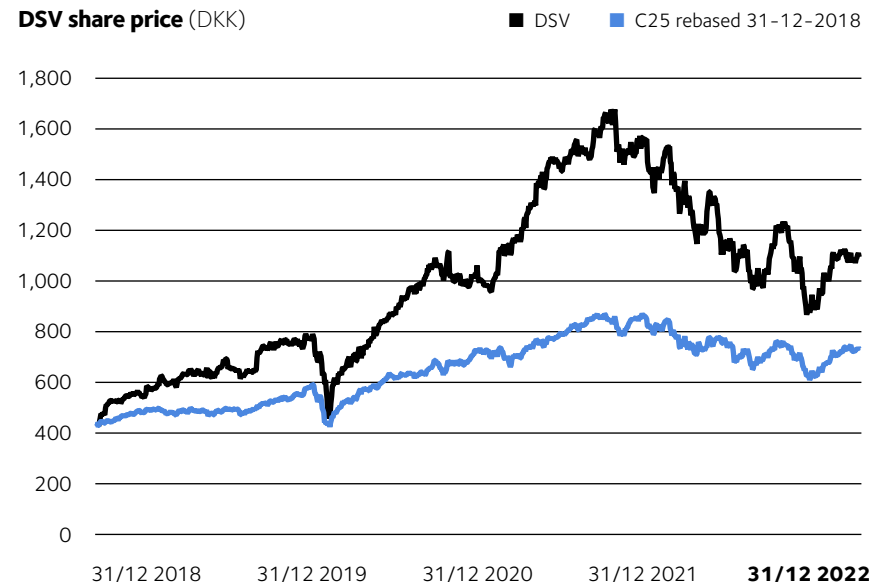
Throughout 2022, we have engaged in five share buy-back programmes. The purpose of these was to accommodate the exercise of share options under incentive schemes and to adjust the capital structure in accordance with the financial targets.

The shares were acquired under the authorisation of the Annual General Meeting. One programme was carried out outside the Safe Harbour principles, while the remaining programmes were executed under the Safe Harbour principles.

Dividends

The Board of Directors proposes an ordinary dividend of DKK 6.5 per share for 2022 (2021: DKK 5.5).

DSV share price (DKK)



Shares issued ('000)

	2018	2019	2020	2021	2022
Number of shares issued	188,000	235,000	230,000	240,000	219,000
Average number of shares issued during the past 12 months	182,092	198,273	227,246	227,501	235,438
Average diluted number of shares during the past 12 months	185,287	201,405	231,576	232,639	230,467

Capital allocation policy

Our capital allocation principles are described on [page 18](#).

Authorities granted to the Board of Directors

The following authorities have been granted to the Board of Directors:

- to increase DSV's share capital by issuing up to 48 million shares with or without pre-emptive rights for existing shareholders. This authority remains valid until 8 September 2026; and
- to acquire up to 21.9 million own shares, of which 3.1 million were utilised as per 1 February 2023. This authority remains valid until 22 November 2027.

Communication with shareholders

We wish to provide the basis for fair and efficient pricing of the DSV share by practising open and proactive communication.

To keep investors and other stakeholders up to date with the latest developments, our Executive Management host conference calls following the release of financial results. Throughout the year, Executive Management and Investor Relations stay in close contact with existing and potential investors as well as market analysts, engaging with them through roadshows and conferences hosted by various brokers.

We observe a four-week silent period prior to the publication of annual and interim reports. DSV is covered by more than 20 equity analysts. For more information about analyst coverage, please visit investor.dsv.com

DSV share data

Number of shares of DKK 1 on 31 Dec. 2022	219,000,000
Share classes	1
Restrictions on transferability and voting rights	None
Listed	Nasdaq Copenhagen
Trading symbol	DSV
ISIN code	DK0060079531

Company announcements

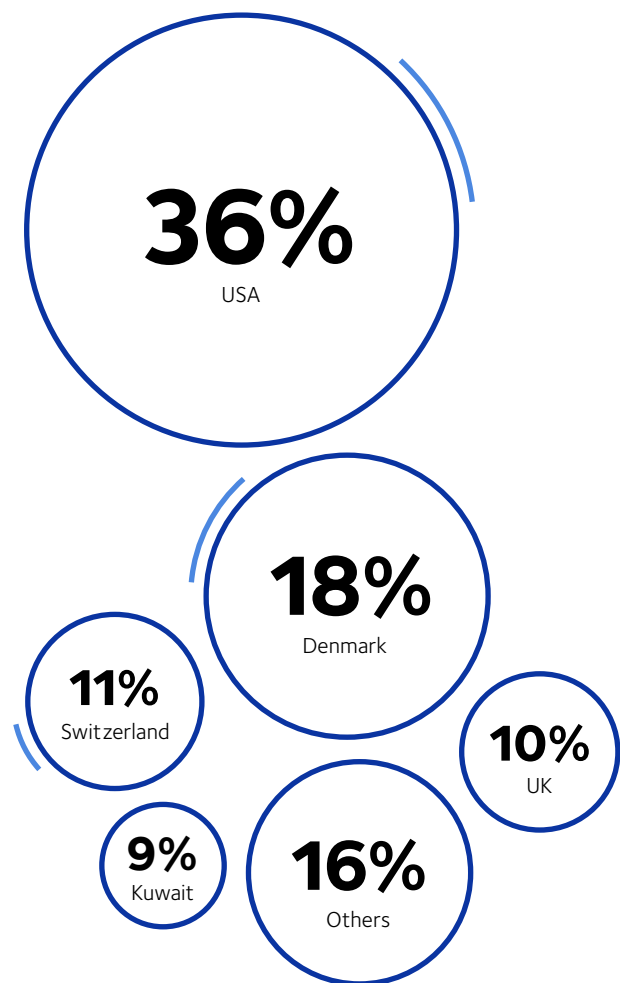
In 2022, we published 71 company announcements (Nos. 936-1006). The most important of these are listed in the chart below:

09 Feb.	No. 941	Annual Report 2021
11 Mar.	No. 949	EUR 600 Million EUROBOND issue
17 Mar.	No. 951	Annual General Meeting
20 Apr.	No. 956	Reduction of Share Capital in DSV A/S
27 Apr.	No. 957	Interim Financial Report Q1 2022
26 Jul.	No. 972	Interim Financial Report H1 2022
03 Aug.	No. 975	Major shareholder announcement
21 Oct.	No. 988	Major shareholder announcement
25 Oct.	No. 991	Interim Financial Report – Q3
22 Nov.	No. 998	Extraordinary General Meeting
22 Dec.	No. 1005	Reduction of Share Capital in DSV A/S

Financial calendar

The financial calendar for 2023 is as follows:

Annual General Meeting	16 March
Q1 2023 Report	27 April
H1 2023 Report	25 July
Q3 2023 Report	24 October

The geographical distribution of our shareholders

Quarterly financial highlights

	2022					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Income statement (DKKm)										
Revenue*	61,125	62,749	60,560	51,231	235,665	33,616	37,831	49,557	61,302	182,306
Gross profit*	12,877	14,078	13,538	11,656	52,149	7,785	8,333	9,823	11,674	37,615
Operating profit (EBIT) before special items*	6,496	7,453	6,506	4,749	25,204	3,067	3,571	4,472	5,113	16,223
Operating margin (%)	10.6	11.9	10.7	9.3	10.7	9.1	9.4	9.0	8.3	8.9
Conversion ratio (%)	50.4	52.9	48.1	40.7	48.3	39.4	42.9	45.5	43.8	43.1
ROIC before tax (%) (trailing 12 months)	23.1	27.2	24.7	25.1	25.1	16.4	17.8	16.6	19.6	19.6
Invested capital (YTD)	103,986	105,596	106,713	99,540	99,540	66,420	67,690	100,316	101,231	101,231
Segment information (DKKm)										
Air & Sea										
Revenue	45,887	47,282	45,339	35,923	174,431	22,924	25,948	36,861	46,168	131,901
Gross profit	8,637	9,575	9,135	7,277	34,624	4,788	5,142	6,314	7,525	23,769
Operating profit (EBIT) before special items	5,224	6,163	5,455	3,816	20,658	2,393	2,843	3,521	4,011	12,768
Operating margin (%)	11.4	13.0	12.0	10.6	11.8	10.4	11.0	9.6	8.7	9.7
Conversion ratio (%)	60.5	64.4	59.7	52.4	59.7	50.0	55.3	55.8	53.3	53.7
Road										
Revenue	10,188	10,835	10,406	10,078	41,507	8,056	8,663	8,783	9,914	35,416
Gross profit	1,938	2,074	1,989	1,910	7,911	1,657	1,768	1,745	1,925	7,095
Operating profit (EBIT) before special items	498	566	525	451	2,040	403	476	465	513	1,857
Operating margin (%)	4.9	5.2	5.0	4.5	4.9	5.0	5.5	5.3	5.2	5.2
Conversion ratio (%)	25.7	27.3	26.4	23.6	25.8	24.3	26.9	26.6	26.6	26.2
Solutions										
Revenue	6,162	6,182	5,841	6,224	24,409	3,609	3,997	4,739	6,389	18,734
Gross profit	2,322	2,324	2,325	2,347	9,318	1,348	1,377	1,717	2,211	6,653
Operating profit (EBIT) before special items	789	753	613	546	2,701	263	278	486	748	1,775
Operating margin (%)	12.8	12.2	10.5	8.8	11.1	7.3	7.0	10.3	11.7	9.5
Conversion ratio (%)	34.0	32.4	26.4	23.3	29.0	19.5	20.2	28.3	33.8	26.7

Please refer to [page 83](#) for a definition of key figures and financial ratios. * Reference is made to [note 2.1 Segment information](#) for a reconciliation of revenue, gross profit and operating profit before special items.



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Income statement

(DKKm)	Note	2022	2021
Revenue	2.2	235,665	182,306
Direct costs	2.3	183,516	144,691
Gross profit		52,149	37,615
Other external expenses	2.4	5,559	4,173
Staff costs	2.5	16,315	13,025
Operating profit before amortisation and depreciation (EBITDA) before special items		30,275	20,417
Amortisation and depreciation	2.6	5,071	4,194
Operating profit (EBIT) before special items		25,204	16,223
Special items, costs	2.7	1,117	478
Financial income	2.8	606	206
Financial expenses	2.8	1,472	1,047
Profit before tax		23,221	14,904
Tax on profit for the year	5.1	5,550	3,650
Profit for the year		17,671	11,254
<i>Profit for the year attributable to:</i>			
Shareholders of DSV A/S		17,568	11,205
Non-controlling interests		103	49
<i>Earnings per share:</i>			
Earnings per share of DKK 1	4.6	77.3	49.3
Diluted earnings per share of DKK 1		76.2	48.2

Statement of comprehensive income

(DKKm)	Note	2022	2021
Profit for the year		17,671	11,254
<i>Items that may be reclassified to the income statement when certain conditions are met:</i>			
Net foreign exchange differences recognised in OCI		1,260	2,472
Fair value adjustments of hedging instruments		9	(21)
Fair value adjustments of hedging instruments transferred to financial expenses		9	6
Tax on items reclassified to the income statement	5.1	(2)	3
<i>Items that will not be reclassified to the income statement:</i>			
Actuarial gains/(losses)	3.7	(395)	555
Tax on items that will not be reclassified	5.1	54	(119)
Other comprehensive income, net of tax		935	2,896
Total comprehensive income		18,606	14,150
<i>Total comprehensive income attributable to:</i>			
Shareholders of DSV A/S		18,500	14,109
Non-controlling interests		106	41
Total		18,606	14,150

Cash flow statement

(DKKm)	Note	2022	2021
Operating profit before amortisation and depreciation (EBITDA) before special items		30,275	20,417
<i>Adjustments:</i>			
Share-based payments	6.2	202	160
Change in provisions		520	105
Change in working capital		2,840	(4,604)
Special items	2.7	(664)	(828)
Interest received	2.8	323	153
Interest paid, lease liabilities	3.6	(727)	(495)
Interest paid, other	2.8	(745)	(443)
Income tax paid	5.1	(5,178)	(2,263)
Cash flow from operating activities		26,846	12,202
Purchase of intangible assets	3.2	(280)	(303)
Purchase of property, plant and equipment	3.3	(1,514)	(1,180)
Disposal of property, plant and equipment		824	420
Acquisition of subsidiaries and activities	6.1	-	1,631
Change in other financial assets		4	(148)
Cash flow from investing activities		(966)	420
Free cash flow		25,880	12,622
Proceeds from borrowings	4.3	4,393	12,834
Repayment of borrowings	4.3	(3,719)	(489)
Repayment of lease liabilities	4.3	(3,734)	(3,160)
Other financial liabilities incurred		(161)	118

(DKKm)	Note	2022	2021
<i>Transactions with shareholders:</i>			
Dividends distributed to shareholders of DSV A/S	4.2	(1,320)	(920)
Purchase of treasury shares	4.1	(20,313)	(17,841)
Sale of treasury shares	4.1	618	784
Other transactions with shareholders		(9)	(6)
Cash flow from financing activities		(24,245)	(8,680)
Cash flow for the year		1,635	3,942
Cash and cash equivalents 1 January		8,299	4,060
Cash flow for the year		1,635	3,942
Currency translation		226	297
Cash and cash equivalents 31 December		10,160	8,299

The cash flow statement cannot be directly derived from the balance sheet and income statement.

Statement of adjusted free cash flow (DKKm)	Note	2022	2021
Free cash flow		25,880	12,622
Net acquisition of subsidiaries and activities (reversed)	6.1	-	(1,631)
Special items (reversed)	2.7	664	828
Repayment of lease liabilities	4.3	(3,734)	(3,160)
Adjusted free cash flow		22,810	8,659

Balance sheet

Assets (DKKm)	Note	2022	2021	Equity and liabilities (DKKm)	Note	2022	2021
Intangible assets	3.2	77,674	76,661	Share capital	4.1	219	240
Right-of-use assets	3.6	14,694	13,709	Reserves	4.1	919	(356)
Property, plant and equipment	3.3	6,284	6,262	Retained earnings		70,381	74,219
Other receivables		2,461	2,395	DSV A/S shareholders' share of equity		71,519	74,103
Deferred tax assets	5.2	3,494	3,544	Non-controlling interests		222	175
Total non-current assets		104,607	102,571	Total equity		71,741	74,278
Trade receivables	4.4	32,387	36,369	Lease liabilities	3.6	13,190	11,848
Contract assets	3.4	5,785	9,797	Borrowings	4.3	21,398	16,993
Inventories	3.5	1,889	284	Pensions and other post-employment benefit plans	3.7	1,183	908
Other receivables		4,179	4,009	Provisions	3.8	4,260	3,508
Cash and cash equivalents		10,160	8,299	Deferred tax liabilities	5.2	504	447
Assets held for sale		38	66	Total non-current liabilities		40,535	33,704
Total current assets		54,438	58,824	Lease liabilities	3.6	3,577	3,440
Total assets		159,045	161,395	Borrowings	4.3	814	4,472
				Trade payables	4.4	14,992	17,040
				Accrued cost of services	3.4	12,085	13,289
				Provisions	3.8	2,407	1,841
				Other payables		9,640	10,257
				Tax payables		3,254	3,074
				Total current liabilities		46,769	53,413
				Total liabilities		87,304	87,117
				Total equity and liabilities		159,045	161,395

Statement of changes in equity

(DKKm)	2022						2021							
	Attributable to shareholders of DSV A/S					Non-controlling interests	Total equity	Attributable to shareholders of DSV A/S					Non-controlling interests	Total equity
	Share capital	Reserves*	Retained earnings	Total	Share capital			Reserves*	Retained earnings	Total				
Equity at 1 January	240	(356)	74,219	74,103	175	74,278	230	(2,836)	49,991	47,385	(88)	47,297		
Profit for the year	-	-	17,568	17,568	103	17,671	-	-	11,205	11,205	49	11,254		
Other comprehensive income, net of tax	-	1,271	(339)	932	3	935	-	2,482	422	2,904	(8)	2,896		
Total comprehensive income for the year	-	1,271	17,229	18,500	106	18,606	-	2,482	11,627	14,109	41	14,150		
<i>Transactions with shareholders and non-controlling interests:</i>														
Share-based payments	-	-	202	202	-	202	-	-	160	160	-	160		
Tax on share-based payments	-	-	(322)	(322)	-	(322)	-	-	791	791	-	791		
Dividends distributed	-	-	(1,320)	(1,320)	(58)	(1,378)	-	-	(920)	(920)	(7)	(927)		
Purchase of treasury shares	-	(19)	(20,294)	(20,313)	-	(20,313)	-	(13)	(17,828)	(17,841)	-	(17,841)		
Sale of treasury shares	-	2	616	618	-	618	-	2	782	784	-	784		
Capital increase	-	-	-	-	-	-	16	-	24,479	24,495	-	24,495		
Capital reduction	(21)	21	-	-	(1)	(1)	(6)	6	-	-	-	-		
Transfer of treasury shares as business combination consideration	-	-	-	-	-	-	-	3	5,073	5,076	-	5,076		
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	-	273	273		
Dividends on treasury shares	-	-	43	43	-	43	-	-	28	28	-	28		
Other adjustments	-	-	8	8	-	8	-	-	36	36	(44)	(8)		
Total equity transactions	(21)	4	(21,067)	(21,084)	(59)	(21,143)	10	(2)	12,601	12,609	222	12,831		
Equity at 31 December	219	919	70,381	71,519	222	71,741	240	(356)	74,219	74,103	175	74,278		

* For a specification of reserves, please see [note 4.1](#).

Notes to the consolidated financial statements

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Chapter 1

Basis of preparation

The 2022 Annual Report of DSV A/S has been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and additional disclosure requirements for listed companies in the Danish Financial Statements Act.

IFRS standards have been applied to the extent these have been adopted by the European Union.

The consolidated financial statements are presented in Danish kroner (DKK) and rounded to the nearest million.

Introduction

The Annual Report of DSV A/S comprises the consolidated financial statements of DSV A/S and its subsidiaries.

The Board of Directors and Executive Board considered and approved the 2022 Annual Report of DSV A/S on 2 February 2023. The Annual Report will be submitted to the shareholders of DSV A/S for approval at the Annual General Meeting on 16 March 2023.

Basis of measurement

The Annual Report has been prepared under the historical cost convention with the exception of derivative financial instruments and acquisition opening balances, which are measured at fair value. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The accounting policies described in the notes have been applied consistently for the financial year and for the comparative figures.

Changes in accounting policies

All amendments to the International Financial Reporting Standards (IFRS) effective for the financial year 2022 have been implemented as basis for preparing the consolidated financial statements and notes to the statements.

None of the implementations have had any material impact on the statements or notes presented.

Management judgements and estimates

In preparing the consolidated financial statements, Management makes various accounting judgements and estimates that affect the reported amounts and disclosures in the financial statements and notes to the statements.

These are based on professional experience, historical data and other factors available to Management.

By nature, a degree of uncertainty is involved when carrying out these judgements and estimates, hence actual results may deviate from the assessments made at the reporting date. Judgements and estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

The primary financial statements items for which significant accounting judgements and estimates are applied are listed below:

- Contract assets and accrued cost of services ([note 3.4](#))
- Provisions ([note 3.8](#))
- Acquisition and disposal of entities ([note 6.1](#))
- Tax ([note 5.1](#) and [note 5.2](#))

Additional description of management judgements and estimates made are provided in the relevant notes.

Basis of consolidation

The consolidated financial statements include the Parent Company (DSV A/S) and all subsidiaries over which DSV A/S exercises control. Entities in which the Group directly or indirectly controls at least 20%, but not more than 50%, of the voting power are accounted for as associates and measured using the equity method. Investments with negative net asset values are recognised at DKK 0.

The consolidated financial statements are prepared based on uniform accounting policies in all Group entities. Consolidation of Group entities is performed after elimination of all intra-group transactions, balances, income and expenses.

Group composition

The Group holds interests in 473 entities and was composed as follows at 31 December 2022:

Entities (Number)	Region			Total
	EMEA	Americas	APAC	
Subsidiaries	302	55	108	465
Associates	5	1	2	8

Foreign currency

Functional currency

A functional currency is determined for each Group entity. The functional currency is the currency used in the primary financial environment in which the individual Group entity operates.

Foreign currency translation

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate at the transaction dates. Foreign currency translation differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financials.

Monetary items denominated in a foreign currency are translated at the exchange rate at the reporting date. The difference between the exchange rates at the reporting date and the transaction date or the exchange rate used in the latest annual report is recognised in the income statement under financials.

Foreign currency translation differences arising on the translation of non-monetary items, such as investments in associates, are recognised directly in other comprehensive income.

Recognition in the consolidated financial statements

When preparing the consolidated financial statements, the income statements of entities with a functional currency other than DKK are translated

at the average exchange rate for the period, and balance sheet items are translated at the closing rate at the end of the reporting period.

Foreign exchange differences arising on translation of the equity of foreign entities and on translation of receivables considered part of net investment are recognised directly in other comprehensive income.

Foreign exchange differences arising on the translation of income statements from the average exchange rate for the period to the exchange rate at the reporting date are also recognised in other comprehensive income. Adjustments are presented under a separate translation reserve in equity.

Presentation

Cash flow statement

The cash flow statement is prepared using the indirect method based on operating profit before amortisation, depreciation and special items. The cash flow statement cannot be derived directly from the balance sheet and income statement.

Materiality in financial reporting

In preparing the Annual Report, Management seeks to improve the information value of the consolidated financial statements, the notes to the statements and other measures disclosed by presenting the information in a way that supports the understanding of the Group's performance in the reporting period.

This objective is achieved by presenting fair transactional aggregation levels on items and other financial information, emphasising information that is considered of material importance to the user and making relevant rather than generic descriptions throughout the Annual Report.

All disclosures are made in compliance with the International Financial Reporting Standards, the Danish Financial Statements Act and other relevant regulations, ensuring a true and fair view throughout the Annual Report.

Presentation of items and subtotals

The presentation of items and subtotals is based on separate classification of material groups of similar items. In the income statement, income and expense items are classified based on the 'nature of expense' method in accordance with IAS 1. Furthermore, the use of special items is applied to improve the transparency and understanding of the Group's financial statements by separating the core performance of the Group from exceptional items. For a definition and reconciliation of Group results before and after special items, refer to [note 2.7](#) Special items.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2022 consolidated financial statements. DSV expects to implement the standards and amendments when they take effect.

None of the new standards issued are currently expected to have significant impact on the Group's financial statements when implemented.

Chapter 2

Profit for the year

This chapter includes disclosures on components of consolidated profit for the year. The consolidated profit is based on the combined results of our three operating segments – Air & Sea, Road and Solutions – as described in the following.

Reference is also made to the comments on the financial performance of the Group and the divisions in Management's commentary.

2.1 Segment information

Accounting policies

Operating segments are defined by the operational and management structure of DSV, which is derived from the types of services we deliver and our geographical presence on the world market. As such, our operating segments reflect our divisional and Group reporting used for management decision-making.

Operating segments

Our business operations are carried out by three divisions, forming the basis of our segment reporting.

Air & Sea

The Air & Sea division provides air and sea freight services across the globe. This includes a projects department, handling out of gauge cargo and special transportation projects.

Road

The Road division provides road freight services across Europe, Middle East, North America and South Africa.

Solutions

The Solutions division offers contract logistics services, incl. warehousing and inventory management, across the globe.

Measurement of earnings by segment

Our business segments are measured and reported down to operating profit before special items. Segment results are accounted for in the same way as in the consolidated financial statements.

Segment income/expenses and assets/liabilities comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis.

Income and expenses relating to Group functions, investing activities, etc., are managed at Group level. These items are not included in the statement of segment information, but are presented under 'non-allocated items and eliminations'.

Financial position of business segments

Assets and liabilities are included in the segmental reporting to the extent they are used for the operation of the segment.

Assets and liabilities that cannot be attributed to any of the three segments on a reliable basis are presented under 'non-allocated items and eliminations'.

Geographical information

DSV operates in most parts of the world and has activities in more than 80 countries, which are divided into the following geographical regions:

- EMEA: Europe, Middle East and Africa
- Americas: North and South America
- APAC: Asia, Australia and the Pacific

Revenue and non-current assets are allocated to the geographical areas according to the country in which the individual consolidated entity is based. Refer to [note 2.2](#) for regional segmentation of revenue. The corporate headquarter of DSV is located in Denmark, which is included in the EMEA segment. Our business is based on transactions in our global network rather than in individual countries or regions.

Intersegment transactions are made on an arm's length basis.

Major customers

DSV is not reliant on any major customers. No single customer exceeds 5% of combined Group revenue.

2.1 Segment information – continued

Segment information – divisions (DKKm)	Air & Sea		Road		Solutions		Non-allocated items and eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>Condensed income statement</i>										
Revenue	172,868	130,899	38,746	33,077	23,826	17,989	225	341	235,665	182,306
Intercompany revenue	1,563	1,002	2,761	2,339	583	745	(4,907)	(4,086)	-	-
Divisional revenue	174,431	131,901	41,507	35,416	24,409	18,734	(4,682)	(3,745)	235,665	182,306
Direct costs	139,807	108,132	33,596	28,321	15,091	12,081	(4,978)	(3,843)	183,516	144,691
Gross profit	34,624	23,769	7,911	7,095	9,318	6,653	296	98	52,149	37,615
Other external expenses	4,244	3,366	1,425	1,122	1,759	1,338	(1,869)	(1,653)	5,559	4,173
Staff costs	8,471	6,598	3,543	3,149	2,254	1,664	2,047	1,614	16,315	13,025
Operating profit before amortisation, depreciation and special items	21,909	13,805	2,943	2,824	5,305	3,651	118	137	30,275	20,417
Amortisation and depreciation	1,251	1,037	903	967	2,604	1,876	313	314	5,071	4,194
Operating profit (EBIT) before special items*	20,658	12,768	2,040	1,857	2,701	1,775	(195)	(177)	25,204	16,223
<i>Condensed balance sheet</i>										
Total gross investments	1,797	17,262	501	1,958	4,338	4,118	165	7,864	6,801	31,202
Total assets	93,821	96,879	24,437	24,135	29,347	26,245	11,440	14,136	159,045	161,395
Total liabilities	67,546	79,824	17,547	18,883	23,357	20,310	(21,146)	(31,900)	87,304	87,117

* Reference is made to the income statement for a reconciliation from operating profit (EBIT) before special items to profit for the year.

Geographical information – major countries (DKKm)	Revenue		Non-current assets**	
	2022	2021	2022	2021
USA	52,826	36,532	2,431	1,715
Germany	17,684	15,061	1,526	1,523
Denmark	17,071	17,452	4,159	4,774
United Kingdom	9,761	7,807	896	813
Sweden	8,360	6,172	890	896
Other	129,963	99,282	14,325	13,397
Total	235,665	182,306	24,227	23,118

Geographical information – regions (DKKm)	Non-current assets**	
	2022	2021
EMEA	18,179	18,154
Americas	3,593	2,542
APAC	2,455	2,422
Total	24,227	23,118

** Non-current assets less tax assets, customer relationships and goodwill.

2.2 Revenue

Accounting policies

Revenue comprises freight forwarding services, contract logistics and other related services delivered in the financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principle following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. Our main services comprise air, sea, road and solutions services as described in the following.

Air services

Air services comprise air freight logistics facilitating transportation of goods across the globe. Air services are reported within the Air & Sea reporting segment. Air services are characterised by short delivery times, as most air transports are completed within a few days.

Sea services

Sea services comprise sea freight logistics facilitating transportation of goods across the globe. Sea services are reported within the Air & Sea reporting segment. Sea services are characterised by longer delivery times, averaging one month depending on destination.

Road services

Road services comprise road freight logistics facilitating transportation of goods by road networks mainly in Europe, Middle East, the US and South Africa. Road services are reported within the Road reporting segment. Road services are characterised by short delivery times, as most road transports are completed within a few days.

Solutions services

Solutions services comprise contract logistics, incl. warehousing and inventory management, across the globe. Solutions services are reported within the Solutions reporting segment. Solutions services are characterised by very short delivery times, happening almost instantaneously as agreed actions under the customer contract are carried out.

General recognition principles

Revenue from services delivered are recognised based on the price specified in the contract with the customer. Revenue is measured excluding VAT and other tax collected on behalf of third parties, and any discounts are offset against the revenue. Incremental costs of obtaining a contract with a customer are not recognised as an asset but as an expense when incurred due to the short delivery times.

Trade receivables from services delivered are invoiced to the customer and are not adjusted for any financing components, as credit terms are short – typically between 14 and 60 days – and the financing component therefore insignificant. Where services delivered have yet to be invoiced and invoices on services received from hauliers have still to be received, contract assets and accrued cost of services are recognised at the reporting date.

Revenue allocated to remaining performance obligations are not disclosed following the practical expedient of IFRS 15. Revenue also comprises

income from sale of property projects in the form of sale of land and buildings acquired, constructed and held for sale in the ordinary course of business.

Revenue from property projects is recognised at a point in time in the reporting segment to which it relates when control of and legal title to the property have been transferred to the customer. Revenue is recognised based on the price specified in the contract with the customer, and the consideration is due upon transfer of the legal title. Delivery times on property projects are typically 8-18 months.

If the property is leased back after completion, the right-of-use asset arising from the leaseback is recognised at the proportion of the previous carrying amount of the asset that relates to the right of use retained by DSV. As such, any gain or loss recognised only corresponds to rights transferred to the buyer.

Sale of services and geographical segmentation specify as follows:

Services and geographical segmentation (DKKm)	EMEA		Americas		APAC		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Air services	30,258	24,867	28,083	19,624	32,250	26,355	90,591	70,846
Sea services	41,386	32,053	28,494	18,317	13,960	10,685	83,840	61,055
Road services	37,453	32,452	4,054	2,964	-	-	41,507	35,416
Solutions services	16,537	12,914	4,382	3,639	3,490	2,181	24,409	18,734
Total	125,634	102,286	65,013	44,544	49,700	39,221	240,347	186,051
Non-allocated items and eliminations							(4,682)	(3,745)
Total revenue							235,665	182,306

2.2 Revenue

Revenue is specified as follows:

Revenue (DKKm)	2022	2021
Sale of services	234,669	181,707
Other operating income	996	599
Total revenue	235,665	182,306

Sale of services includes revenue from freight forwarding services, contract logistics, sale of property projects and other related services. Sale of property projects recognised at a point in time constitutes less than 1% of total revenue (2021: less than 2%). Other operating income includes rental income from terminal and building leases, gains from disposal of non-current assets and income from insurance contracts.

2.3 Direct costs

Accounting policies

Direct costs comprise costs paid to generate the revenue for the year.

Direct costs include settlement of accounts with haulage contractors, shipping companies, airlines, etc. Direct costs also include staff costs relating to hourly workers used for fulfilling orders and other direct costs of operation, such as rental of logistics facilities and costs of property projects.

Direct costs (DKKm)	2022	2021
Cost of carriers	169,068	133,631
Staff costs, hourly workers	7,647	6,280
Other costs of operation	6,801	4,780
Direct costs	183,516	144,691

2.4 Other external expenses

Accounting policies

Other external expenses include expenses relating to marketing, IT, other rent, training and education, office premises, travelling, communications as well as other selling costs and administrative expenses, less costs transferred to direct costs.

Other external expenses (DKKm)	2022	2021
Other external expenses	12,360	8,953
Transferred to direct costs	(6,801)	(4,780)
Total other external expenses	5,559	4,173

2.5 Staff costs

Accounting policies

Staff costs include wages and salaries, pension costs, social security costs and other staff costs for salaried employees, but exclude staff costs for hourly workers, which are recognised as direct costs.

Staff costs are recognised in the financial year in which the employee renders the related service. Costs related to long-term employee benefits, e.g. share-based payments, are recognised in the periods in which they are earned.

Reference is made to [note 3.7](#) for detailed information on pension plans, [note 6.3](#) for information on remuneration of the Executive Board and the Board of Directors and [note 6.2](#) for detailed information on the Group's share option schemes.

Staff costs (DKKm)	2022	2021
Salaries and wages, etc.	20,111	16,250
Defined contribution pension plans	745	567
Defined benefit pension plans	84	74
Other social security costs	2,820	2,254
Share-based payments	202	160
Total staff costs	23,962	19,305
Recognised in the income statement items:		
Hourly workers – recognised as direct costs	7,647	6,280
Salaried employees – recognised as staff costs	16,315	13,025
Total	23,962	19,305
Weighted average number of full-time employees	76,583	67,016
Number of full-time employees at year-end	76,283	77,958

2.6 Amortisation and depreciation

Accounting policies

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets (refer to [notes 3.2, 3.3 and 3.6](#)).

Amortisation and depreciation (DKKm)	2022	2021
Customer relationships	254	212
Software	185	218
Buildings	341	231
Other plant and operating equipment	530	388
ROU assets – Land and buildings	3,549	2,757
ROU assets – Other plant and operating equipment	212	388
Total amortisation and depreciation	5,071	4,194

2.7 Special items

Accounting policies

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated operating profit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items comprise:

- Restructuring costs, impairment costs, etc., relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals;
- Transaction and restructuring costs relating to the acquisition and divestment of enterprises.

Special items reconcile to the income statement items as specified in the table below:

	2022			2021		
	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Special items Bridge (DKKm)						
Revenue	235,665	-	235,665	182,306	23	182,329
Direct costs	183,516	19	183,535	144,691	12	144,703
Gross profit	52,149	(19)	52,130	37,615	11	37,626
Other external expenses	5,559	237	5,796	4,173	184	4,357
Staff costs	16,315	653	16,968	13,025	277	13,302
Operating profit before amortisation and depreciation	30,275	(909)	29,366	20,417	(450)	19,967
Amortisation and depreciation	5,071	213	5,284	4,194	29	4,223
Operating profit	25,204	(1,122)	24,082	16,223	(479)	15,744
Special items, costs	1,117	(1,117)	-	478	(478)	-
Financial income	606	-	606	206	-	206
Financial expenses	1,472	(5)	1,467	1,047	(1)	1,046
Profit before tax	23,221	-	23,221	14,904	-	14,904

Management judgements and estimates

In the classification of special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

Special items (DKKm)	2022	2021
Restructuring and integration costs	1,117	392
Transaction costs relating to acquisitions	-	86
Special items, costs	1,117	478

2.8 Financial income and expenses

Accounting policies

Financial income and expenses include interest, share of associates' profit/loss, foreign currency gains and losses, bank charges as well as amortisation of financial assets and liabilities, including finance lease obligations. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

Financial income (DKKm)	2022	2021
Interest income	323	202
Share of associates' profit, net of tax	7	4
Currency translation recognised in the income statement	276	-
Total financial income	606	206

Interest income includes interest on financial assets of DKK 323 million (2021: DKK 202 million).

Financial expenses (DKKm)	2022	2021
Interest expenses on lease liabilities	727	495
Interest expenses on borrowings	236	159
Interest expenses, bank	397	249
Financial expenses on pension obligations, refer to note 3.7	19	17
Currency translation recognised in the income statement	-	53
Other financial expenses	93	74
Total financial expenses	1,472	1,047

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 1,453 million (2021: DKK 977 million).

Chapter 3

Operating assets and liabilities

This chapter includes notes disclosures on the Group's invested capital that forms the basis of our business activities. Invested capital represents the Group's property, plant and equipment, intangible assets and net working capital in the form of operating assets and liabilities.

Invested capital is structured based on our asset-light business model, including our focus on minimising funds tied up in working capital to optimise the generation of available free cash flow. Invested capital also comprises significant intangible assets mainly relating to acquired goodwill from business combinations carried out over the years.

3.1 Impairment testing

Accounting policies

Goodwill

The carrying amount of goodwill is tested for impairment at least annually together with other non-current assets of the Group.

Impairment testing is performed for the lowest cash-generating unit to which consolidated goodwill is allocated, as defined by our divisional management and operational structure. The cash-generating units there-by follow our divisional structure: Air & Sea, Road and Solutions.

Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the cash-generating unit to which the goodwill relates. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual cash-generating units, such as geographical and financial exposure.

Other non-current intangible assets, property, plant and equipment

The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill. If the tests show evidence of impairment, the asset is written down to the recoverable amount through the income statement. The recoverable amount is the higher of the fair value of the asset less the expected costs to sell and its value in use.

The value in use is calculated as the present value of expected future cash flows from the asset or the division of which the asset forms part.

Management judgements and estimates

For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These are based on an assessment of current and future developments in the three cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Material value drivers affecting the future net cash flows of the three cash-generating units are:

Air & Sea

The Air & Sea division operates globally, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in gross profit per shipment, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Road

The Road division mainly operates on the EMEA and US markets, which means that the division's future net cash flow is affected by the growth rate in these regions. Developments in gross profit per shipment, including truck and terminal utilisation rates, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Solutions

The Solutions division operates globally, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in warehouse lease costs and costs of related services, utilisation of warehouse facilities, cost management initiatives and development in internal productivity (number of order lines per employee) also affect the division's cash flows.

3.1 Impairment testing — continued

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2023 and projections for subsequent years up to and including 2026. From 2026 onwards, DSV expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

Impairment test

Goodwill was tested for impairment at 31 December 2022. The tests did not result in any impairment of carrying amounts.

The assumptions used, including a sensitivity analysis, are stated in the following paragraph. The pre-tax discount rate is calculated in accordance with IAS 36.

The sensitivity analysis assesses the impact of changes in cash flows and discount rates on the impairment test results. The analysis concluded that even negative changes, which are unlikely to occur, will not result in impairment of goodwill in any of the three cash-generating units.

Sensitivity analysis

The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired.

Other non-current intangible assets, property, plant and equipment

Other non-current assets were also tested for impairment indications together with goodwill at 31 December 2022. No indication of impairment was identified in connection with these tests.

Goodwill impairment test at 31 December 2022 (DKKm)	2022			2021		
	Air & Sea	Road	Solutions	Air & Sea	Road	Solutions
Carrying amount of goodwill	58,877	7,964	9,452	57,893	7,901	9,269
<i>Budget period</i>						
Annual revenue growth	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating margin	9.1%	5.6%	11.0%	9.1%	5.6%	11.0%
<i>Terminal period</i>						
Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Pre-tax discount rate	11.0%	9.7%	11.1%	7.2%	6.0%	7.3%
<i>Sensitivity analysis</i>						
Growth in budget period – allowed decline (percentage points)	23.1%	28.2%	9.0%	28.3%	40.0%	18.4%
Discount rate – allowed increase (percentage points)	9.9%	11.0%	2.5%	8.7%	13.2%	4.1%

3.2 Intangible assets

Goodwill

Only goodwill arising from business combinations is recognised in the financial statements. Goodwill is measured as the difference between the total of the fair value of the consideration transferred, the value of non-controlling interests and any equity investments previously held in the acquiree, compared to the fair value of identifiable net assets on the date of acquisition.

Goodwill is not amortised, but is tested for impairment at least annually.

Customer relationships

On initial recognition, customer relationships identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customer relationships are measured at cost less accumulated amortisation and impairment losses.

Customer relationships are amortised over a period of eight years using the diminishing balance method.

Software and software in progress

Software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount. Cost comprises payments for the software and other directly attributable expenses of preparing the software for its intended use.

After commissioning, software is amortised on a straight-line basis over its expected useful life. The amortisation period is 1–8 years.

	2022					2021				
	Goodwill	Customer relationships	Software	Software in progress	Total	Goodwill	Customer relationships	Software	Software in progress	Total
Intangible assets (DKKm)										
Cost at 1 January	75,063	2,565	1,212	280	79,120	47,476	2,032	1,265	206	50,979
Additions from business combinations/previous period adjustments	370	-	-	-	370	25,333	569	1	13	25,916
Additions	-	-	42	238	280	-	-	56	247	303
Disposals	-	(27)	(250)	(2)	(279)	-	(56)	(246)	(43)	(345)
Reclassifications	-	-	174	(174)	-	-	-	143	(143)	-
Currency translation	860	36	2	-	898	2,254	20	(7)	-	2,267
Total cost at 31 December	76,293	2,574	1,180	342	80,389	75,063	2,565	1,212	280	79,120
Total amortisation and impairment at 1 January	-	1,719	740	-	2,459	-	1,551	763	-	2,314
Amortisation and impairments for the year	-	254	185	-	439	-	212	218	-	430
Disposals	-	(27)	(191)	-	(218)	-	(56)	(241)	-	(297)
Reclassification	-	-	-	-	-	-	-	7	-	7
Currency translation	-	35	-	-	35	-	12	(7)	-	5
Total amortisation and impairment at 31 December	-	1,981	734	-	2,715	-	1,719	740	-	2,459
Carrying amount at 31 December	76,293	593	446	342	77,674	75,063	846	472	280	76,661

3.3 Property, plant and equipment

Accounting policies

Land and buildings and other plant and operating equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and other expenses directly attributable to preparing the asset for its intended use. The present value of estimated expenses for dismantling and disposing of the asset as well as restoration expenses are added to the cost if such expenses are recognised as a provision. Material borrowing costs directly attributable to the construction of the individual asset are also added to cost.

If the individual components of an asset have different useful lives, each component will be depreciated separately.

The cost of self-constructed assets comprises direct and indirect costs for materials, components, subcontractors, wages and salaries. Costs for self-constructed assets are recognised as property, plant and equipment in progress on an ongoing basis until the assets are ready for use.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits.

The carrying amount of the replaced parts is disposed from the balance sheet and recognised in the income statement.

Property, plant and equipment (DKKm)	2022				2021			
	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total
Cost at 1 January	4,907	3,838	282	9,027	2,355	2,649	473	5,477
Additions from business combinations/previous period adjustments	(408)	-	-	(408)	2,229	295	30	2,554
Additions	393	963	158	1,514	241	762	177	1,180
Disposals	(533)	(402)	-	(935)	(146)	(348)	(33)	(527)
Transferred to assets held for sale	-	-	-	-	2	-	(2)	-
Reclassification	19	22	(26)	15	64	356	(375)	45
Currency translation	83	4	-	87	162	124	12	298
Total cost at 31 December	4,461	4,425	414	9,300	4,907	3,838	282	9,027
Total depreciation and impairment at 1 January	1,111	1,654	-	2,765	967	1,496	-	2,463
Depreciation for the year	341	530	-	871	231	388	-	619
Disposals	(226)	(402)	-	(628)	(87)	(289)	-	(376)
Reclassification	(21)	21	-	-	24	31	-	55
Currency translation	7	1	-	8	(24)	28	-	4
Total depreciation and impairment at 31 December	1,212	1,804	-	3,016	1,111	1,654	-	2,765
Carrying amount at 31 December	3,249	2,621	414	6,284	3,796	2,184	282	6,262

3.3 Property, plant and equipment — continued

Depreciation is carried out on a straight-line basis over the expected useful lives of the assets. The expected useful lives of the overall asset categories are as follows:

- Terminals and administration buildings: 50-60 years
- Other buildings and building elements: 10-30 years
- Technical plant and machinery: 6-10 years
- Other plant and operating equipment: 3-8 years
- Land is not depreciated

The basis of depreciation takes into account the residual value of assets and is reduced by any impairment losses. The residual value is calculated on the date of acquisition and reassessed once a year. Depreciation will be halted if the residual value exceeds the carrying amount of the asset.

Assets are transferred to assets held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use.

Management judgements and estimates

Judgement is applied in determining the depreciation period and future residual value of the assets recognised and is generally based on historical experience. Reassessment is done annually to ascertain that the depreciation basis applied is still representative and reflects the expected life and future residual value of the assets.

3.4 Contract assets and accrued cost of services

Accounting policies

Contract assets and accrued costs of services include accrued revenue and accrued costs from freight forwarding services, contract logistics and other related services in progress at 31 December 2022.

Contract assets are recognised when a sales transaction fulfils the criteria for revenue recognition, but the final invoice has yet to be issued to the customer for the services delivered. Refer to [note 4.4](#) for disclosure of credit risk as trade receivables carry substantially the same characteristics as contract assets.

Accrued costs of services are estimated and recognised when supplier invoices relating to recognised revenue for the reporting period have yet to be received.

Management judgements and estimates

In the preparation of the consolidated financial statements, significant estimates are applied in assessing services in progress, including accrual of income and pertaining direct costs. These estimates are based on experience and continuous follow-up on services in progress relative to subsequent invoicing.

3.5 Inventories

Accounting policies

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, processing and other costs incurred in bringing the inventories to their present condition. Write-downs of inventories to net realisable value are recognised as direct costs in the income statement.

Inventories (DKKm)

	2022	2021
Stocks	93	119
Property projects under construction	1,796	165
Total	1,889	284

Inventories consists of land and buildings under construction held for the purpose of sale in the ordinary course of business (property projects) and stocks. In total, DKK 1,231 million relating to property projects was recognised as an expense in 2022 (2021: DKK 1,562 million).

3.6 Leases

Accounting policies

Whether a contract contains a lease is assessed at contract inception. For identified leases, a right-of-use asset (ROU) and corresponding lease liability are recognised on the lease commencement date.

Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs. The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental DSV borrowing rate is used. In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciation and impairment losses and adjusted for any remeasurements of the lease liability. Depreciation is carried out following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest.

3.6 Leases — continued

The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following the same principle.

Extension options are only included in the lease term if extension of the lease is reasonably certain. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Management judgements and estimates

In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates.

Leases

Right-of-use assets classified as land and buildings mainly relate to leases of warehouses, terminals and office buildings, whereas assets recognised as other plant and operating equipment mainly relate to leases of trailers, trucks, company cars, forklifts, IT hardware and other office equipment.

Land and building leases normally have a lease term of up to ten years, whereas leases of other plant and operating equipment normally have a lease term of up to five years.

Land and buildings may include extension options with the intention of securing flexibility in the lease – however, any leasing period beyond the normal ten years expected at the initiation of the lease will normally be reflected in the contractual lease term agreed.

Analysis of lease liabilities showing the remaining contractual maturities is provided in the following table:

	2022			2021		
	Land and buildings	Other plant and operating equipment	Total	Land and buildings	Other plant and operating equipment	Total
Right-of-use assets (DKKm)						
Carrying amount at 1 January	13,121	588	13,709	10,146	965	11,111
Additions from business combinations	-	-	-	2,367	8	2,375
Additions	4,970	75	5,045	3,488	227	3,715
Disposals	(252)	(40)	(292)	(336)	(224)	(560)
Depreciation for the year	(3,549)	(212)	(3,761)	(2,757)	(388)	(3,145)
Currency translation	(5)	(2)	(7)	213	-	213
Carrying amount at 31 December	14,285	409	14,694	13,121	588	13,709

Contractual maturity of lease liabilities (DKKm)

	2022	2021
0-1 year	4,302	3,692
1-5 years	11,059	9,835
> 5 years	5,917	4,803
Total undiscounted lease liabilities at 31 December	21,278	18,330
<i>Current/non-current classification (discounted)</i>		
Current	3,577	3,440
Non-current	13,190	11,848

The profit or loss and cash flow impact of leases recognised for the year are specified below:

Lease effects recognised in profit or loss and cash flow (DKKm)

	2022	2021
<i>Profit or loss</i>		
Interest expenses on lease liabilities	727	495
Expenses relating to short-term leases	563	457
Expenses relating to leases of low-value assets	635	308
Expenses relating to variable lease payments not included in the measurement of lease liabilities	97	103
Gains from sale and leaseback transactions	109	56
Income from subleasing of right-of-use assets	14	-
<i>Cash flow</i>		
Total cash outflow for leases	4,461	3,655

3.7 Pensions and other post-employment benefit plans

Accounting policies

Pension obligations relating to defined contribution plans, under which the Group pays regular pension contributions to independent pension funds, are recognised in the income statement for the period in which they are earned. Contributions payable are recognised in the balance sheet under other current liabilities.

In regards to defined benefit plans, an actuarial valuation of the present value of future benefits payable under the plan is made once a year. The present value is calculated based on various assumptions, including the future development in wage/salary levels, interest rates, inflation and mortality. The present value is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the present value less the fair value of assets under the plan is recognised in the balance sheet under pensions and other post-employment benefit plans. Pension costs for the year are recognised in the income statement based on actuarial estimates and the financial outlook at the beginning of the year.

Differences between the calculated development in pension plan assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains or losses.

Changes in benefits payable for employees' past services to the company result in an adjustment of the actuarial calculation of the present value, which is classified as past service costs. Past service costs are charged to the income statement immediately if the employees have already earned the right to the adjusted benefits. Otherwise, they will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Management judgements and estimates

In determining pension obligations, management makes use of valuations from external and independent actuaries as basis for the estimates applied. The actuarial assumptions used in the valuations vary from country to country owing to national, economic and social conditions.

Pension obligations

Pension obligations (DKKm)	2022	2021
Present value of defined benefit plans	4,112	5,693
Fair value of pension plan assets	2,929	4,785
Pension obligations, net	1,183	908

Of these obligations, DKK 856 million relates to unfunded pension obligations (2021: DKK 1,032 million) and DKK 327 million relates to partly funded obligations (2021: DKK 124 million). The latter is primarily due to the Swiss plans being overfunded.

Total pension costs for the year

In 2022, net costs of DKK 848 million relating to the Group's pension plans were recognised in the income statement (2021: DKK 658 million) and specify as follows:

	Defined contribution plans	Defined benefit plans	Total
Pension cost 2022 (DKKm)			
Staff costs	745	84	829
Financial expenses	-	19	19
Total costs recognised	745	103	848

	Defined contribution plans	Defined benefit plans	Total
Pension cost 2021 (DKKm)			
Staff costs	567	74	641
Financial expenses	-	17	17
Total costs recognised	567	91	658

Defined benefit pension obligations

Development in the present value of defined benefit pension obligations is specified as follows:

Defined benefit pension obligations (DKKm)	2022	2021
Obligations at 1 January	5,693	4,218
Current service cost	135	100
Past service cost from plan amendments, curtailments and gains/losses on settlements	9	(26)
Calculated interest on obligations	75	56
Actuarial gains/losses arising from changes in financial assumptions	(1,283)	(186)
Actuarial gains/losses arising from changes in demographic assumptions	(23)	(63)
Actuarial gains/losses arising from experience adjustments	39	(8)
Payments from the plan	(521)	(1,211)
Additions from business combinations	-	2,667
Currency translation	(12)	146
Obligations at 31 December	4,112	5,693

The expected average duration of the obligations is 14 years.

Expected maturity of pension obligations

Expected maturity of pension obligations (DKKm)	2022	2021
0-1 year	501	206
1-5 years	933	747
> 5 years	2,678	4,740
Total obligations recognised	4,112	5,693

3.7 Pensions and other post-employment benefit plans — continued

Pension plan assets

Development in the fair value of pension plan assets is specified as follows:

Pension plan assets (DKKm)	2022	2021
Pension plan assets at 1 January	4,785	2,999
Calculated interest on plan assets	56	29
Return on plan assets excluding calculated interest	(1,288)	298
Contributions to the plan	163	121
Payments from the plan	(411)	(1,168)
Additions from business combinations	-	2,312
Asset ceiling	(374)	-
Currency translation	(2)	194
Pension plan assets at 31 December	2,929	4,785

Actuarial loss included in statement of comprehensive income amounts to DKK 395 million. DSV expects to contribute DKK 61 million to defined benefit plan assets in 2023 (2022: DKK 55 million). The pension plan assets are composed as follows:

Composition of pension plan assets (%)	2022	2021
Shares	47%	52%
Bonds	44%	37%
Insurance contracts	9%	11%
Total	100%	100%

Sensitivity analysis

The following table illustrates the change in the gross obligation relating to defined benefit plans from a change in the key actuarial assumptions. The analysis is based on reasonably probable changes, provided that the other parameters remain unchanged.

Sensitivity analysis (DKKm)	2022	2021
Defined benefit pension obligation	4,112	5,693
Discount rate		
Increase of 0.5 percentage point	3,888	5,293
Decrease of 0.5 percentage point	4,346	6,126
Future wage/salary increase		
Increase of 0.5 percentage point	4,148	5,744
Decrease of 0.5 percentage point	4,071	5,595
Inflation		
Increase of 0.5 percentage point	4,223	5,900
Decrease of 0.5 percentage point	3,987	5,479
Life expectancy		
Life expectancy increase of 1 year	4,218	5,810
Life expectancy decrease of 1 year	3,986	5,507

Significant pension plans

The most significant defined benefit plans of the Group relate to Europe, with Germany, Sweden and the UK being the largest. No other countries have individual defined benefit plans of significance. The plan in Sweden is a final pay scheme, which covers all salaried employees born in or before 1978 and is based on a collective labour agreement. Salaried employees born in or after 1979 are covered by a defined contribution plan.

The plan in Germany covers both salaried and hourly workers. Under this plan, employees earn a fixed amount for each year in service. The plan has been closed for new employees since 1994.

We continuously work to change our defined benefit plans in DSV into defined contribution plans for the benefit of the Group and the employees.

Applied key assumptions for the most significant pension plans are as follows:

Key assumptions 2022	Future		
	Discount rate	wage/salary increase	Future rate of inflation
Sweden	3.9%	2.6%	2.1%
Germany	4.1%	3.0%	2.4%
Other	0.7-7.3%	0-10.0%	0-3.5%
Weighted average	4.2%	3.0%	1.8%
Mortality prognosis table			
Sweden	DUS21 (w-c)		
Germany	RT Heubeck 2018 G		

Key assumptions 2021	Future		
	Discount rate	wage/salary increase	Future rate of inflation
Sweden	1.5%	2.0%	1.5%
Germany	1.0%	2.0%	1.5%
Other	0.3-6.1%	0-10.0%	0-2.1%
Weighted average	1.5%	2.8%	1.2%
Mortality prognosis table			
Sweden	DUS14 (w-c)		
Germany	RT Heubeck 2018 G		

3.8 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.

Provisions are measured on the basis of Management's best estimate of the anticipated expenditure for settlement of the relevant obligation and are discounted if deemed material.

Management judgements and estimates

Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are, by nature, uncertain.

When considering provisions involving significant estimates, opinions and estimates by external legal experts as well as existing case law are applied in assessing the probable outcome of material legal proceedings, etc.

Provisions

Provisions have not been discounted, as the effect thereof is immaterial. Provisions are expected to be settled within two years in all material respects.

Restructuring costs

Restructuring costs relate mainly to the integration of acquirees and the restructuring plans previously announced, which consist mainly of termination benefits and costs under terminated leases.

Disputes and legal actions

Provisions for disputes and legal actions relate mainly to probable liabilities taken over at the acquisition of enterprises.

Other provisions

Other provisions include indemnification liabilities totalling DKK 1,843 million relating to various company- and value added taxes (2021: DKK 1,818 million). Furthermore, other provisions mainly relates to restoration obligations in connection with property leases and onerous contracts.

	Restructuring costs	Disputes and legal actions	Other provisions	Total
Provisions — 2022 (DKKm)				
Provisions at 1 January	673	940	3,736	5,349
Additions for the year	978	301	2,202	3,481
Additions from business combinations	4	4	69	77
Used for the year	(655)	(227)	(1,223)	(2,105)
Reversal of provisions made in previous years	(36)	(56)	(53)	(145)
Currency translation	2	13	(5)	10
Provisions at 31 December	966	975	4,726	6,667
<i>Current/non-current classification:</i>				
Non-current liabilities	445	325	3,490	4,260
Current liabilities	521	650	1,236	2,407
Provisions at 31 December	966	975	4,726	6,667

Chapter 4

Capital structure and finances

This chapter includes disclosures on the financial basis and exposures of the Group's activities derived by our capital structure and net working capital.

The capital structure is linked to our long-term financial target of a gearing ratio below 2.0 x EBITDA before special items and the principles for capital allocation.

In order of priority, the free cash flow is used to reduce the Group's net interest-bearing debt in periods when the gearing ratio exceeds the target, for investments and business combinations, and for share buybacks or distribution to the Company's shareholders.

4.1 Equity

Accounting policies

Share capital

At year end, the share capital of DSV A/S amounted to 219 million shares with a nominal value of DKK 1 each.

Shares consist of only one share class and include no special rights, preferences or restrictions. All shares are fully paid up.

Reserves specification – 2022 (DKKm)	Treasury share reserve	Hedging reserve	Translation reserve	Total reserves
Reserves at 1 January	(6)	(9)	(341)	(356)
Other comprehensive income, net of tax	-	14	1,257	1,271
<i>Transactions with shareholders:</i>				
Purchase of treasury shares	(19)	-	-	(19)
Sale of treasury shares	2	-	-	2
Capital reduction	21	-	-	21
Reserves at 31 December	(2)	5	916	919

Reserves specification – 2021 (DKKm)	Treasury share reserve	Hedging reserve	Translation reserve	Total reserves
Reserves at 1 January	(4)	(11)	(2,821)	(2,836)
Other comprehensive income, net of tax	-	2	2,480	2,482
<i>Transactions with shareholders:</i>				
Purchase of treasury shares	(13)	-	-	(13)
Sale of treasury shares	2	-	-	2
Capital reduction	6	-	-	6
Transfer of treasury shares as business combination consideration	3	-	-	3
Reserves at 31 December	(6)	(9)	(341)	(356)

4.1 Equity — continued

Reserves

Reserves as presented in the statement of changes in equity comprise treasury share reserve, hedging reserve and translation reserve, as specified on the previous page.

Treasury share reserve

The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares is recognised directly as retained earnings in equity.

Treasury shares are bought to meet obligations under the Company's incentive schemes and to adapt the capital structure.

The reserve is a distributable reserve.

Hedging reserve

The reserve comprises the fair value of hedging instruments qualifying for hedge accounting.

Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

Translation reserve

The reserve comprises foreign currency translation arising on the translation of net investments and related hedging in entities with a functional currency other than DKK.

The reserve is dissolved upon disposal of entities.

	2022			2021		
	Market value (DKKm)	% of share capital at 31 December	Nominal value (DKKm)	Market value (DKKm)	% of share capital at 31 December	Nominal value (DKKm)
Treasury shares						
Portfolio, beginning of year	8,921	2.4%	5.8	3,972	1.7%	3.9
New shares issued	-	-	-	24,495	6.7%	16.0
Cancellation of treasury shares	(24,474)	(9.6%)	(21.0)	(5,863)	(2.5%)	(6.0)
Portfolio, adjusted for amount of shares	(15,553)	(6.9%)	(15.2)	22,604	5.8%	13.9
Purchased during the year	20,313	8.5%	18.6	17,841	5.5%	13.3
Consideration for acquisition	-	-	-	(29,571)	(8.0%)	(19.3)
Sold during the year	(1,601)	(0.6%)	(1.3)	(784)	(0.9%)	(2.1)
Value adjustment	(820)	-	-	(1,169)	-	-
Portfolio, end of year	2,339	1.0%	2.1	8,921	2.4%	5.8

4.2 Capital structure and capital allocation

Capital structure

The capital structure of DSV is intended to maintain financial stability, optimise cost of capital and to ensure financial readiness allowing to act on business opportunities as they present themselves. The gearing ratio was 1.0 at 31 December 2022 (2021: 1.4). The target gearing ratio is below 2.0 x EBITDA, but may exceed this level following significant acquisitions.

Capital allocation

The Group aims to spend its free cash flow in the following order of priority:

1. Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target;
2. Value-adding investments in the form of acquisitions or development of the existing business;
3. Distribution to the Company's shareholders by means of share buybacks and dividends.

Net interest-bearing debt

The Group increased its net interest-bearing debt in 2022 by DKK 625 million (2021: increased by DKK 11,056 million). Net interest-bearing debt can be specified as follows:

Net interest-bearing debt (DKKm)	2022	2021
Lease liabilities	16,767	15,288
Interest-bearing borrowings	22,206	21,472
Pensions and other post-employment benefit plans	1,183	908
Other receivables	(126)	(124)
Cash and cash equivalents	(10,160)	(8,299)
Net interest-bearing debt	29,870	29,245

4.2 Capital structure and capital allocation — continued

Distribution to the Company's shareholders

In 2022, the Group spent DKK 20,313 million on purchase of treasury shares and DKK 1,320 million on dividends distributed (2021: DKK 17,841 million and DKK 920 million, respectively). It is proposed to distribute a dividend of DKK 6.50 per share for 2022 (2021: DKK 5.50).

Cash and capital restrictions

Cash and cash equivalents comprise cash on hand and short-term liquid assets that are readily convertible to cash. Of total cash and cash equivalents, DKK 1,777 million (2021: DKK 839 million) are subject to restrictions implying that the cash may not be readily available for general use or distribution by the Group.

Major types of cash and capital restrictions:

Cash and capital restrictions (DKKm)	2022	2021
Exchange control restrictions	1,498	654
Insurance collaterals	273	178
Other collaterals	6	7
Total	1,777	839

Exchange control restrictions

Exchange control restrictions comprise cash balances in countries where various forms of foreign exchange controls or other legal restrictions apply. While the cash balances are available for the daily operations of the local entities, the balances cannot be immediately repatriated to the ultimate parent company.

Insurance collaterals

Insurance collaterals constitute security for outstanding insurance contracts sold to customers by DSV Insurance. The amount is regulated and measured in accordance with laws and regulations issued by the Danish Financial Supervisory Authority.

4.3 Financial liabilities

Accounting policies

The financial liabilities of the Group are divided into four financing categories: overdraft and credit facilities, issued bonds, lease liabilities and other financial liabilities.

Overdraft and credit facilities obtained through the issuance of bonds 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 over the term of the loan. Lease liabilities are described in further detail in [note 3.6](#).

Other liabilities are measured at amortised cost, which, in all essentials, corresponds to the net realisable value.

Financial liabilities (DKKm)	2022	2021
Non-current liabilities	34,588	28,841
Current liabilities	4,391	7,912
Total	38,979	36,753

Financing activities 2022 (DKKm)	Beginning of year	Non-cash change				End of year
		Cash flow	Additions from business combinations	Currency effects	Other*	
Overdraft and credit facilities	1,896	(1,159)	-	92	-	829
Issued bonds	19,557	1,833	-	53	(66)	21,377
Lease liabilities	15,288	(3,734)	-	(33)	5,246	16,767
Total liabilities from financing activities	36,741	(3,060)	-	112	5,180	38,973
Other non-current liabilities	12					6
Total financial liabilities	36,753					38,979
Financing activities 2021 (DKKm)						
Overdraft and credit facilities	1,089	563	139	105	-	1,896
Issued bonds	7,730	11,782	-	48	(3)	19,557
Lease liabilities	12,278	(3,160)	2,539	246	3,385	15,288
Total liabilities from financing activities	21,097	9,185	2,678	399	3,382	36,741
Other non-current liabilities	62					12
Total financial liabilities	21,159					36,753

* Other includes additions and remeasurement of financial liabilities.

4.4 Financial risks

Liquidity risk

The cash readiness of the Group is ensured through short and long-term credit facilities from the main banks of the Group and through the issuance of bonds. The purpose of issuing bond loans is to diversify the Group's long-term debt, making the Group less dependent on bank loans.

The Group's bank and bond loans are subject to standard clauses, according to which the Group's debt must be repaid in case of a change of control. The long-term credit facilities with banks are furthermore subject to one covenant. The covenant relates to the gearing ratio of the Group and is reported on every quarter. The covenant has not been breached in 2022.

The total duration of the Group's long-term loan commitments and the amounts drawn on its credit lines at 31 December 2022 are shown in the accompanying table. Furthermore, a maturity analysis has been provided based on contractual cash flows, including estimated interest payments. The amounts have not been discounted and as such do not reconcile directly to the balance sheet.

Foreign currency risk

Due to its global activities, the Group is exposed to exchange rate fluctuations to a certain extent. DSV seeks to eliminate foreign currency risks by hedging currency exposures centrally via the Group's Treasury department. The risk exposure is managed on a net basis, primarily by using foreign exchange forward contracts.

The Group's foreign subsidiaries are not affected where trading income and costs are denominated in the local functional currency. This applies to a large part of the Group's subsidiaries. Furthermore, a large proportion of the income and expenses of the Group are denominated in EUR, and the total foreign currency risk is therefore limited.

Commitments and amounts drawn on long-term credit facilities at 31 December 2022:

Loan facilities	Principal amount (EURm)	Principal amount (DKKm)	Fixed/floating interest rate	Expiry of commitments	Duration (years)	Undrawn
Bond loan - ISIN XS2387735470	500	3,718	Fixed	17-09-2036	13.7	-
Bond loan - ISIN XS2360881549	600	4,462	Fixed	05-07-2033	10.5	-
Bond loan - ISIN XS2308616841	500	3,718	Fixed	03-03-2031	8.2	-
Bond loan - ISIN XS2458285355	600	4,462	Fixed	16-03-2030	7.2	-
Bond loan - ISIN 212542679	500	3,718	Fixed	26-02-2027	4.2	-
Bond loan - ISIN 0030403993	200	1,487	Fixed	20-09-2024	1.7	-
Revolving credit facility I	200	1,487	Floating	03-10-2027	4.8	1,487
Revolving credit facility II	75	558	Floating	31-12-2024	2.0	558
Revolving credit facility III	125	930	Floating	28-02-2024	1.2	930
Revolving credit facility IV	150	1,115	Floating	31-01-2024	1.1	1,115
Revolving credit facility V	100	744	Floating	31-01-2024	1.1	744
Revolving credit facility VI	100	744	Floating	15-01-2026	3.0	744
Overdraft facility I	100	744	Floating	28-02-2025	2.2	744
Overdraft facility II	50	372	Floating	31-01-2024	1.1	372
Total and weighted duration	3,800	28,259			8.3	6,694

The Group's financial liabilities fall due as follows:

Financial liabilities – maturity 2022 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Overdraft and credit facilities	829	859	859	-	-
Issued bonds	21,377	23,062	186	5,852	17,024
Lease liabilities	16,767	21,278	4,302	11,059	5,917
Trade payables	14,992	14,992	14,992	-	-
Currency derivatives	93	93	93	-	-
Total	54,058	60,284	20,432	16,911	22,941

Financial liabilities – maturity 2021 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Overdraft and credit facilities	1,896	1,932	1,932	-	-
Issued bonds	19,557	20,923	2,741	1,952	16,230
Lease liabilities	15,288	18,330	3,692	9,835	4,803
Trade payables	17,040	17,040	17,040	-	-
Currency derivatives	33	33	33	-	-
Interest rate derivatives	7	(9)	(9)	-	-
Total	53,821	58,249	25,429	11,787	21,033

4.4 Financial risks — continued

The Group is also exposed to foreign currency risks, partly on the translation of debt denominated in foreign currency other than the functional currency and partly on the translation of net investments in enterprises with a functional currency other than DKK. The former risk affects profit before tax. On recognition of net investments in foreign subsidiaries, the Group is exposed to a translation risk when the profit or loss and equity of foreign subsidiaries are translated into DKK at the reporting date based on the average rates of exchange and the closing rates. The need to hedge the Parent's net investments in subsidiaries is assessed on a regular basis. It is Group policy to reduce net investments in Group subsidiaries on an ongoing basis by distributing the subsidiaries' profits as dividends.

The Group hedges booked external net currency positions and currencies with large expected short-term operational cash flows for up to six months. At year-end 2022, 71% of expected six-month cash flows in USD were hedged.

As hedge accounting is only applied to a limited extent and we do not hedge currency exposure related to intra-group balances with no underlying cash flow impact, significant changes in currency rates, especially EUR/DKK, USD/DKK, CNY/DKK and CHF/DKK, will result in more fluctuations in reported financial items. Unhedged intra-group balances at 31 December are outlined in the main currency exposures table to the right.

In general, the Group does not hedge EUR positions, as it expects that the official Danish fixed exchange-rate policy against the EUR will continue. The sensitivity analysis of EUR/DKK exposure shows the effect of a 2% (2021: 5%) change in average exchange rates for the year on profit/loss (EBIT) and the effect of a 2% (2021: 5%) change in year-end closing rates on other comprehensive income.

The sensitivity analysis of other significant currency exposures shows the effect of a 5% change in average exchange rates for the year on profit/loss (EBIT) and the effect of a 5% change in year-end closing rates on other comprehensive income. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Main currency exposures (DKK m)	Unhedged intra-group balances				Currency exposures – sensitivity analysis			
	2022		2021		2022		2021	
	Net position	Impact on profit/loss	Net position	Impact on profit/loss	Impact on profit/loss	Impact on OCI	Impact on profit/loss	Impact on OCI
EUR/DKK	(26,927)	(539)	(12,154)	(608)	103	130	191	238
USD/DKK	(7,076)	(354)	(188)	(9)	275	552	145	293
CNY/DKK	(2,558)	(128)	(3,143)	(157)	134	74	84	54
CHF/DKK	(1,798)	(90)	(1,771)	(89)	18	24	14	38
PLN/DKK	(873)	(44)	(543)	(27)	28	38	22	24
SGD/DKK	(845)	(42)	102	n.a.	18	16	n.a.	n.a.
SEK/DKK	(551)	(28)	(240)	n.a.	42	33	n.a.	n.a.
Total	n.a.	(1,225)	n.a.	(890)	618	867	456	647

Loan and credit facilities (DKK m)	2022			2021		
	Carrying amount	Fixed/floating interest rate	Expiry	Carrying amount	Fixed/floating interest rate	Expiry
Bond loans	21,377	Fixed	2024-2036	19,557	Fixed/floating	2022-2036
Credit facilities	-	-	-	818	Fixed	2022
Overdraft facility	829	Floating	2023	1,078	Floating	2022
Loans and credit facilities at 31 December	22,206			21,453		
<i>Current/non-current classification:</i>						
Non-current liabilities	21,392			16,981		
Current liabilities	814			4,472		

4.4 Financial risks — continued

Interest rate risk

At 31 December 2022, 96% (2021: 92%) of Group borrowings were secured either through fixed-rate loans or other hedge transactions. The duration of hedges relating to net borrowings of the Group was 182 months (2021: 151 months).

The weighted average interest rate on the Group's loans, credit facilities and interest rate hedging was 1.0% at the end of 2022 (2021: 1.2%).

A 1 percentage point increase in interest rates would not have a significant impact on the income statement (2021: increase DKK 57 million) and other comprehensive income (2021: increase DKK 5 million), based on average net interest-bearing debt for 2022. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Credit risk

The Group's credit risk mainly relates to trade receivables.

The Group is not dependent on particular customer segments or any specific customers, and all customers are subjected to individual credit assessments and credit limits in accordance with the Group's Credit Policy. As a result, the credit risk of the Group is generally considered insignificant.

The Group mainly hedges credit risks through the use of credit insurance.

For a limited number of customers, the Group uses non-recourse factoring. At 31 December 2022, non-recourse factoring amounted to DKK 2,288 million (2021: 1,696 million).

DSV is exposed to counterparty credit risk when entering into derivative financial instruments. In order to reduce this risk, DSV only enters into derivative financial instruments with the existing banks of the Group whose credit ratings from Standard & Poor's are long-term A or higher.

As a general rule, the Group only makes short-term deposits with banks rated short-term A-2 or higher by Standard & Poor's and/or P-2 or higher by Moody's.

Impairment of trade receivables

Impairment of trade receivables is assessed on an ongoing basis and insurance policies are taken out for the majority of these.

At 31 December 2022, credit insurance amounted to DKK 26,628 million, corresponding to 82% of total trade receivables (2021: DKK 25,295 million or 70%).

Loss allowances for impaired trade receivables are provided for following an expected credit loss model. The model includes uninsured trade receivables and also factors in any own risk on insured receivables. Expected credit loss at 31 December 2022 is presented in the following table:

Expected credit loss 2022 (DKKm)	Carrying amount	Expected loss rate (%)	Loss allowance
Current	25,745	0.3%	76
Overdue 1-30 days	4,319	2.2%	94
Overdue 31-60 days	1,331	7.1%	95
Overdue 61-90 days	615	15.0%	92
Overdue 91-120 days	368	26.9%	99
Overdue >121 days	882	47.3%	417
Total	33,260		873

Expected credit loss 2021 (DKKm)	Carrying amount	Expected loss rate (%)	Loss allowance
Current	31,079	0.4%	117
Overdue 1-30 days	3,834	1.6%	62
Overdue 31-60 days	970	5.8%	56
Overdue 61-90 days	413	13.3%	55
Overdue 91-120 days	167	24.4%	41
Overdue >121 days	663	64.2%	426
Total	37,126		757

Current receivables are considered to have high creditworthiness with a low risk of loss.

The loss allowance provision for the year is specified below:

Loss allowance provision (DKKm)	2022	2021
Provision at 1 January	757	423
Additions from business combinations	-	351
Additions for the year	713	337
Losses recognised	(155)	(79)
Reversal of provisions from previous years	(443)	(277)
Currency translation	1	2
Provision at 31 December	873	757

Impairment losses on trade receivables for 2022 amounted to DKK 155 million, corresponding to 0.07% of consolidated revenue (2021: DKK 79 million, or 0.04%).

4.5 Derivative financial instruments

Accounting policies

Derivative financial instruments are recognised on the trade date and are measured at fair value. Positive and negative fair values are included in other current receivables or other current payables in the balance sheet. Positive and negative fair values are only offset if the Group has a right and an intention to settle several financial instruments net (by means of settlement of differences). Fair value is determined based on generally accepted valuation methods using available observable market data.

When entering into contracts for financial instruments, an assessment is made of whether the instrument qualifies for hedge accounting, including whether the instrument hedges recognised assets and liabilities or net investments in foreign entities. The effectiveness of recognised financial instruments is assessed on a monthly basis, and any ineffectiveness is recognised in the income statement.

Fair value changes which are classified as and fulfil the criteria for recognition as a fair value hedge are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged.

Fair value changes in the part of the derivative which is classified as and qualifies for recognition as a future cash flow hedge and which effectively hedges against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve.

When the underlying hedged item is realised, any gain or loss on the hedging transaction is transferred from equity and recognised together with the hedged item.

Fair value changes that do not meet the criteria for treatment as hedging instruments are recognised on an ongoing basis in the income statement under financial items.

Foreign currency risk hedging

The Group mainly uses foreign exchange forward contracts to hedge foreign currency risks. The main currency hedged is USD. The foreign exchange forward contracts are used as fair value hedges of currency exposures relating to external balance sheet assets and liabilities as well as expected short-term operational cash flows.

A loss on hedging instruments of DKK 184 million was recognised in the income statement for 2022 (2021: a loss of DKK 84 million). In the same period, a gain of DKK 460 million was recognised relating to assets and liabilities (2021: a loss of DKK 28 million). The net gain in 2022 primarily relates to unhedged intercompany positions.

Interest rate risk hedging

The Group has obtained long-term loans mainly on a fixed rate basis, which means that the Group is less exposed to interest rate fluctuations.

The Group mainly uses interest rate swaps to hedge future cash flows relating to interest rate risks. Thereby, floating-rate loans are converted to fixed-rate financing.

At the balance sheet date, the Group no longer had any interest rate swaps. The weighted average effective interest rate of existing interest rate instruments used as hedges of long-term loans was therefore 0.0% at the reporting date (2021: 0.8%).

External hedging instruments (DKKm)	2022			2021		
	Currency instruments	Interest rate instruments	Total	Currency instruments	Interest rate instruments	Total
Contractual value	5,589	-	5,589	11,801	744	12,545
Maturity (year)	2023	-		2022	2022	
Fair value	93	-	93	(33)	(7)	(40)
Of which recognised in income statement	97	-	97	(34)	-	(34)
Of which recognised in OCI	(4)	-	(4)	1	(7)	(6)

4.6 Earnings per share

Earnings per share (DKK ^m)	2022	2021
Profit for the year	17,671	11,254
Non-controlling interests' share of consolidated profit for the year	103	49
DSV A/S shareholders' share of profit for the year	17,568	11,205
Amortisation of customer relationships	254	212
Share-based payment	202	160
Special items, costs	1,117	478
Related tax effect	(376)	(208)
Adjusted profit for the year	18,765	11,847
('000 shares)		
Total average number of shares	235,438	231,732
Average number of treasury shares	(8,121)	(4,231)
Average number of shares in circulation	227,317	227,501
Average dilutive effect of outstanding share options under incentive schemes	3,150	5,138
Diluted average number of shares in circulation	230,467	232,639
Earnings per share of DKK 1	77.3	49.3
Diluted earnings per share of DKK 1	76.2	48.2
Adjusted earnings per share of DKK 1	82.5	52.1
Diluted adjusted earnings per share of DKK 1	81.4	50.9

Diluted average number of shares

Diluted earnings per share and diluted adjusted earnings per share have been calculated excluding out-of-the money share options. The number of out-of-the money share options was 0 in 2022 (2021: 0).

4.7 Financial instruments — fair value hierarchy

Fair value hierarchy by category

DSV has no financial instruments measured at fair value based on level 1 input (quoted active market prices) or level 3 input (non-observable market data).

All financial instruments are measured based on level 2 input (input other than quoted prices that are observable either directly or indirectly).

Derivative financial instruments

The fair value of currency and interest rate derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes on a monthly basis.

Financial liabilities measured at amortised cost

In 2021, the carrying value of financial liabilities measured at amortised cost was not considered to differ significantly from fair value.

Due to changes in the macroeconomic environment, the carrying value of financial liabilities measured at amortised cost is no longer considered to represent the fair value. The 2022 fair value of issued bonds measured at amortised cost is within level 1 of the fair value hierarchy.

Trade receivables, trade payables and other receivables

Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

Financial instruments by category (DKK ^m)	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair value
<i>Financial assets:</i>				
Currency derivatives	93	93	-	-
Trade receivables	32,387	32,387	36,369	36,369
Other receivables	6,640	6,640	6,404	6,404
Cash and cash equivalents	10,160	10,160	8,299	8,299
Financial assets measured at amortised cost	49,187	49,187	51,072	51,072
<i>Financial liabilities:</i>				
Interest rate derivatives	-	-	7	7
Currency derivatives	-	-	33	33
Issued bonds measured at amortised cost	21,377	16,615	19,557	19,557
Overdraft and credit facilities	829	829	1,896	1,896
Trade payables	14,992	14,992	17,040	17,040
Financial liabilities measured at amortised cost	37,198	32,436	38,493	38,493

Chapter 5

Tax

In 2022, we contributed with direct and indirect taxes such as corporate taxes, VAT, GST, duties, etc., in more than 80 countries. Our corporate tax payments amounted to DKK 5,178 million.

We believe in contributing to the societies and communities we do business in. One of the ways we do that is through our global tax payments. In all tax matters, we act in a fair, compliant and responsible way.

5.1 Income tax

Accounting policies

Current tax payables and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for previous years and for prepaid tax.

Tax for the year comprises current and deferred tax on profit or loss for the year, interest expenses related to pending tax disputes and adjustments to previous years, including adjustments due to tax rulings. Tax for the year is recognised in the income statement, unless the tax expense relates directly to items included in other comprehensive income or equity.

Tax for the year (DKKm)	2022	2021
<i>Tax for the year is disaggregated as follows:</i>		
Tax on profit for the year	5,550	3,650
Tax on other changes in equity	322	(791)
Tax on other comprehensive income	(52)	116
Total tax for the year	5,820	2,975
<i>Tax on profit for the year is calculated as follows:</i>		
Current tax	5,704	3,830
Deferred tax	(302)	(220)
Tax adjustment relating to previous years	148	40
Total tax on profit for the year	5,550	3,650
<i>Tax on other comprehensive income specifies as follows:</i>		
Fair value adjustment of hedging instruments	(2)	3
Actuarial gains/(losses)	54	(119)
Total tax on other comprehensive income	52	(116)

Tax rate (%)	2022	2021
<i>Tax rate specifies as follows:</i>		
Calculated tax on profit for the year before tax	22.0%	22.0%
Adjustment of calculated tax in foreign group enterprises relative to 22.0%	2.5%	2.4%
Change in deferred tax based on change in income tax rate	0.0%	(0.1%)
<i>Tax effect of:</i>		
Non-deductible expenses/non-taxable income	0.5%	0.7%
Non-deductible losses/non-taxable gains on shares	(0.1%)	0.0%
Tax adjustment relating to previous years	0.6%	0.3%
Tax asset valuation adjustments, net	(2.3%)	(1.2%)
Other taxes and adjustments	0.7%	0.4%
Effective tax rate	23.9%	24.5%

5.2 Deferred tax

Accounting policies

Deferred tax is recognised based on temporary differences between the carrying amount and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, properties and other items if disallowed for tax purposes, except at the acquisition of enterprises, if such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates of the relevant countries that will be effective under current legislation at the reporting date on which the deferred tax is expected to materialise as current tax.

Management judgements and estimates

Management applies significant estimates when recognising and measuring deferred tax assets and uncertain tax positions.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised if it is assessed that there will be sufficient future taxable income against which the temporary differences and unutilised tax losses can be utilised. This assessment is based on budgets and business plans for the following years, including planned business initiatives. Deferred tax assets are tested annually and are only recognised if it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Uncertain tax positions include ongoing disputes with tax authorities and have been provided for in accordance with the accounting policies. Management believes that the provisions made are adequate. The actual obligations may deviate as they depend on the result of litigations and settlements with the relevant tax authorities.

Deferred tax recognised in the balance sheet (DKKm)

	2022	2021
Deferred tax at 1 January	3,097	2,293
Deferred tax for the year	302	220
Tax adjustment relating to previous years	(74)	(337)
Tax on changes in equity	(430)	675
Additions from business combinations	79	456
Currency translation	36	(47)
Other adjustments	(20)	(163)
Deferred tax at 31 December	2,990	3,097

Deferred tax not recognised in the balance sheet (DKKm)

	2022	2021
Temporary differences	29	(58)
Tax loss carryforwards	853	1,220
Total tax assets not recognised	882	1,162

Of not recognised tax loss carryforwards, DKK 574 million (2021: DKK 795 million) may be carried forward indefinitely.

5.2 Deferred tax — continued

The deferred tax assets and liabilities recognised are allocated to the following items:

Deferred tax allocation 2022 (DKKm)	Intangible assets	PPE, ROU assets, lease liabilities	Provisions	Other liabilities	Tax base of tax loss carry- forwards	Total
Deferred tax at 1 January	(290)	(166)	889	1,758	906	3,097
Recognised in profit/loss	277	170	111	(298)	(32)	228
Recognised in equity	-	-	52	(482)	-	(430)
Additions from business combinations	-	90	(95)	-	84	79
Other adjustments	-	-	(2)	13	(31)	(20)
Currency translation	2	18	(2)	3	15	36
Deferred tax at 31 December	(11)	112	953	994	942	2,990
<i>Balance sheet classification:</i>						
Deferred tax assets	162	273	1,034	1,074	951	3,494
Deferred tax liabilities	(173)	(161)	(81)	(80)	(9)	(504)

Deferred tax allocation 2021 (DKKm)	Intangible assets	PPE and ROU assets	Provisions	Other liabilities	Tax base of tax loss carry- forwards	Total
Deferred tax at 1 January	(253)	(252)	1,225	702	871	2,293
Recognised in profit/loss	(42)	204	(418)	311	(172)	(117)
Recognised in equity	-	-	(116)	791	-	675
Additions from business combinations	6	(135)	210	(21)	396	456
Other adjustments	-	-	1	(2)	(162)	(163)
Currency translation	(1)	17	(13)	(23)	(27)	(47)
Deferred tax at 31 December	(290)	(166)	889	1,758	906	3,097
<i>Balance sheet classification:</i>						
Deferred tax assets	(275)	590	701	1,620	908	3,544
Deferred tax liabilities	(15)	(756)	188	138	(2)	(447)

Chapter 6

Other notes

This chapter includes disclosures on other statutory information not directly related to the operating activities of the Group.

The chapter describes the acquisition and disposal of entities during the year, contingent liabilities and security for debt as well as transactions with Group Management, auditors and other related parties.

6.1 Acquisition and disposal of entities

Accounting policies

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which DSV obtains control of the company. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The date of disposal is the date on which DSV surrenders control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition.

The effects of cross-period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated.

After the end of the measurement period, goodwill is no longer adjusted. Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

Other than cross-period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing of entities.

Management judgements and estimates

In applying the acquisition method of accounting, estimates are an integral 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.

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

6.1 Acquisition and disposal of entities — continued

Acquisitions and disposals

On 16 August 2021, DSV acquired the Global Integrated Logistics division (GIL) of Agility Public Warehousing Company K.S.C.P. No material enterprises, non-controlling interests or activities were acquired or divested in 2022.

About Agility's Global Integrated Logistics business

The GIL business was a leading global transport and logistics provider with a strong footprint in emerging markets. The business offered a mix of integrated logistics services, including air, ocean and road freight forwarding services, contract logistics and specialised logistics capabilities. GIL operated a flexible, customer-centric and sustainability-driven business with a global workforce of approximately 17,000 employees and service provision across 100+ countries around the world (incl. agents). GIL empowered businesses of all sizes, from small businesses to large multinationals, through sector-specific expertise and digital tools and technology to enhance supply chain efficiency.

Consideration transferred

The consideration transferred for GIL was made in DSV equity instruments by offering 19,304,348 DSV shares in total at a fair value of DKK 29,493 million based on the acquisition date share closing price of DKK 1,531 on Nasdaq Copenhagen, offset by a cash consideration transferred from Agility to DSV of approximately DKK 61 million. Adjusted for the fair value of cash and cash equivalents acquired of DKK 1,759 million, the total net consideration amounted to DKK 27,734 million.

Fair value of acquired net assets and recognised goodwill

In 2022, DKK 370 million was recognised as measurement period adjustments to the acquisitional opening balance. The measurement period adjustments primarily relate to the valuation of properties. For further details, refer to note 6.1 in the [DSV Annual Report 2021](#).

The fair value of other receivables recognised includes indemnification assets totalling DKK 1,818 million relating to various corporate tax and value added taxes. Indemnification assets have not been excluded from the consideration transferred or opening balance recognition.

Had the indemnification assets been excluded, the consideration transferred and net assets recognised would have amounted to DKK 27,675 million and DKK 2,105 million respectively, whereas acquisitional goodwill would have remained unchanged.

The fair value of identified net assets and goodwill recognised from the acquisition is comprised of the following items:

Net assets and goodwill recognised (DKKm)	Fair value at date of acquisition
Customer relationships	569
Other intangible assets	13
Right-of-use assets	2,375
Property, plant and equipment	2,146
Trade receivables	5,438
Contract assets	1,448
Inventories	34
Deferred tax assets	720
Other receivables	2,365
Cash and cash equivalents	1,759
Total assets	16,867
Lease liabilities	2,331
Borrowings	138
Provisions	2,800
Pensions and similar obligations	349
Trade payables	2,499
Accrued cost of services	1,864
Deferred tax liabilities	159
Tax payables	605
Other payables	1,935
Total liabilities	12,680
NCI share of acquired net assets	264
Acquired net assets	3,923
Fair value of total consideration transferred	29,493
Goodwill arising from the acquisition	25,570

6.2 Share option schemes

Accounting policies

DSV's share option schemes are equity-settled, measured at the grant date and recognised in the income statement as staff costs over the vesting period. The offsetting item is recognised directly in equity.

The value of employee services received during the vesting period in exchange for share options granted corresponds to the fair value of the share options at the date of granting.

The fair value of the options granted is determined based on the Black & Scholes valuation model. The assumptions used in the valuation takes into account the terms and conditions applicable to the options granted and Management's expectations of the various parameters on which the valuation model is based.

Upon initial recognition, an estimate is made of the number of share options that the employees are expected to earn. The estimated number of share options is adjusted subsequently to reflect the actual number of share options earned.

The estimated volatility is based on historical data over the preceding three years adjusted for any unusual circumstances during the period. The valuation of the share options granted in 2022 and 2021 is based on the following assumptions:

Assumptions	2022	2021
Share price	1,485.0	1,325.0
Volatility	18.0%	18.0%
Risk-free interest rate	1.2%	(0.1%)
Expected dividends	0.8%	0.8%
Expected remaining life (years)	3.5	3.5

Current share option schemes

Scheme	Options granted	Exercise period	Exercise price	Number of employees	Market value at date of granting (DKKm)
2018	2,733,500	28.03.2021 - 28.03.2023	477.5	1,600	118.2
2019	2,735,000	29.03.2022 - 27.03.2024	545.0	1,624	141.7
2020	3,080,750	31.03.2023 - 31.03.2025	560.0	2,000	155.5
2021	2,438,300	01.04.2024 - 31.03.2026	1,325.0	2,202	205.3
2022	2,640,900	01.04.2025 - 31.03.2027	1,485.0	2,524	279.8

Share option schemes at 31 December 2022

Scheme	Executive Board	Key employees	Total	Average exercise price per option
2018*	190,000	687,000	877,000	477.5
2019*	190,000	1,836,500	2,026,500	545.0
2020	202,000	2,708,500	2,910,500	560.0
2021	168,750	2,193,800	2,362,550	1,325.0
2022	198,250	2,387,000	2,585,250	1,485.0
Outstanding at 31 December 2022	949,000	9,812,800	10,761,800	940.6
Open for exercise at 31 December 2022	380,000	2,523,500	2,903,500	524.6
Life (years)	2.2	2.6	2.6	n.a.
Market value (DKKm)	350.5	3,134.4	3,484.9	n.a.

* Share options granted in 2018 and 2019 are currently exercisable.

6.2 Share option schemes — continued

Share option schemes

DSV has launched incentive share-based payment schemes with the purpose of motivating and retaining key employees across the organisation. Share options are awarded at all levels in the organisation, e.g. from team leads, specialists, branch managers, country managers, up to Executive Management.

Retention is motivated by requiring continued service for a period covering the vesting period as a minimum. The schemes are also intended to align the interests of employees and shareholders.

All active schemes entail a three-year vesting period and a two-year exercise period. In case of a change of control, all outstanding share options will vest. Exercise prices are set based on the quoted market prices leading up to the date of granting. The share options can be exercised by cash purchase of shares only. The obligation relating to the schemes is partly covered by the Company's treasury shares.

Share options are granted pursuant to the procedures laid down in the Group's Remuneration Policy applicable in the relevant year.

A total of 2,988 employees held share options at 31 December 2022 (2021: 2,625 employees).

Total costs recognised in 2022 for services received but not recognised as an asset amounted to DKK 202 million (2021: DKK 160 million).

The average share price for options exercised in the financial year was DKK 1,093.4 per share at the date of exercise (2021: DKK 1,324.5 per share).

	Executive Board	Key employees	Total	Average exercise price per option
Outstanding share options				
Outstanding at 1 January 2021	760,000	8,646,129	9,406,129	507.2
Granted	156,750	2,281,550	2,438,300	1,325.0
Transferred*	36,000	(36,000)	-	-
Exercised	(190,000)	(1,953,556)	(2,143,556)	427.9
Options waived/expired	-	(123,475)	(123,475)	684.7
Outstanding at 31 December 2021	762,750	8,814,648	9,577,398	730.9
Outstanding at 1 January 2022	762,750	8,814,648	9,577,398	730.9
Granted	198,250	2,442,650	2,640,900	1,485.0
Exercised	(12,000)	(1,279,573)	(1,291,573)	479.1
Options waived/expired	-	(164,925)	(164,925)	1,091.6
Outstanding at 31 December 2022	949,000	9,812,800	10,761,800	940.6

* A member of the Executive Board has previously received share options in the Director's former capacity as a key employee.

6.3 Remuneration of the Executive Board and the Board of Directors

Executive Board

The members of the Executive Board are subject to a notice period of up to 24 months. Remuneration of the members of the Executive Board and the Board of Directors complies with the principles of the Company's Remuneration Policy and is described in detail in the Remuneration Report.

The aggregate remuneration to the members of the Executive Board for 2022 was DKK 54.8 million (2021: DKK 41.5 million). The remuneration to the Executive Board is specified:

Executive Board remuneration (DKKm)	2022	2021*
Fixed salary	36.1	27.6
Pension	2.9	2.2
Share-based payment	15.8	11.7
Total	54.8	41.5

* Michael Ebbe became a member of the Executive Board on 26 October 2021.

Board of Directors

The aggregate remuneration to the Board of Directors of DSV A/S for 2022 was DKK 6.9 million (2021: DKK 7.0 million).

6.4 Fees to auditors appointed at the Annual General Meeting

Audit fees and services (DKKm)

	2022	2021
Statutory audit fees	45	42
Other assurance services	3	4
Tax and VAT advisory services	1	2
Other services	5	4

Total fees to auditors appointed at the Annual General Meeting

	2022	2021
Statutory audit fees	6	13
Tax and VAT advisory services	2	21
Other services	-	12

Total fees, other

	2022	2021
Total fees	62	98

Non-audit services provided by PwC Denmark amounted to DKK 5 million in 2022 relating to advisory services in relation to legal disputes, assurance and advisory in relation to ESG, various tax advisory services and other advisory services. Non-audit services provided by PwC Denmark did not exceed 70% of the audit fees in accordance with EU audit legislation.

6.5 Related-party transactions

DSV has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and the Executive Board.

Related-party transactions

Board of Directors and Executive Board

No transactions with the Board of Directors and Executive Board were made in 2022 other than ordinary remuneration, as described in [notes 6.2](#) and [6.3](#).

Associated companies

DSV holds ownership interests in 8 associates (2021: 12 associates). The Group's share of associates' profit for the year amounted to DKK 7 million (2021: DKK 4 million).

The carrying amount of the investment was DKK 50 million at 31 December 2022 (2021: DKK 63 million). The Group had the following transactions with associates:

Associated companies transactions

(DKKm)	2022	2021
Sale of services	128	163
Purchase of services	14	18

The Group had the following balances with associates at 31 December:

Associated companies balances

(DKKm)	2022	2021
Receivables	19	26
Payables	-	1

6.6 Contingent liabilities and security for debt

Contingent liabilities

Accounting policies

Contingent liabilities comprise possible obligations which have not yet been confirmed, are uncertain or cannot be measured reliably, but which, if realised, may result in a drain on the Group's resources. Obligations are recognised in the financial statements only to the extent that the criteria for recognising a provision are met.

Management judgements and estimates

Management applies judgements in assessing the existence of contingent liabilities on an ongoing basis and in this regard considers if the criteria for recognising a provision are met.

These judgements may involve advice from external experts, legal advisors, etc.

Contingent liabilities

As an international transport service provider, the Group is regularly involved in tax and VAT disputes, legal proceedings or inquiries from competition authorities. Management believes that the cases currently identified will have no material impact on the financial position of the Group.

A detailed disclosure of individual contingent liabilities is considered impracticable and is therefore not included in the notes to the financial statements.

Security for debt

Bank guarantees

As part of its ordinary operations, DSV has provided bank guarantees to authorities, suppliers, etc.

The counterparties may claim appropriation of collateral if DSV fails to pay any amount due.

Pledges

At 31 December 2022, property, plant and equipment and other financial assets with a carrying value of DKK 30.9 million were pledged as security (2021: DKK 140.9 million). The carrying amount of debt secured by pledges amounted to DKK 0 million (2021: DKK 64 million).

Contracts

DSV has concluded IT service contracts. Costs related to these contracts are recognised as the services are provided.

Definition of key figures and ratios

Key figures and ratios are disclosed in accordance with 'Recommendations & Ratios' published by the Danish Finance Society, except for financial ratios marked with (*), as these are either derived or not included in the Recommendations. Earnings per share and diluted earnings per share are disclosed in accordance with IAS 33. Environmental, social and governmental key figures and ratios are defined in the [DSV Sustainability Report 2022](#) to which reference is made.

Key figures

Net interest-bearing debt	= Interest-bearing debt less interest-bearing assets and cash and cash equivalents
Net working capital	= Receivables and other current operating assets less trade payables and other payables and other current operating liabilities
Invested capital	= NWC + property, plant and equipment, ROU assets, intangible assets including goodwill and customer relationships less long-term provisions
Adjusted earnings	= The DSV A/S shareholders' share of profit for the reporting period adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items. The tax effect of the adjustments has been taken into account
Net financial expenses	= Financial income less financial expenses
Special items	= Exceptional items of income or expense which by nature are not related to the Group's ordinary operation or investments in future activities. See note 2.7 for additional details on items included
Adjusted free cash flow	= Free cash flow adjusted for net acquisition of subsidiaries and activities, lease liability repayments, special items and normalisation of working capital in subsidiaries and activities acquired

Financial ratios

Gross margin	= $\frac{\text{Gross profit} * 100}{\text{Revenue}}$
Operating margin	= $\frac{\text{Operating profit (EBIT) before special items} * 100}{\text{Revenue}}$
Conversion ratio	= $\frac{\text{Operating profit (EBIT) before special items} * 100}{\text{Gross profit}}$
Effective tax rate*	= $\frac{\text{Tax on profit for the year} * 100}{\text{Profit before tax}}$
Return on invested capital before tax	= $\frac{\text{Operating profit (EBIT) before special items} * 100}{\text{Average invested capital}}$
Return on equity	= $\frac{\text{Profit attributable to the shareholders of DSV A/S} * 100}{\text{Average equity excluding non-controlling interests}}$
Solvency ratio	= $\frac{\text{Equity excluding non-controlling interests} * 100}{\text{Total assets}}$
Gearing ratio*	= $\frac{\text{Net interest-bearing debt}}{\text{Operating profit before amortisation, depreciation (EBITDA) before special items}}$

Share ratios

Earnings per share	= $\frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares}}$
Diluted earnings per share	= $\frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares diluted}}$
Diluted adjusted earnings per share	= $\frac{\text{Adjusted earnings}}{\text{Average number of shares diluted}}$
Number of shares	= Total number of shares outstanding excluding treasury shares at the reporting date
Average number of shares	= Average number of shares outstanding during the reporting period
Average number of shares diluted	= Average number of shares outstanding during the reporting period including share options, but excluding out-of-the-money options measured relative to the average share price for the period

Group company overview

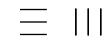
The overview below is a list of companies in the DSV Group at 31 December 2022 showing the companies by segment and not by legal structure.

Activity: ● Air & Sea ● Road ● Solutions ● Group

Company	Country	Ownership share	Activity
Parent			
DSV A/S	Denmark		●
Subsidiaries			
Europe			
DSV Air & Sea GmbH	Austria	100.00%	●
GIL Austria GmbH in Liquidation	Austria	100.00%	●
DSV Road GmbH	Austria	100.00%	●
DSV Air & Sea NV	Belgium	100.00%	●
Panalpina World Transport N.V.	Belgium	100.00%	●
AD Handling NV	Belgium	100.00%	●
ABX Worldwide Holdings NV/SA	Belgium	100.00%	●
DSV Road Holding NV	Belgium	100.00%	●
DSV Air & Sea Belgium NV	Belgium	100.00%	●

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Solutions N.V.	Belgium	100.00%	●
DSV Logistics N.V.	Belgium	100.00%	●
DSV Road N.V.	Belgium	100.00%	●
MCI Brokers N.V.	Belgium	99.90%	●
DSV Air & Sea EOOD	Bulgaria	100.00%	●
DSV Road EOOD	Bulgaria	100.00%	●
DSV Hrvatska d.o.o.	Croatia	100.00%	●
Panalpina Business Services (Prague), s.r.o.	Czech Republic	100.00%	●
DSV Air & Sea s.r.o.	Czech Republic	100.00%	●
Panalpina Czech S.R.O.	Czech Republic	100.00%	●
GIL Czech Republic s.r.o.	Czech Republic	100.00%	●
DSV Air & Sea Czech Republic s.r.o.	Czech Republic	100.00%	●
DSV Solutions s.r.o.	Czech Republic	100.00%	●
DSV Road a.s.	Czech Republic	100.00%	●
DSV Insurance A/S	Denmark	100.00%	●
DSV Group Services A/S	Denmark	100.00%	●
DSV Shop Hub A/S	Denmark	100.00%	●
DSV FS A/S	Denmark	100.00%	●
Anpartselskabet af 25. januar 2017	Denmark	100.00%	●
DSV Real Estate Ringsted A/S	Denmark	100.00%	●
DSV Air & Sea Holding A/S	Denmark	100.00%	●
DSV Air & Sea A/S	Denmark	100.00%	●
DSV Ocean Transport A/S	Denmark	100.00%	●
PC KH ApS	Denmark	100.00%	●
DSV Air & Sea Denmark ApS	Denmark	100.00%	●
Agility A/S	Denmark	100.00%	●
DSV Solutions Holding A/S	Denmark	100.00%	●
DSV Solutions A/S	Denmark	100.00%	●

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Real Estate Duisburg A/S	Denmark	100.00%	●
DSV Road Holding A/S	Denmark	100.00%	●
DSV Road A/S	Denmark	100.00%	●
DSV Real Estate Horsens A/S	Denmark	100.00%	●
DSV Real Estate Hedeland 5 A/S	Denmark	100.00%	●
DSV Road Services A/S	Denmark	100.00%	●
DSV Estonia AS	Estonia	100.00%	●
DSV Air & Sea Oy	Finland	100.00%	●
DSV Solutions Oy	Finland	100.00%	●
DSV Road Oy	Finland	100.00%	●
DSV Air & Sea SAS	France	100.00%	●
DSV International Air & Sea France	France	100.00%	●
DSV Solutions SAS	France	100.00%	●
DSV Road Holding S.A.	France	100.00%	●
DSV Road SAS	France	100.00%	●
ING REEIF WATTRELOS	France	100.00%	●
DSV Group Services GmbH	Germany	100.00%	●
DSV Air & Sea Germany GmbH	Germany	100.00%	●
DSV Air & Sea Deutschland GmbH	Germany	100.00%	●
DSV Real Estate Duisburg A/S - German Branch	Germany	100.00%	●
DSV Solutions Group GmbH	Germany	100.00%	●
DSV Solutions GmbH	Germany	100.00%	●
DSV Stuttgart GmbH & Co. KG	Germany	100.00%	●
DSV Stuttgart Verwaltung GmbH	Germany	100.00%	●
Administration & Accounting Service GmbH	Germany	100.00%	●
DSV Road GmbH	Germany	100.00%	●
DSV HELLAS S.A.	Greece	100.00%	●



Company	Country	Ownership share	Activity
Europe (continued)			
UTi Networks Limited	Guernsey	100.00%	●
DSV Air & Sea Hungary Kft.	Hungary	100.00%	●
DSV Solutions Hungary Kft.	Hungary	100.00%	●
DSV Hungaria Kft.	Hungary	100.00%	●
DSV Air & Sea Limited	Ireland	100.00%	●
Panalpina World Transport (Ireland) Ltd.	Ireland	100.00%	●
DSV GIL Ireland Limited	Ireland	100.00%	●
LEP Shannon Ltd.	Ireland	100.00%	●
DSV Air & Sea (Ireland) Limited	Ireland	100.00%	●
DSV Solutions Ltd.	Ireland	100.00%	●
UTi Inventory Management Solutions Limited	Ireland	100.00%	●
DSV Road Limited	Ireland	100.00%	●
DSV S.p.A.	Italy	100.00%	●
UTi Italy Srl	Italy	100.00%	●
Panalpina Trasporti Mondiali S.p.A.	Italy	100.00%	●
DSV Real Estate S.p.A.	Italy	89.75%	●
DSV Air & Sea Italy S.r.l.	Italy	100.00%	●
DSV Solutions S.R.L.	Italy	100.00%	●
DSV Real Estate Novara S.r.l.	Italy	66.00%	●
DSV Real Estate Modena S.r.l.	Italy	100.00%	●
DSV Road S.R.L.	Italy	100.00%	●
DSV Real Estate Verona S.r.l.	Italy	100.00%	●
UTi Kazakhstan LLP	Kazakhstan	100.00%	●
GIL Kazakhstan LLP	Kazakhstan	100.00%	●
DSV Latvia SIA	Latvia	100.00%	●
DSV Lithuania UAB	Lithuania	100.00%	●
DSV Air & Sea S.A.	Luxembourg	100.00%	●
XB Luxembourg Holdings 1 SA	Luxembourg	100.00%	●

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Air Services	Luxembourg	100.00%	●
DSV Lead Logistics B.V.	Netherlands	100.00%	●
Agility Logistics International BV	Netherlands	100.00%	●
GeoLogistics European Holdings B.V.	Netherlands	100.00%	●
Telmidas AMS B.V.	Netherlands	100.00%	●
TransOceanic Holdings BV	Netherlands	100.00%	●
DSV Finance B.V.	Netherlands	100.00%	●
African Investments BV	Netherlands	100.00%	●
UTi (Netherlands) Holdings BV	Netherlands	100.00%	●
DSV Air & Sea Nederland B.V.	Netherlands	100.00%	●
DSV Shared Services B.V.	Netherlands	100.00%	●
DSV Solutions Holding B.V.	Netherlands	100.00%	●
DSV Solutions Nederland B.V.	Netherlands	100.00%	●
IMS Holdings BV	Netherlands	100.00%	●
DSV Multi-Channel Fulfilment B.V.	Netherlands	100.00%	●
DSV Solutions (Moerdijk) B.V.	Netherlands	100.00%	●
DSV Real Estate Dallas Holding B.V.	Netherlands	100.00%	●
DSV Real Estate Venlo 5 B.V.	Netherlands	100.00%	●
DSV Real Estate Maastricht B.V.	Netherlands	100.00%	●
DSV Real Estate Moerdijk B.V.	Netherlands	100.00%	●
DSV Moerdijk Project B.V.	Netherlands	100.00%	●
DSV Road Holding N.V.	Netherlands	100.00%	●
DSV Road B.V.	Netherlands	100.00%	●
DSV ROAD DOOEL Skopje	North Macedonia	100.00%	●
DSV Air & Sea AS	Norway	100.00%	●
Panalpina AS	Norway	100.00%	●
GIL Norway AS	Norway	100.00%	●
DSV Solutions AS	Norway	100.00%	●
DSV Road AS	Norway	100.00%	●

Company	Country	Ownership share	Activity
Europe (continued)			
DSV International Shared Services Sp. z o.o.	Poland	100.00%	●
DSV Real Estate Warsaw Sp. z o.o.	Poland	100.00%	●
DSV Real Estate Warsaw II Sp. z o.o.	Poland	100.00%	●
DSV Air & Sea Sp. z o.o.	Poland	100.00%	●
Panalpina Polska Sp. z o.o.	Poland	100.00%	●
GIL POLAND Sp. z o.o.	Poland	100.00%	●
DSV Air & Sea Poland Sp. z o.o.	Poland	100.00%	●
DSV Services Sp. z o.o.	Poland	100.00%	●
DSV Road Sp. z o.o.	Poland	100.00%	●
DSV Solutions Sp. z o.o.	Poland	100.00%	●
DSV Group Services Unipessoal, Lda	Portugal	100.00%	●
DSV Air & Sea Portugal, LDA	Portugal	100.00%	●
DSV Solutions, Lda.	Portugal	100.00%	●
DSV SGPS, Lda.	Portugal	100.00%	●
DSV Transitaris, Lda.	Portugal	100.00%	●
DSV Air & Sea SRL	Romania	100.00%	●
GIL AIR&SEA S.R.L.	Romania	100.00%	●
DSV Solutions S.R.L.	Romania	100.00%	●
DSV Road S.R.L.	Romania	100.00%	●
DSV Road d.o.o.	Serbia	100.00%	●
DSV Solutions Slovakia s. r. o.	Slovakia	100.00%	●
DSV Air & Sea Slovakia s.r.o.	Slovakia	100.00%	●
DSV Real Estate Bratislava s.r.o.	Slovakia	100.00%	●
DSV Slovakia, s.r.o.	Slovakia	100.00%	●
DSV Transport d.o.o.	Slovenia	100.00%	●
Tacisa Transitaris S.L.	Spain	100.00%	●
DSV Air & Sea International, S.L.U.	Spain	100.00%	●
DSV Solutions Spain S.A.U.	Spain	100.00%	●



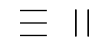
Company	Country	Ownership share	Activity
Europe (continued)			
Servicios Logísticos Integrados SLI, S.A.	Spain	100.00%	●
DSV Road Spain S.A.U.	Spain	100.00%	●
DSV Holding Spain S.L.	Spain	100.00%	●
DSV Air & Sea, S.A.U.	Spain	100.00%	●
DSV Air & Sea AB	Sweden	100.00%	●
DSV Air & Sea Nordic AB	Sweden	100.00%	●
Agility AB	Sweden	100.00%	●
DSV Solutions AB	Sweden	100.00%	●
DSV Real Estate Landskrona 2 AB	Sweden	100.00%	●
DSV Real Estate Helsingborg AB	Sweden	100.00%	●
DSV Group AB	Sweden	100.00%	●
DSV Road AB	Sweden	100.00%	●
Göinge Frakt EK	Sweden	100.00%	●
DSV Road Property Holding AB	Sweden	100.00%	●
GIL Switzerland 4 AG	Switzerland	100.00%	●
Panalpina Weltransport Holding AG	Switzerland	100.00%	●
DSV Corporate Services AG	Switzerland	100.00%	●
Panalpina International AG	Switzerland	100.00%	●
Panalpina Global Employment Services AG	Switzerland	100.00%	●
Panalpina Air & Ocean AG in liquidation	Switzerland	100.00%	●
DSV Air & Sea AG	Switzerland	100.00%	●
GIL Switzerland 1 AG	Switzerland	100.00%	●
GIL Switzerland 2 AG	Switzerland	100.00%	●
GIL Switzerland 3 AG	Switzerland	100.00%	●
DSV Logistics S.A.	Switzerland	100.00%	●
DSV Air & Sea A.S.	Türkiye	100.00%	●
DSV International Hava ve Deniz Taşımacılığı Ltd.Şirketi	Türkiye	100.00%	●

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Road & Solutions A.S.	Türkiye	100.00%	●
Panalpina World Transport Ltd.	Ukraine	100.00%	●
DSV Logistics LLC	Ukraine	100.00%	●
Agility Logistics LLC	Ukraine	100.00%	●
DSV GIL Holding Limited	United Kingdom	100.00%	●
DSV Air & Sea Limited	United Kingdom	100.00%	●
UTi (UK) Holdings Ltd.	United Kingdom	100.00%	●
UTi Worldwide (UK) Ltd.	United Kingdom	100.00%	●
Panalpina World Transport Ltd.	United Kingdom	100.00%	●
DSV GIL UK Limited	United Kingdom	100.00%	●
DSV GIL Fairs & Events Limited	United Kingdom	100.00%	●
DSV GIL Pension Trustees Limited	United Kingdom	100.00%	●
DSV Air & Sea 2018 (UK) Limited	United Kingdom	100.00%	●
DSV Lead Logistics Limited	United Kingdom	100.00%	●
DSV GIL Solutions Limited	United Kingdom	100.00%	●
DSV GIL Management Limited	United Kingdom	100.00%	●
DSV Peterborough Real Estate Limited	United Kingdom	100.00%	●
DSV Real Estate Thrapston Limited	United Kingdom	100.00%	●
DSV Road Holding Ltd.	United Kingdom	100.00%	●
DSV Commercials Ltd.	United Kingdom	100.00%	●
DSV Road Ltd.	United Kingdom	100.00%	●
Global Options Worldwide Express (Ltd)	United Kingdom	100.00%	●
DSV Pension Trustees Ltd.	United Kingdom	100.00%	●
DSV Solutions Ltd.	United Kingdom	100.00%	●
DFDS Transport Ltd.	United Kingdom	100.00%	●
DSV Real Estate Tamworth Ltd.	United Kingdom	100.00%	●

Company	Country	Ownership share	Activity
North America			
GeoLogistics Holdings (Bermuda) Limited	Bermuda	100.00%	●
DSV Air & Sea Inc.	Canada	100.00%	●
DSV Solutions Inc.	Canada	100.00%	●
DSV Road, Inc.	Canada	100.00%	●
DSV Air & Sea, S.A. de C.V.	Mexico	100.00%	●
DSV International Shared Services S.A. de C.V.	Mexico	100.00%	●
TransOceanic Shipping Co. S. de RL de C.V.	Mexico	100.00%	●
DSV Solutions S.A. de C.V.	Mexico	100.00%	●
DSV Road, S.A. de C.V.	Mexico	100.00%	●
DSV 4PL Inc.	United States	100.00%	●
DSV Air & Sea Holding Inc.	United States	100.00%	●
DSV Air & Sea Inc.	United States	100.00%	●
Agility Fairs and Events Logistics LLC	United States	100.00%	●
DSV Air & Sea International Holding Inc.	United States	100.00%	●
DSV Solutions, LLC	United States	100.00%	●
DSV Inventory Management Solutions Inc.	United States	100.00%	●
DSV Real Estate Dallas Inc.	United States	100.00%	●
Market Industries LLC	United States	100.00%	●
Sammons Transportation, Inc.	United States	100.00%	●
DSV Road, Inc.	United States	100.00%	●
South America			
UTi Logistics Argentina S.A.	Argentina	100.00%	●
DSV Air & Sea S.A.	Argentina	100.00%	●
DSV Solutions Brasil Serviços de Logística Ltda.	Brazil	100.00%	●



Company	Country	Ownership share	Activity	Company	Country	Ownership share	Activity	Company	Country	Ownership share	Activity
South America (continued)				South America (continued)				Asia (continued)			
DSV Air & Sea Brasil Ltda.	Brazil	100.00%	●	DSV Air & Sea S.A.	Peru	100.00%	● ●	Zhejiang DSV supply chain management CO.,LTD	China	100.00%	● ●
UTi Worldwide Inc.	Brit. Virgin Islands	100.00%	●	Agility Logistics Peru S.A.	Peru	100.00%	●	DSV Air & Sea Ltd.	Hong Kong	100.00%	●
UTi Logistics (Proprietary) Limited	Brit. Virgin Islands	100.00%	●	DSV Air & Sea (PR) Inc.	Puerto Rico	100.00%	●	Pantainer (H.K.) Ltd.	Hong Kong	100.00%	●
Thomas International Freight Auditors Limited	Brit. Virgin Islands	100.00%	●	Arabella Shipping Ltd	Saint Vincent And The Grenadines	100.00%	●	Prime Cargo (H.K.) Ltd.	Hong Kong	100.00%	●
UTi Kazakhstan Investments Ltd	Brit. Virgin Islands	100.00%	●	DSV Air & Sea Uruguay - Servicios Logisticos SA	Uruguay	100.00%	●	Agility Logistics Limited	Hong Kong	100.00%	● ●
Agility (Asia/Pacific) Limited	Brit. Virgin Islands	100.00%	●	Panalpina Uruguay Transportes Mundiales S.A.	Uruguay	100.00%	●	GIL Integration Hong Kong 1 Limited	Hong Kong	100.00%	● ●
PWC Global Logistics Holdings Ltd	Brit. Virgin Islands	100.00%	●	Panalpina Zona Franca S.A.	Uruguay	100.00%	●	ECT Transport Limited	Hong Kong	100.00%	●
DSV Air & Sea (Latin America) Holding S.A.	Chile	100.00%	●	Asia				DSV Solutions Limited	Hong Kong	100.00%	● ●
DSV Air & Sea S.A.	Chile	100.00%	●	DSV Air & Sea Ltd.	Bangladesh	100.00%	●	DSV Air & Sea (HK) Ltd.	Hong Kong	100.00%	●
Panalpina Chile Transportes Mundiales Ltda.	Chile	100.00%	●	Agility Ltd.	Bangladesh	100.00%	●	Panalpina World Transport Ltd.	Hong Kong	100.00%	●
Agility Logistics Corp. Holding SpA	Chile	100.00%	●	UTi Pership (Pvt) Limited - Bangladesh Branch (BDT)	Bangladesh	100.00%	●	Panalpina China Ltd.	Hong Kong	100.00%	● ●
Agility Logistics Chile SA	Chile	100.00%	●	DSV Air & Sea (Cambodia) Co., Ltd.	Cambodia	100.00%	●	GIL Shared Services Private Limited	India	100.00%	● ●
DSV Air & Sea S.A.S.	Colombia	100.00%	●	Prime Cargo (Cambodia) Co., Ltd.	Cambodia	100.00%	●	DSV Air & Sea Pvt. Ltd.	India	100.00%	●
Agility Logistics Colombia S.A.S.	Colombia	100.00%	●	GIL Integration 1 (Cambodia) Co., Ltd.	Cambodia	100.00%	●	DSV Air & Sea International Private Limited	India	100.00%	●
AGENCIA DE ADUANAS DSV S.A.S. NIVEL 1	Colombia	100.00%	●	DSV Air & Sea Co., Ltd.	Cambodia	100.00%	●	DSV Coload & Clearance Pvt. Ltd.	India	100.00%	●
DSV Solutions S.A.S.	Colombia	100.00%	● ●	UTi Worldwide Co. Ltd. - Cambodia Branch (USD)	Cambodia	100.00%	●	DSV Solutions Private Limited	India	100.00%	● ●
DSV Air & Sea S.A.	Costa Rica	100.00%	●	DSV Air & Sea Co., Ltd.	China	100.00%	●	PT. DSV Transport Indonesia	Indonesia	100.00%	●
GIL 1 (Curaçao) N.V.	Curacao	100.00%	●	DSV Air & Sea Co., Ltd. (South East China)	China	100.00%	●	PT GIL Solusi Indonesia	Indonesia	100.00%	● ●
DSV AIR & SEA DOMINICANA, S.R.L.	Dominican Republic	100.00%	●	DSV Air & Sea Co., Ltd. (China)	China	100.00%	●	PT DSV Solutions Indonesia	Indonesia	100.00%	● ●
DSV -AIR&SEA S.A.	Ecuador	100.00%	●	Baisui United Logistics (Shanghai) Co. Ltd.	China	100.00%	● ●	PT Synergy Indonesia	Indonesia	100.00%	●
DSV Air & Sea, S.A. de C.V.	El Salvador	100.00%	●	Agility Logistics (Shanghai) Limited	China	100.00%	●	PT Sarana Prima Optima	Indonesia	100.00%	●
DSV Air & Sea PA Inc.	Panama	100.00%	●	DSV Logistics Co., Ltd.	China	100.00%	● ●	DSV Air & Sea Japan GK	Japan	100.00%	●
Panalpina SEM, S.A.	Panama	100.00%	●	Panalpina World Transport (PRC) Ltd.	China	100.00%	● ●	DSV Air & Sea Co., Ltd.	Japan	100.00%	●
Panalpina S.A.	Panama	100.00%	● ●					DSV Solutions Co., Ltd.	Japan	100.00%	● ●
Almacenadora Mercantil S.A.	Panama	100.00%	● ●					DSV Air & Sea Ltd.	Korea	100.00%	●
								DSV Solutions Ltd.	Korea	100.00%	● ●
								DSV Air & Sea International Ltd.	Korea	100.00%	●



Company	Country	Ownership share	Activity	Company	Country	Ownership share	Activity	Company	Country	Ownership share	Activity
Asia (continued)				Asia (continued)				Asia (continued)			
DSV Air and Sea Limited	Macao	100.00%	●	Panalpina World Transport (Philippines) Inc.	Philippines	100.00%	●	DSV Air & Sea Ltd.	Thailand	100.00%	●
DSV Air & Sea Sdn. Bhd.	Malaysia	100.00%	●	DSV Global Solutions Inc.	Philippines	100.00%	●	Panalpina World Transport (Vietnam) Co. Ltd.	Vietnam	99.00%	●
Panalpina Customs Services (M) SDN BHD	Malaysia	100.00%	●	GIL Logistics Distribution Inc.	Philippines	100.00%	●	DSV Solutions Co., Ltd	Vietnam	100.00%	●
Litvest Corporation Sdn Bhd	Malaysia	100.00%	●	Agility Logistics Holdings Pte Ltd	Singapore	100.00%	●	Agility Logistics Vietnam Company Ltd.	Vietnam	100.00%	●
DSV Solutions (DC) Sdn. Bhd.	Malaysia	100.00%	●	Agility Logistics Holdings (S) Pte. Ltd.	Singapore	100.00%	●	Agility Ltd	Vietnam	71.00%	●
GOCT Logistics Sdn Bhd	Malaysia	100.00%	●	DSV Singapore Real Estate Holding Pte. Ltd.	Singapore	100.00%	●	DSV Air & Sea Vietnam Limited	Vietnam	100.00%	●
DSV Shared Services Asia Sdn Bhd	Malaysia	100.00%	●	DSV Air & Sea Pte. Ltd.	Singapore	100.00%	●	Inventory Management Solutions Vietnam Limited	Vietnam	100.00%	●
Logik Pengurusan Sdn Bhd	Malaysia	100.00%	●	Agility International Logistics Pte. Ltd.	Singapore	100.00%	●	Middle East			
DSV Logistics Sdn. Bhd.	Malaysia	100.00%	●	Agility Fairs & Events Logistics Pte. Ltd.	Singapore	100.00%	●	Agility Logistics Limited	Afghanistan	100.00%	●
DSV SOLUTIONS SDN. BHD.	Malaysia	100.00%	●	China Baisui Logistics Pte Ltd	Singapore	100.00%	●	Panalpina Central Asia EC - Azerbaijan Branch	Azerbaijan	100.00%	●
Panalpina Transport (Malaysia) Sdn. Bhd.	Malaysia	100.00%	●	ABX LOGISTICS Singapore PTE LTD	Singapore	100.00%	●	DSV W.L.L.	Bahrain	100.00%	●
DSV Inventory Management Solutions Sdn. Bhd.	Malaysia	100.00%	●	DSV Solutions Pte Ltd.	Singapore	100.00%	●	Panalpina Central Asia EC	Bahrain	100.00%	●
DSV Air & Sea (Myanmar) Limited	Myanmar	100.00%	●	DSV Air & Sea Singapore Pte. Ltd.	Singapore	100.00%	●	DSV Solutions B.S.C Closed	Bahrain	100.00%	●
DSV Air and Sea Pakistan (SMC-Private) Limited	Pakistan	100.00%	●	DSV Inventory Management Solutions Pte. Ltd	Singapore	100.00%	●	Panalpina Georgia LLC	Georgia	100.00%	●
DSV SOLUTIONS (PRIVATE) LIMITED	Pakistan	100.00%	●	UTi Pership (Pvt) Limited	Sri Lanka	51.00%	●	Al-Alb Co. for General Transportation (PLLC)	Iraq	100.00%	●
DSV Air & Sea Limited	Papua New Guinea	100.00%	●	DSV Pership (Private) Limited	Sri Lanka	40.00%	●	Agility Kurdistan Company for Administration of Warehouses and Facilitate Storage Process Limited	Iraq	67.50%	●
Panalpina Global Business Services (GBS) - Philippines	Philippines	100.00%	●	DSV Air & Sea Co., Ltd.	Taiwan	100.00%	●	The Warehousing Company for Shipping, Discharging and Custom Clearance LLC	Iraq	100.00%	●
DSV International Shared Services Inc.	Philippines	100.00%	●	UTi Holding Co., Ltd.	Taiwan	100.00%	●	DSV Air & Sea Ltd.	Israel	100.00%	●
DSV Air & Sea Inc.	Philippines	100.00%	●	DSV Air & Sea (Taiwan) Ltd.	Taiwan	100.00%	●	DSV Marine Insurance Agency Ltd.	Israel	100.00%	●
GIL Holding Co Inc.	Philippines	100.00%	●	DSV Solutions Co., Ltd.	Taiwan	100.00%	●	Hermes Exhibition & Projects Limited	Israel	100.00%	●
GIL Logistics Holding Inc.	Philippines	100.00%	●	Panalpina Asia-Pacific Services (Thailand) Ltd.	Thailand	100.00%	●	DSV - E-COMMERCE LTD.	Israel	100.00%	●
GIL International Logistics Inc.	Philippines	100.00%	●	Supreme Eliga Co. Ltd.	Thailand	100.00%	●	DSV Solutions Ltd	Israel	100.00%	●
DSV Logistics Solutions Philippines, Inc.	Philippines	100.00%	●	Agility Co. Ltd.	Thailand	100.00%	●				
DSV SHARED SERVICES MANILA (ROHQ)	Philippines	100.00%	●	DSV Solutions Ltd.	Thailand	100.00%	●				
				DSV Holding (Thailand) Co., Ltd.	Thailand	100.00%	●				
				Panalpina World Transport (Thailand) Ltd.	Thailand	100.00%	●				



Company	Country	Ownership share	Activity
Middle East (continued)			
U.T.I.-Inventory Management Solutions Limited partnership	Israel	100.00%	●
UTI IMS Ltd.	Israel	100.00%	●
DSV Air & Sea Jordan	Jordan	100.00%	●
Public warehousing Company -Jordan PSC	Jordan	100.00%	●
Public Warehousing Company for Storage and Distribution Services	Jordan	100.00%	●
Public warehousing Company -Jordan PSC - Aqaba Branch	Jordan	100.00%	●
DSV Holding for Company Business Management W.L.L	Kuwait	100.00%	●
Global Logistics for General Trading and Contracting Co. WLL	Kuwait	100.00%	●
DSV Air & Sea Co. W.L.L.	Kuwait	49.00%	●
DSV A&S for Shipping and Transport W.L.L	Kuwait	100.00%	●
Muroona Logistics Solution Co. for General Trading of Equipments, Supplier for Construction and Real Estate WLL	Kuwait	100.00%	●
DSV Solutions for Warehousing and Third Party Inventory S.P.C	Kuwait	100.00%	●
GIL Logistics Cargo Transport W.L.L	Kuwait	100.00%	●
Agility Freight Forwarding (Lebanon) SARL	Lebanon	100.00%	●
PWC Trading and contracting Lebanon SAL (Holding)	Lebanon	100.00%	●
PWC Lebanon (Holding) SAL	Lebanon	100.00%	●
PWC investments (Lebanon) SARL	Lebanon	100.00%	●
DSV Air and Sea LLC	Oman	70.00%	●
Global Logistics (Oman) LLC	Oman	50.00%	●
Panalpina Qatar WLL	Qatar	49.00%	●

Company	Country	Ownership share	Activity
Middle East (continued)			
DSV Panalpina Marine Shipping W.L.L.	Qatar	100.00%	●
Panalpina World Transport (Saudi Arabia) Ltd.	Saudi Arabia	100.00%	●
DSV Solutions for Logistics Services Company	Saudi Arabia	100.00%	●
GIL INTERNATIONAL HOLDINGS I LIMITED	United Arab Emirates	100.00%	●
GIL INTERNATIONAL HOLDINGS II LIMITED	United Arab Emirates	100.00%	●
GIL INTERNATIONAL HOLDINGS III LIMITED	United Arab Emirates	100.00%	●
DSV Air & Sea (LLC)	United Arab Emirates	100.00%	●
DSV Solutions DWC-LLC	United Arab Emirates	100.00%	●
Panalpina Jebel Ali Ltd.	United Arab Emirates	100.00%	●
DSV Gulf Customs Broker LLC	United Arab Emirates	49.00%	●
DSV Air and Sea DWC-LLC	United Arab Emirates	100.00%	●
DSV Air and Sea Middle East DWC-LLC	United Arab Emirates	100.00%	●
DSV Solutions PJSC	United Arab Emirates	49.00%	●
DSV Solutions L.L.C.	United Arab Emirates	100.00%	●
DSV Solutions MENA FZE	United Arab Emirates	100.00%	●
DSV Road and Transport L.L.C	United Arab Emirates	99.00%	●
DSV Solutions - FZE	United Arab Emirates	100.00%	●

Company	Country	Ownership share	Activity
Oceania			
DSV Air & Sea Pty. Ltd.	Australia	100.00%	●
DSV Solutions Pty. Ltd.	Australia	100.00%	●
A.C.N. 116 779 876 PTY LTD	Australia	100.00%	●
A.C.N. 004 265 721 PTY LTD	Australia	100.00%	●
A.C.N. 007 430 935 PTY LTD	Australia	100.00%	●
A.C.N. 078 189 296 PTY LTD	Australia	100.00%	●
A.C.N. 082 751 460 PTY LTD	Australia	100.00%	●
A.C.N. 144 885 156 PTY LTD	Australia	100.00%	●
DSV Air & Sea Limited	New Zealand	100.00%	●
Africa			
Agility Maghreb Sarl	Algeria	49.00%	●
Agility Logistics SARL	Algeria	100.00%	●
Frans Maas Algeria S.a.r.l.	Algeria	100.00%	●
Panalpina Transportes Mundiais Navegação e Trânsitos S.A.R.L.	Angola	49.00%	●
Global Integrated Logistics Lda	Angola	100.00%	●
DSV Air & Sea (PTY) Limited	Botswana	100.00%	●
Panalpina Transportes Mondiaux Cameroun S.A.R.L.	Cameroon	90.00%	●
DSV-UTI Egypt Ltd.	Egypt	100.00%	●
Panalpina World Transport Egypt LLC	Egypt	100.00%	●
GIL Egypt Limited Liability Company	Egypt	100.00%	●
DSV Solutions S.A.E.	Egypt	100.00%	●
Global Options Worldwide Express Investments (Pty) Ltd	Eswatini	100.00%	●
Panalpina Transportes Mondiaux Gabon S.A.	Gabon	89.78%	●
DSV Air & Sea Limited	Kenya	100.00%	●
Panalpina Kenya Ltd.	Kenya	100.00%	●

Company	Country	Ownership share	Activity
Africa (continued)			
DSV Air & Sea Limited	Malawi	100.00%	●
GIL Africa Holdings Ltd	Mauritius	100.00%	●
Panalpina Morocco S.A.R.L.	Morocco	100.00%	●
Global Integrated Logistics Company SARL AU	Morocco	100.00%	●
DSV Transport Int'l S.A	Morocco	100.00%	●
DSV Air & Sea Limitada	Mozambique	100.00%	●
GIL Mozambique, LDA	Mozambique	100.00%	●
Globeflight Worldwide Express (Pty) Ltd	Namibia	100.00%	●
DSV Freight International Limited	Nigeria	100.00%	●
DSV Air and Sea (Proprietary) Limited	South Africa	100.00%	●
DSV South Africa (Pty) Ltd.	South Africa	75.00%	●
DSV Shared Services (Pty) Ltd.	South Africa	100.00%	●
UTi Logistics (Proprietary) Limited - SC OCS Division	South Africa	100.00%	●
DSV AFRICA HOLDING (Pty) Ltd.	South Africa	100.00%	●
DSV Skyservices (Pty) Ltd	South Africa	100.00%	●
Scorpion Share Block (Pty) Ltd.	South Africa	100.00%	●
Marine Link (Pty) Ltd.	South Africa	100.00%	●
DSV Real Estate Johannesburg (Pty) Ltd.	South Africa	100.00%	●
Firefly Investments 337 Properties Proprietary Limited	South Africa	100.00%	●
Linkit Investments (Pty) Ltd.	South Africa	80.00%	●
GIL South Africa 1 (Pty) Ltd	South Africa	100.00%	●
DSV Healthcare (Pty) Ltd.	South Africa	100.00%	●
DSV Solutions (Pty) Ltd.	South Africa	100.00%	●
DSV Assembly Services (Pty) Ltd.	South Africa	65.30%	●
DSV Mounties (Pty) Ltd.	South Africa	100.00%	●

Company	Country	Ownership share	Activity
Africa (continued)			
DSV Road (Pty) Ltd.	South Africa	100.00%	●
Globeflight Worldwide Express (SA) Pty Ltd	South Africa	100.00%	●
Mercury Couriers (Pty) Ltd	South Africa	100.00%	●
DSV Air & Sea Limited	Tanzania	100.00%	●
DSV Air & Sea Limited	Uganda	100.00%	●
Agility Logistics Limited	Uganda	100.00%	●
Swift Freight International (Zambia) Ltd.	Zambia	100.00%	●
DSV Air & Sea Limited	Zambia	100.00%	●
DSV Air & Sea (Private) Limited	Zimbabwe	100.00%	●
Associates			
Trans-Link Cambodia Ltd	Cambodia	49.00%	●
GT Stevedores Oy	Finland	25.50%	●
KM Logistik GmbH	Germany	35.00%	●
IDS Logistik GmbH	Germany	28.00%	●
Tristar Transport (Private) Limited	Pakistan	50.00%	●
ATS Air Transport Service AG	Switzerland	48.00%	●
Polymer Logistics Investments LLC	United Arab Emirates	36.50%	●
Key Logistics, Inc.	United States	49.00%	●



Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today considered and adopted the Annual Report of DSV A/S for the financial year 1 January to 31 December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in accordance with IFRS as adopted by the EU and further 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 financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group and Parent Company operations and cash flows for the financial year 2022.

In our opinion, the annual report of DSV A/S for the financial year 1 January to 31 December 2022 with the file name DSV-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

In our opinion, Management's commentary includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Hedehusene, 2 February 2023

Executive Board:

Jens Bjørn Andersen
CEO

Jens H. Lund
COO and Vice CEO

Michael Ebbe
CFO

Board of Directors:

Thomas Plenborg
Chairman

Jørgen Møller
Deputy Chairman

Birgit W. Nørgaard

Marie-Louise Aamund

Beat Walti

Niels Smedegaard

Tarek Sultan Al-Essa

Benedikte Leroy

Independent Auditor's reports

To the shareholders of DSV 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 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of DSV A/S for the financial year 1 January to 31 December 2022 comprise income statement and statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity 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 DSV A/S on 9 March 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of six 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.

Revenue recognition, contract assets and accrued cost of services

The Group's revenue consists primarily of services, i.e. transportation of goods between destinations, which by nature is rendered over a period of time.

We focused on this area, because at year-end, material contract assets and accrued cost of services exist which involve significant accounting estimates and which are complex by nature, i.e. accrual of income (contract assets) and related costs (accrued cost of services), including methods and data applied and assumptions made by Management. The process of accruing for services rendered around the balance sheet date is, therefore, complex and dependent on relevant IT controls in certain operational IT systems. Moreover in the Air & Sea division, an inherent risk exists regarding estimates for recognising revenue in the right period at year end due to the services being rendered over a lengthier period of time.

In addition, we focused on this area because of the significance of revenue and as revenue comprises a substantial number of transactions, including with different characteristics depending on which business segment the revenue relates to.

Reference is made to [notes 2.2](#) and [3.4](#) in the Consolidated Financial Statements.

How our audit addressed the key audit matter

Our audit procedures included considering the appropriateness of the accounting policies for revenue recognition applied by Management and assessing compliance with applicable financial reporting standards.

We updated our understanding of relevant controls, including Group controlling procedures and IT controls, concerning the timing of revenue recognition, contract assets and accrued cost of services, and evaluated whether these were designed in line with the Group's accounting policies and were operating effectively.

For revenue, contract assets and accrued cost of services, we examined reports concerning services in progress and challenged the assumptions made by Management in this regard.

Moreover, we selected a sample of transactions during the year and at year-end, and traced these to underlying evidence to determine whether revenue and the related costs are recognised in the right period.

In addition, we applied data analysis in our testing of revenue transactions in order to identify and assess transactions outside the ordinary transaction flow.

Deferred tax assets and income tax positions

The Group operates in many territories and is, consequently, subject to local laws and cross-border transfer pricing legislation, which complicates the Group's tax matters, and which gives rise to provisions for income tax positions.

The Group also carries significant deferred tax assets that consist primarily of tax on provisions made at the balance sheet date and tax loss carryforwards. The utilisation of tax assets is, inherently, uncertain, as they are dependent on the financial development of business activities in certain countries.

We focused on this area because the valuation of deferred tax assets and provisions for income tax positions are subject to significant Management estimates, including Management's applied model, data and assumptions. Reference is made to [note 5.2](#) to the Consolidated Financial Statement.

How our audit addressed the key audit matter

Our audit procedures included considering the appropriateness of the accounting policies and valuation models within the tax accounting area and assessing compliance with applicable financial reporting standards. We also assessed Management's process for identifying and assessing complex income tax transactions as well as deferred tax assets that might not be recoverable.

We tested provisions made for income tax positions. As part of this, we reviewed correspondence with tax authorities and discussed methods and data applied as well as assumptions made by Management. In doing so, we used our internal corporate tax specialists.

Moreover, we tested Management's assessment of the recoverability of the carrying value of deferred tax assets arising from temporary differences and tax loss carryforwards on the basis of internal forecasts of future taxable income, and evaluated the assumptions made by Management in this connection.

Statement on Management's Commentary

Management is responsible for Management's Commentary

Our opinion on the Financial Statements does not cover Management's Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary 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 Commentary includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Commentary 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 Commentary.

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 ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions

that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters.

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 DSV A/S for the financial year 1 January to 31 December 2022 with the filename DSV-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 DSV A/S for the financial year 1 January to 31 December 2022 with the file name DSV-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 2 February 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Lars Baungaard

State Authorised
Public Accountant
mne23331

Kim Tromholt

State Authorised
Public Accountant
mne33251

Parent Company financial statements 2022

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Income statement

(DKKm)	Note	2022	2021
Revenue	5	3,077	2,417
Gross profit		3,077	2,417
Other external expenses	6	1,533	1,138
Staff costs	7	1,411	1,095
Operating profit before amortisation and depreciation (EBITDA) before special items		133	184
Amortisation and depreciation		255	268
Operating profit (EBIT) before special items		(122)	(84)
Special items, costs	8	84	251
Financial income	9	5,006	6,543
Financial expenses	10	594	212
Profit before tax		4,206	5,996
Tax on profit for the year	11	349	137
Profit for the year		3,857	5,859
<i>Proposed distribution of profit:</i>			
Proposed dividend per share is DKK 6.50 (2021: DKK 5.50 per share)		1,424	1,320
Transferred to equity reserves		2,433	4,539
Total distribution		3,857	5,859

Statement of comprehensive income

(DKKm)	2022	2021
Profit for the year	3,857	5,859
<i>Items that may be reclassified to the income statement when certain conditions are met:</i>		
Fair value adjustments of hedging instruments transferred to financial expenses	1	14
Tax on items reclassified to the income statement	-	(8)
Other comprehensive income, net of tax	1	6
Total comprehensive income	3,858	5,865

Cash flow statement

(DKKm)	Note	2022	2021
Operating profit before amortisation and depreciation (EBITDA) before special items		133	184
<i>Adjustments:</i>			
Share-based payments	19	36	-
Change in working capital		55	(583)
Special items		-	(185)
Dividend received	9	2,930	5,746
Interest received	9	227	797
Interest paid, other	10	(161)	(212)
Income tax paid		71	(477)
Cash flow from operating activities		3,291	5,270
Purchase of intangible assets	12	(236)	(230)
Purchase of other plant and operating equipment	13	(204)	(146)
Acquisition of subsidiaries and activities		6,212	2,153
Cash flow from investing activities		5,772	1,777
Free cash flow		9,063	7,047

(DKKm)	Note	2022	2021
Proceeds from borrowings		4,462	11,898
Repayment of borrowings		(1,500)	-
Change in long-term receivables and borrowings, net		7,116	(828)
<i>Transactions with shareholders:</i>			
Dividends distributed		(1,320)	(920)
Dividends on treasury shares		43	28
Purchase of treasury shares		(20,313)	(17,841)
Sale of treasury shares		1,426	2,150
Cash flow from financing activities		(10,086)	(5,513)
Cash flow for the year		(1,023)	1,534
Cash and cash equivalents 1 January		7,696	6,160
Cash flow for the year		(1,023)	1,534
Currency translation		-	2
Cash and cash equivalents at 31 December		6,673	7,696

The cash flow statement cannot be directly derived from the balance sheet and income statement.

Balance sheet

Assets (DKKm)	Note	2022	2021
Intangible assets	12	710	657
Other plant and operating equipment	13	306	216
Investments in Group entities	20	47,874	54,087
Receivables from Group entities and other receivables		24,449	24,062
Deferred tax assets	18	-	20
Total non-current assets		73,339	79,042
Receivables from Group entities and other receivables	14	18,999	18,463
Tax receivables		-	216
Cash and cash equivalents		6,673	7,696
Total current assets		25,672	26,375
Total assets		99,011	105,417

Equity and liabilities (DKKm)	Note	2022	2021
Share capital		219	240
Reserves	15	545	488
Retained earnings		40,385	56,704
Total equity		41,149	57,432
Borrowings	16	21,388	27,176
Provisions		74	-
Deferred tax liabilities	18	16	-
Total non-current liabilities		21,478	27,176
Borrowings	16	206	1,714
Provisions		145	-
Tax payables		168	-
Payables to Group entities and other payables	17	35,865	19,095
Total current liabilities		36,384	20,809
Total liabilities		57,862	47,985
Total equity and liabilities		99,011	105,417

Statement of changes in equity

(DKKm)	2022				2021			
	Share capital	Reserves*	Retained earnings	Total equity	Share capital	Reserves*	Retained earnings	Total equity
Equity at 1 January	240	488	56,704	57,432	230	425	37,920	38,575
Profit for the year	-	52	3,805	3,857	-	59	5,800	5,859
Other comprehensive income, net of tax	-	1	-	1	-	6	-	6
Total comprehensive income for the year	-	53	3,805	3,858	-	65	5,800	5,865
<i>Transactions with shareholders:</i>								
Share-based payments	-	-	36	36	-	-	-	-
Dividends distributed	-	-	(1,320)	(1,320)	-	-	(920)	(920)
Purchase of treasury shares	-	(19)	(20,295)	(20,313)	-	(13)	(17,828)	(17,841)
Sale of treasury shares	-	2	1,425	1,426	-	2	2,166	2,168
Capital increase	-	-	-	-	16	-	24,479	24,495
Capital reduction	(21)	21	-	-	(6)	6	-	-
Transfer of treasury shares as business combination consideration	-	-	-	-	-	3	5,073	5,076
Dividends on treasury shares	-	-	43	43	-	-	28	28
Other adjustments	-	-	(13)	(13)	-	-	(14)	(14)
Total transactions with shareholders	(21)	4	(20,124)	(20,141)	10	(2)	12,984	12,992
Equity at 31 December	219	545	40,385	41,149	240	488	56,704	57,432

* For a specification of reserves, please refer to [note 15](#).

Basis of preparation

1. Accounting policies

As the Parent Company of the DSV Group, the financial statements of DSV A/S are separate financial statements disclosed as required by the Danish Financial Statements Act. The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and additional disclosure requirements in the Danish Financial Statements Act for listed companies. IFRS standards have been applied to the extent these have been adopted by the European Union. The accounting policies of the Parent Company are identical with the accounting policies for the consolidated financial statements, except for the following:

Dividends from investments in subsidiaries

Dividends from investments in subsidiaries are recognised as income in the Parent Company's income statement under financial income in the financial year in which the dividends are declared.

Investments in subsidiaries in the Parent Company's financial statements

Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

Currency translation

Foreign currency adjustments of balances considered part of the total net investment in enterprises which have a functional currency other than Danish kroner (DKK) are recognised in the income statement of the Parent Company under financials.

Development cost reserve

In accordance with the Danish Financial Statements Act the reserve for development costs comprises capitalized development costs adjusted for deferred tax.

2. Changes in accounting policies

All amendments to the International Financial Reporting Standards (IFRS) effective for the financial year 2022 have been implemented

as basis for preparing the Parent Company financial statements and notes to the statements. None of the implementations have had any material impact on the statements or notes presented.

3. Management judgements and estimates

In preparing the Parent Company financial statements, Management makes various accounting judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These are based on professional judgement, historical data and other factors available to Management. By nature, a degree of uncertainty is involved when carrying out these judgements and estimates, hence actual results may deviate from the assessments made at the reporting date. Judgements and estimates are continuously evaluated, and the effect of any changes is recognised in the relevant period. The primary financial statements items for which significant accounting judgements and estimates are applied are listed below:

Investments in subsidiaries

Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill, involving various estimates on future cash flows, growth, discount rates, etc. On 31 December 2022, no impairment indicators were identified.

4. New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2022 Parent Company financial statements. These standards and amendments are expected to be implemented when they take effect. None of the new standards or amendments issued are currently expected to have any significant impact on the Parent Company financial statements when implemented.

Income statement

5. Revenue

(DKKm)	2022	2021
Intra-group charges	3,077	2,417
Total revenue	3,077	2,417

6. Fees to auditors appointed at the Annual General Meeting

(DKKm)	2022	2021
Statutory audit	7	9
Other assurance services	1	2
Tax and VAT advisory services	1	1
Other services	1	4
Total fees	10	16

7. Staff costs

For information on remuneration of the Executive Board and the Board of Directors, refer to notes 6.2 and 6.3 to the consolidated financial statements.

(DKKm)	2022	2021
Remuneration of the Board of Directors	7	7
Salaries etc.	390	332
Intra-group salary charges etc.*	971	721
Defined contribution pension plans	43	35
Total staff costs	1,411	1,095
Average number of full-time employees	607	507

* The intra-group salary charges relate to an average of 1,803 FTEs in 2022 (2021: 1,364).

8. Special items

(DKKm)	2022	2021
Restructuring and integration costs	84	165
Transaction costs relating to acquisition of GIL	-	86
Total special items, costs	84	251

9. Financial income

(DKKm)	2022	2021
Interest income	227	154
Interest income from Group entities	831	406
Currency translation, net	1,018	237
Dividends from subsidiaries	2,930	5,746
Total financial income	5,006	6,543

Interest income includes interest on financial assets of DKK 227 million (2021: DKK 154 million).

10. Financial expenses

(DKKm)	2022	2021
Interest expenses	161	145
Interest expenses to Group entities	433	67
Total financial expenses	594	212

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 161 million (2021: DKK 145 million).

11. Income tax

Tax for the year is disaggregated as follows:

(DKKm)	2022	2021
Tax on profit for the year	349	137
Tax on other comprehensive income	-	8
Total tax for the year	349	145

Tax on profit for the year specifies as follows:

(DKKm)	2022	2021
Current tax	326	187
Deferred tax	24	(78)
Tax adjustment relating to previous years	(1)	28
Total tax on profit for the year	349	137

Tax rate specifies as follows:

(DKKm)	2022	2021
Calculated tax on profit for the year before tax	22.0%	22.0%
<i>Tax effect of:</i>		
Non-deductible expenses/non-taxable income	(13.7%)	(20.2%)
Tax adjustment relating to previous years	0.0%	0.5%
Effective tax rate	8.3%	2.3%

Balance sheet**12. Intangible assets**

(DKKm)	2022			2021		
	Software	Software in progress	Total	Software	Software in progress	Total
Cost at 1 January	908	266	1,174	1,004	166	1,170
Additions	-	236	236	-	230	230
Disposals	(141)	-	(141)	(226)	-	(226)
Reclassifications	174	(174)	-	130	(130)	-
Total cost at 31 December	941	328	1,269	908	266	1,174
Total amortisation and impairment at 1 January	517	-	517	554	-	554
Amortisation and impairment for the year	151	-	151	140	-	140
Disposals	(109)	-	(109)	(177)	-	(177)
Total amortisation and impairment at 31 December	559	-	559	517	-	517
Carrying amount at 31 December	382	328	710	391	266	657

13. Other plant and operating equipment

(DKKm)	2022	2021
Cost at 1 January	460	350
Additions	204	146
Disposals	(140)	(36)
Total cost at 31 December	524	460
Total depreciation and impairment at 1 January	244	204
Depreciation for the year	104	76
Disposals	(130)	(36)
Total depreciation and impairment at 31 December	218	244
Carrying amount at 31 December	306	216

14. Current receivables from Group entities and other receivables

(DKKm)	2022	2021
Receivables from Group entities	18,764	18,138
Other receivables	235	325
Total	18,999	18,463

15. Equity reserves

Equity reserves are specified below:

(DKKm)	2022			
	Treasury share reserve	Hedging reserve	Development cost reserve	Total reserves
Reserves at 1 January	(6)	(4)	498	488
Profit for the year	-	-	52	52
Other comprehensive income, net of tax	-	1	-	1
<i>Transactions with shareholders:</i>				
Purchase of treasury shares	(19)	-	-	(19)
Sale of treasury shares	2	-	-	2
Capital reduction	21	-	-	21
Reserves at 31 December	(2)	(3)	550	545

(DKKm)	2021			
	Treasury share reserve	Hedging reserve	Development cost reserve	Total reserves
Reserves at 1 January	(4)	(10)	439	425
Profit for the year	-	-	59	59
Other comprehensive income, net of tax	-	6	-	6
<i>Transactions with shareholders:</i>				
Purchase of treasury shares	(13)	-	-	(13)
Sale of treasury shares	2	-	-	2
Capital reduction	6	-	-	6
Transfer of treasury shares as business combination consideration	3	-	-	3
Reserves at 31 December	(6)	(4)	498	488

For a description of equity reserves, please refer to [note 4.1](#) to the consolidated financial statements.

16. Financial liabilities

(DKKm)	2022	2021
Overdraft and credit facilities	16,408	22,036
Issued bonds	5,186	6,681
Other financial liabilities	-	173
Total financial liabilities	21,594	28,890
<i>Financial liabilities as recognised in the balance sheet:</i>		
Non-current liabilities	21,388	27,176
Current liabilities	206	1,714
Financial liabilities at 31 December	21,594	28,890

Overdraft and credit facilities:

		Carrying amount		
(DKKm)	Expiry	Fixed/floating	2022	2021
Bond loans	2024-2027	Fixed	5,186	6,681
Overdraft and credit facilities	2023-2036	Fixed	16,408	22,036
Loans and credit facilities at 31 December			21,594	28,717

Borrowings are subject to standard trade covenants. All financial ratio covenants were observed during the year. The weighted average interest rate was 0.9% (2021: 0.7%).

17. Payables to Group entities and other payables

(DKKm)	2022	2021
Payables to Group entities	34,901	18,364
Other payables	964	731
Total	35,865	19,095

18. Deferred tax

(DKKm)	2022	2021
Deferred tax at 1 January	20	(29)
Deferred tax for the year	(24)	78
Tax adjustments relating to previous years	1	(38)
Tax on changes in equity	(13)	9
Deferred tax at 31 December	(16)	20

Deferred tax as recognised in the balance sheet:

Deferred tax liabilities	16	-
Deferred tax assets	-	20
Deferred tax, net	(16)	20

Specification of deferred tax:

Intangible assets	(84)	(86)
Current assets	(11)	(3)
Other liabilities	79	109
Deferred tax at 31 December	(16)	20

	2022				2021					
	Beginning of year	Cash flow	Non-cash change		End of year	Beginning of year	Cash flow	Non-cash change		End of year
Financing activities (DKKm)			Acqui-sition	Other						
Overdraft and credit facilities	22,036	(5,628)	-	-	16,408	4,045	17,807	-	184	22,036
Issued bonds	6,681	(1,500)	-	5	5,186	6,674	7	-	-	6,681
Lease liabilities	-	-	-	-	-	1	(1)	-	-	-
Total liabilities from financing activities	28,717	(7,128)	-	5	21,594	10,720	17,813	-	184	28,717
Other non-current liabilities	173				-	90				173
Total financial liabilities	28,890				21,594	10,810				28,890

Supplementary information

19. Share option schemes

DSV A/S has issued share options to key employees and members of the Executive Board of the Company. Refer to [note 6.2](#) to the consolidated financial statements for a list of current incentive share option schemes and a description of the assumptions used for the valuation of the share options granted in 2022. Total costs recognised in 2022 for services received but not recognised as an asset amounted to DKK 36 million (2021: DKK 27 million). The average share price for options exercised in the financial year was DKK 1,097.7 per share at the date of exercise.

20. Investments in Group entities

DSV A/S owns the following subsidiaries, all of which are included in the consolidated financial statements:

	Ownership 2022	Ownership 2021	Registered office	Share capital (DKKm)
DSV Road Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Air & Sea Holding A/S	100%	100%	Hedehusene, Denmark	50
DSV Solutions Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Insurance A/S	100%	100%	Hedehusene, Denmark	25
DSV Group Services A/S	100%	100%	Hedehusene, Denmark	5
DSV FS A/S	100%	100%	Hedehusene, Denmark	0.5
Panalpina Welttransport (Holding) AG	100%	100%	Basel, Switzerland	18
Agility Logistics International B.V.	100%	100%	Rozenburg, Netherlands	2,632
DSV Finance B.V.	100%	100%	Venlo, Netherlands	0
GIL International Holdings I Ltd.	100%	100%	Abu Dhabi, UAE	3,108

Share option schemes at 31 December 2022

Scheme	Exercise period	Executive Board	Key employees	Total	Average exercise price per option
2018*	28.03.2021 - 28.03.2023	190,000	58,000	248,000	477.5
2019*	29.03.2022 - 27.03.2024	190,000	154,000	344,000	545.0
2020	31.03.2023 - 31.03.2025	202,000	283,250	485,250	560.0
2021	01.04.2024 - 31.03.2026	168,750	239,925	408,675	1,325.0
2022	01.04.2025 - 31.03.2027	198,250	263,675	461,925	1,485.0
Outstanding at 31 December 2022		949,000	998,850	1,947,850	926.7
Open for exercise at 31 December 2022		380,000	212,000	592,000	516.7
Life (years)		2	3	3	n.a.
Market value (DKKm)		350	299	650	n.a.

* Share options granted in 2018 and 2019 are currently exercisable.

	Executive Board	Key employees	Total	Average exercise price per option
Outstanding share options				
Outstanding at 1 January 2021	760,000	926,129	1,686,129	501.3
Granted	156,750	263,850	420,600	1,325.0
Transferred**	36,000	(36,000)	-	-
Exercised	(190,000)	(222,056)	(412,056)	401.7
Options waived/expired	-	(11,775)	(11,775)	703.3
Outstanding at 31 December 2021	762,750	920,148	1,682,898	972.4
Outstanding at 1 January 2022	762,750	920,148	1,682,898	972.4
Granted	198,250	274,075	472,325	1,485.0
Exercised	(12,000)	(164,573)	(176,573)	514.1
Options waived/expired	-	(30,800)	(30,800)	1,112.0
Outstanding at 31 December 2022	949,000	998,850	1,947,850	926.7

** A member of the Executive Board has previously received share options in the Director's former capacity as DSV key employee.

21. Derivative financial instruments

DSV A/S has obtained long-term loans mainly on a fixed rate basis, implying that DSV A/S is less exposed to interest rate fluctuations.

DSV A/S mainly uses interest rate swaps to hedge future cash flows relating to interest rate risks. Thereby, floating-rate loans are converted to fixed-rate financing.

At the balance sheet date, DSV A/S no longer have any interest rate swaps. The weighted average effective interest rate for existing interest rate instruments used as hedges of long-term loans was therefore 0% at the reporting date (2021: 0.8%).

For 2022 a gain on hedging instruments of DKK 208 million was recognised in the income statement (2021: loss of DKK 51 million). In the same period, a gain of DKK 810 million was recognised relating to assets and liabilities (2021: loss of DKK 5 million). For more information on foreign currency and interest rate risk hedging, refer to [notes 4.4](#) and [4.5](#) to the consolidated financial statements.

22. Financial risks

Financial risks of the Parent Company are handled within the risk management processes and framework of the Group. Please refer to [note 4.4](#) to the consolidated financial statements.

The liabilities of DSV A/S fall due as listed in the adjacent table.

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. No amounts have been discounted, for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

Hedging instruments (DKKm)	2022				
	Contractual value	Maturity	Fair value	Of which recognised in income statement	Of which recognised in OCI
Currency instruments	16,736	2023-2025	82	86	(4)
Total	16,736		82	86	(4)

(DKKm)	2021				
	Contractual value	Maturity	Fair value	Of which recognised in income statement	Of which recognised in OCI
Currency instruments	26,137	2022	(26)	(27)	1
Interest rate instruments	744	2022	(7)	-	(7)
Total	26,881		(33)	(27)	(6)

Loan and credit facilities (DKKm)	2022				2021			
	0-1 year	1-5 years	> 5 years	Total cash flows, incl. interest	0-1 year	1-5 years	> 5 years	Total cash flows, incl. interest
Loans, credit facilities and issued bonds	186	5,852	17,024	23,062	11,805	1,952	16,230	29,987
Other payables	964	-	-	964	736	-	-	736
Payables to Group entities	34,901	-	-	34,901	18,359	-	-	18,359
Currency derivatives	80	2	-	82	26	-	-	26
Interest rate derivatives	-	-	-	-	3	6	-	9
Total	36,131	5,854	17,024	59,009	30,929	1,958	16,230	49,117

22. Financial risks – continued

Financial instruments by category

DSV has no financial instruments measured at fair value based on level 1 input (quoted active market prices) or level 3 input (non-observable market data).

All financial instruments are measured based on level 2 input (input other than quoted prices that are observable either directly or indirectly).

Derivative financial instruments

The fair value of currency derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes on a monthly basis.

Financial liabilities measured at amortised cost

In 2021, the carrying value of financial liabilities measured at amortised cost was not considered to differ significantly from fair value.

Due to changes in the macroeconomic environment, the carrying value of financial liabilities measured at amortised cost is no longer considered to represent the fair value. The 2022 fair value of issued bonds measured at amortised cost is within level 1 of the fair value hierarchy.

Receivables from Group entities and other receivables and payables to Group entities and other payables.

Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

Carrying amount (DKKm)	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets:</i>				
Currency derivatives	97	97	13	13
Current receivables from Group entities and other receivables	18,998	18,998	18,463	18,463
Non-current receivables from Group entities and other receivables	24,448	24,448	24,062	24,062
Cash and cash equivalents	6,673	6,673	7,696	7,696
Financial assets measured at amortised cost	50,119	50,119	50,221	50,221
<i>Financial liabilities:</i>				
Interest rate derivatives	-	-	9	9
Currency derivatives	15	15	39	39
Issued bonds measured at amortised cost	5,186	4,649	6,681	6,681
Loans and credit facilities	16,408	16,408	22,036	22,036
Payables to Group entities and other payables	35,865	35,865	19,095	19,095
Financial liabilities measured at amortised cost	57,459	56,922	47,812	47,812

23. Contingent liabilities and security for debt

Contingent liabilities

DSV A/S and the other Danish Group entities are registered jointly for VAT purposes and are jointly and severally liable for the VAT liabilities.

DSV A/S is assessed jointly for Danish tax purposes with the other domestic Group entities. DSV A/S is the administration company of the joint taxation arrangement and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. Income tax and withholding tax payables under the joint taxation arrangement amounted to DKK 168 million (2021: payable of DKK 506 million), which is included in the financial statements of DSV A/S.

Parent Company guarantees

DSV A/S has provided guarantees for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities, etc. in the amount of DKK 12,424 million (2021: DKK 11,005 million). Moreover, DSV A/S has issued several declarations of intent relating to outstanding balances between subsidiaries and third parties.

24. Related-party transactions

DSV A/S has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and Executive Board.

Related-party transactions

Board of Directors and Executive Board

No transactions with the Board of Directors and Executive Board were made in the 2022 financial year other than ordinary remuneration, as described in [notes 6.2](#) and [6.3](#) to the consolidated financial statements.

Intra-group transactions

No intra-group transactions were made in 2022 other than as stated in the income statement and notes.

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