20220714389909

Årsredovisning
DFDS Seaways Holding AB

Org.nr 556618-3942

Räkenskapsår 2021-01-01 - 2021-12-31

Fastställelseintyg
Undertecknad verkställande direktör intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 30/6 2022.
Årsstämman beslöt att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Göteborg den 30/6 2022

Morgan Olausson

DFDS Seaways Holding AB
556618-3942

Fotokopians överensstämmelse
med originalet intygas:
Luiza Vasiliu 07694860

20220714389310

Årsredovisning

för räkenskapsåret 2021-01-01 - 2021-12-31

Styrelsen och verkställande direktören för DFDS Seaways Holding AB avger härmed följande årsredovisning.

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Styrelsens säte: Göteborg
Företagets redovisningsvaluta: Svenska kronor (SEK).
Alla belopp redovisas, om inte annat anges, i tusentals kronor (tkr).

20220731438913

Förvaltningsberättelse

Information om verksamheten
Bolaget äger och förvaltar aktierna i de helägda dotterbolagen:
- DFDS Seaways AB
- DFDS Logistics AB
- DFDS Holding B.V
- DFDS Logistics Karlshamn AB
- DFDS Logistics Partners AB

Bolaget äger 65% av Bohus Terminal Holding AB, vilket i sin tur äger och förvaltar aktierna i det helägda dotterbolaget Gothenburg Ro/Ro Terminal AB.

Väsentliga händelser under räkenskapsåret och efter dess utgång
Seaways verksamheten har även under 2021 varit påverkade av Covid-19 och turlistan har fått anpassas efter transporterade volymer. Volymerna till/från Immingham startade lågt första kvartalet för att sedan öka under resterande kvartal till en total ökning med 7% jämfört med föregående år. Volymerna till Belgien (Gent och Zeebrugge) ökade med totalt 15% jämfört med 2020, trots att den största kunden minskade sina volymer och störningar i automotive segmentet pga halvledarbrist. För Östersjöregionen har fraktvolymerna totalt sett ökat, främst drivet av en stark ekonomi, fortsatt hög frekvens i seglingsscheman samt tillfällig nedstängning av vissa konkurrerande linjer. Passagerarvolymerna har utvecklats positivt under 2021 både mellan Sverige-Litauen och Sverige-Estland även om det för Litauentrafiken fortfarande är en bit kvar till det antal som åkte innan pandemin. Covid-19 åtgärder i arbetet har påverkat arbetsmetoder under hela året även om utarbetade rutiner och hjälpmedel har gjort att inverkan varit betydligt mindre än under 2020. Seaways verksamhet har inte, i någon större utsträkning, påverkats av det krig som under 2022 brutit ut i Ukraina.

Logistics verksamheten i Karlshamn har under 2021 expanderat i och med öppnandet av ett nytt lager i Karlshamn samt införlivandet av bolaget N&K WF Transport AB, ett förvärv som både stärkte erbjudandet samt den geografiska närvaron i södra Sverige.
DFDS Logistics AB utökade under januari 2021 sin verksamhet med affärsområde Shipping Logistics vilket innebär ett nytt segment för bolaget. Brexit blev också verklighet och gav upphov till nya processer vilket initialt saktade ner bolagets turnaround på enheterna. Förberedelserna var dock goda och den nya processerna kom relativt snabbt på plats. Brexit i kombination med covid-19 gjorde att Storbritannien drabbades av en akut chaufförsbrist under sommaren vilket nödgade bolaget att minska antalet exportenheter. Under årets slut var de dock i stort sett tillbaka på förväntade volymer. Även halvledarbristen har slagit hårt på de volymer som körs för bilindustrin.
För Logistics verksamheterna har början på 2022 inneburit stora utmaningar i form av kraftiga prisökningar på drivmedel, införandet av EU:s mobilitetspaket samt i olika utsträckning kriget i Ukraina. På grund av detta finns ett stort fokus på att täcka upp för ökade kostnader, bl a genom fakturering av tillägg i den mån detta accepteras av marknaden.

Förväntad framtida utveckling samt risker och osäkerhetsfaktorer
Koncernen verkar på mycket konkurrensutsatta marknader och verksamheten är exponerad för olika operativa och finansiella risker.
De finansiella riskerna kan i huvudsak relateras till valutakursförändringar som kan påverka bolagets finansiella ställning och kassaflöde negativt.
De huvudsakliga operationella riskfaktorerna omfattar övergripande makroekonomiska marknadsförhållanden, konkurrenssituationen, flödet av varor i prioriterade marknadssegment samt generell balans mellan utbud och efterfrågan på fartyg vilket påverkar priser och vinstmarginaler.

Miljöpåverkan
Bolaget är sedan ett flertal år tillbaka certifierat enligt 9001:2000 och 14001:96. Genom utbildningar, revisioner och aktivt deltagande på alla nivåer, arbetar bolaget för att hålla miljö- och kvalitetsarbetet levande och ständigt förbättra det.

Ägarförhållanden
Bolaget är ett helägt dotterbolag till DFDS A/S i Köpenhamn.

Flerårsöversikt	**2021**	**2020**	**2019**	**2018**
Nettoomsättning (tkr)	0	0	0	0
Resultat efter finansiella poster (tkr)	-206	-64	22 865	1 739 123
Justerat Eget Kapital (tkr)	3 572 317	3 572 243	3 572 306	3 568 318
Soliditet (%)	100,0%	100,0%	100,0%	100,0%

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DFDS Seaways Holding AB
556618-3942

Förslag till resultatdisposition (kronor)
Styrelsen föreslår att till förfogande stående medel

Balanserat resultat	3 572 122 907
Årets resultat	74 500
	3 572 197 407
disponeras så att	
till aktieägare utdelas (238 100 kronor per aktie)	238 100 000
i ny räkning överföres	3 334 097 407
	3 572 197 407

DFDS Seaways Holding AB
556618-3942

Resultaträkning

	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Rörelsens kostnader			
Övriga externa kostnader	2	-206	-64
Rörelseresultat	3	**-206**	**-64**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		0	0
Resultat efter finansiella poster		**-206**	**-64**
Bokslutsdispositioner	4	281	0
Resultat före skatt		**75**	**-64**
Skatt på årets resultat	5	0	0
Årets resultat		**75**	**-64**

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Balansräkning

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6, 7	3 539 392	3 539 392
Summa anläggningstillgångar		**3 539 392**	**3 539 392**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		32 909	32 819
Övriga fordringar		60	60
Summa omsättningstillgångar		**32 969**	**32 879**
SUMMA TILLGÅNGAR		**3 572 361**	**3 572 270**
EGET KAPITAL OCH SKULDER			
Eget kapital	8, 9		
Bundet eget kapital			
Aktiekapital		100	100
Reservfond		20	20
		120	**120**
Fritt eget kapital			
Balanserat resultat		3 572 123	3 572 186
Årets resultat		75	-64
		3 572 197	**3 572 123**
Summa eget kapital		**3 572 317**	**3 572 243**
Kortfristiga skulder			
Skulder till koncernföretag		16	0
Upplupna kostnader och förutbetalda intäkter	10	28	27
		43	**27**
SUMMA EGET KAPITAL OCH SKULDER		**3 572 361**	**3 572 270**

20220714138935

Rapport över förändringar i eget kapital

	Bundet eget kapital		*Fritt eget kapital*		
	Aktie-kapital	Reservfond	Balanserat resultat	Årets resultat	Totalt
Ingående balans 2020-01-01	100	20	3 545 247	26 939	**3 572 306**
Omföring resultat föregående år			26 939	-26 939	**0**
Årets resultat				-64	**-64**
Utgående balans 2020-12-31	**100**	**20**	**3 572 186**	**-64**	**3 572 243**
Omföring resultat föregående år			-64	64	**0**
Årets resultat				75	**75**
Utgående balans 2021-12-31	**100**	**20**	**3 572 123**	**75**	**3 572 317**

20220713438916

Noter

Not 1 Redovisningsprinciper m.m.

Allmänna redovisningsprinciper
Årsredovisningen har upprättats enligt Årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Koncerntillhörighet
Närmast överordnade moderföretag som upprättar koncernredovisning i vilken företaget ingår är DFDS A/S (CVR 14194711) med säte i Köpenhamn, Danmark, tillika moderföretag för hela koncernen.

Koncernredovisning
Företaget är ett moderföretag men upprättar ingen koncernredovisning med hänvisning till undantagsregeln i årsredovisningslagen 7 kap. 2 §.
DFDS A/S koncernredovisning finns att tillgå hos DFDS A/S, Sundskrogsgade 11, DK-2100 Köpenhamn Ö, Danmark.

Bedömningar och uppskattningar
Enligt företagsledningen är väsentliga bedömningar avseende tillämpade redovisningsprinciper samt källor till osäkerhet i uppskattningar främst relaterade till värdering av andelar i koncernföretag. Värdet har vid indikation på nedskrivning prövats med interna Impairmenttester där det bokförda värdet stöds av beräknat nyttjandevärde utifrån nuvärdesberäknade kassaflöden. Beräkningarna är känsliga för förändringar i de underliggande antagandena och gjorda uppskattningar samt bedömningar kan komma att avvika mot verkliga utfall varmed värdet på aktierna måste omprövas.

Intäktsredovisning
Intäkten redovisas till verkligt värde av vad företaget fått eller kommer att få. Det innebär att företaget redovisar intäkten till nominellt värde (fakturabelopp) om företaget får ersättning i likvida medel direkt vid leveransen. Avdrag görs för lämnade rabatter.

Aktieägartillskott
Aktieägartillskott redovisas som en ökning av posten balanserat resultat hos mottagaren när utfästelsen erhålls och som en ökning av aktier och andelar hos givaren i den mån nedskrivning ej erfordras.

Avvikelser från grundläggande principer, allmänna råd eller rekommendationer
Koncernbidrag redovisas i resultaträkningen utan tillhörande skatteeffekt.

Skatt
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekt redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats.
Aktuell skatt beräknas utifrån per den skattesats som gäller per balansdagen.

Anläggningstillgångar
Materiella och immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och eventuella nedskrivningar.
Aktier och andelar i koncernföretag har nedskrivningsprövats utifrån internt framtagna impairmenttester.

Fordringar, skulder och avsättningar
Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

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Not 2 Arvode till revisorer

	2021	2020
Pricewaterhouse Coopers AB		
Revisionsuppdraget	38	0
	38	**0**
Ernst & Young AB		
Revisionsuppdraget	0	37
Skatterådgivning	0	18
Övriga tjänster	0	9
	0	**64**

Not 3 Inköp och försäljning mellan koncernföretag

Koncerninterna inköp uppgick till 167 (0) samt koncernintern försäljning till 0 (0).

Not 4 Bokslutsdispositioner

	2021	2020
Erhållet koncernbidrag	281	0
	281	**0**

Not 5 Skatt på årets resultat

	2021	2020
Aktuell skatt	0	0
Summa redovisad skatt	**0**	**0**

Avstämning av effektiv skattesats

Redovisat resultat före skatt	**75**	**-64**
Skatt på redovisat resultat enligt gällande skattesats (2021: 20,6%, 2020: 21,4%):	15	-14
Skatteeffekt av:		
Övriga ej avdragsgilla kostnader	0	4
Utnyttjat underskottsavdrag	-15	0
Ej uppbokad skattefordran underskottsavdrag	0	9
Redovisad skatt	**0**	**0**

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Not 6 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	3 790 686	3 790 686
Årets anskaffningar	0	0
Utgående ackumulerade anskaffningsvärden	**3 790 686**	**3 790 686**
Ingående nedskrivningar [1]	-251 294	-251 294
Försäljningar/utrangeringar	0	0
Utgående ackumulerade nedskrivningar	**-251 294**	**-251 294**
1) Avser nedskrivning av aktier i DFDS Seaways AB, Bohus Terminal Holding AB och Italcargo Sweden AB		
Utgående redovisat värde	**3 539 392**	**3 539 392**

Not 7 Specifikation av andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
DFDS Seaways AB	100%	100%	25 000	1 457 010
DFDS Logistics AB	100%	100%	5 000	67 137
DFDS Logistics Karlshamn AB	100%	100%	18 000	103 125
DFDS Holding B.V	100%	100%	80 000	1 911 237
Bohus Terminal Holding AB	65%	65%	50 000	33
DFDS Logistics Partners AB	85%	85%	850 000	850
				3 539 392

	Org.nr.	Säte	Eget kapital*	Årets resultat*
DFDS Seaways AB	556037-8894	Göteborg	1 057 472	91 423
DFDS Logistics AB	556253-7679	Göteborg	85 504	3 239
DFDS Logistics Karlshamn AB	556026-1843	Karlshamn	35 177	477
DFDS Holding B.V	27 114 475	Vlaardingen	1 379 584	-48 815
Bohus Terminal Holding AB	556820-8358	Göteborg	22 732	-1 040
DFDS Logistics Partners AB	559140-6391	Göteborg	45 490	17 688

*Eget kapital samt Årets resultat har angetts i sin helhet oavsett ägarandel.
I Eget kapital ingår 79,4 % av obeskattade reserver
Med Årets resultat avses resultat efter finansiella poster

Not 8 Antal aktier

	Antal aktier	Kvotvärde
Aktiekapital 2021-12-31	1 000 (1 000)	100 (100) SEK

Not 9 Vinstdisposition

Medel till förfogande	**SEK**
Balanserat resultat	3 572 122 907
Årets resultat	74 500
Summa	**3 572 197 407**
disponeras så att	
till aktieägare utdelas (238 100 kronor per aktie)	238 100 000
i ny räkning överföres	3 334 097 407
Summa	**3 572 197 407**

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Not 10 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	2020-12-31
Övriga upplupna kostnader	28	27
	28	**27**

Not 11 Ställda säkerheter

Bolaget har inga ställda säkerheter under 2020 eller 2021.

Not 12 Väsentliga händelser efter räkenskapsårets slut

Under februari 2022 bröt krig ut i Ukraina. Effekterna för bolaget bedöms bli begränsade.

Not 13 Nyckeltalsdefinitioner

Rörelsemarginal
Rörelseresultat i procent av nettoomsättningen

Justerat eget kapital
Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt

Avkastning på eget kapital
Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital

Soliditet
Justerat eget kapital i procent av balansomslutning

Göteborg den 30/6 2022

Torben Carlsen
Ordförande

Kell Robdrup
Ledamot

Ole Faerge
Ledamot

Morgan Olausson
Verkställande direktör

Vår revisionsberättelse har lämnats den 30/6-2022

Öhrlings PricewaterhouseCoopers AB

Martin Oscarsson
Auktoriserad Revisor

20220714389203

Not 10 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	2020-12-31
Övriga upplupna kostnader	28	27
	28	**27**

Not 11 Ställda säkerheter

Bolaget har inga ställda säkerheter under 2020 eller 2021.

Not 12 Väsentliga händelser efter räkenskapsårets slut

Under februari 2022 bröt krig ut i Ukraina. Effekterna för bolaget bedöms bli begränsade.

Not 13 Nyckeltalsdefinitioner

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Rörelseresultat i procent av nettoomsättningen

Justerat eget kapital
Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt

Avkastning på eget kapital
Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital

Soliditet
Justerat eget kapital i procent av balansomslutning

Göteborg den 30/6 2022

Torben Carlsen
Ordförande

Niels Roborup
Ledamot

Ole Faerge
Ledamot

Morgan Olausson
Verkställande direktör

Vår revisionsberättelse har lämnats den

Öhrlings PricewaterhouseCoopers AB

Martin Oscarsson
Auktoriserad Revisor

Fotokopians överensstämmelse
med originalet intygas:
Linda Vesterlin 0769486006

20220714389231

Revisionsberättelse

Till bolagsstämman i DFDS Seaways Holding AB, org.nr 556618-3942

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för DFDS Seaways Holding AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av DFDS Seaways Holding ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för DFDS Seaways Holding AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till DFDS Seaways Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övrig upplysning

Revisionen av årsredovisningen för räkenskapsåret 2020 har utförts av en annan revisor som lämnat en revisionsberättelse daterad 30 juni 2021 med omodifierade uttalanden i Rapport om årsredovisningen.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

20220714389922

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för DFDS Seaways Holding AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till DFDS Seaways Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Göteborg den 30 juni 2022

Öhrlings PricewaterhouseCoopers AB

Martin Oscarsson
Auktoriserad revisor

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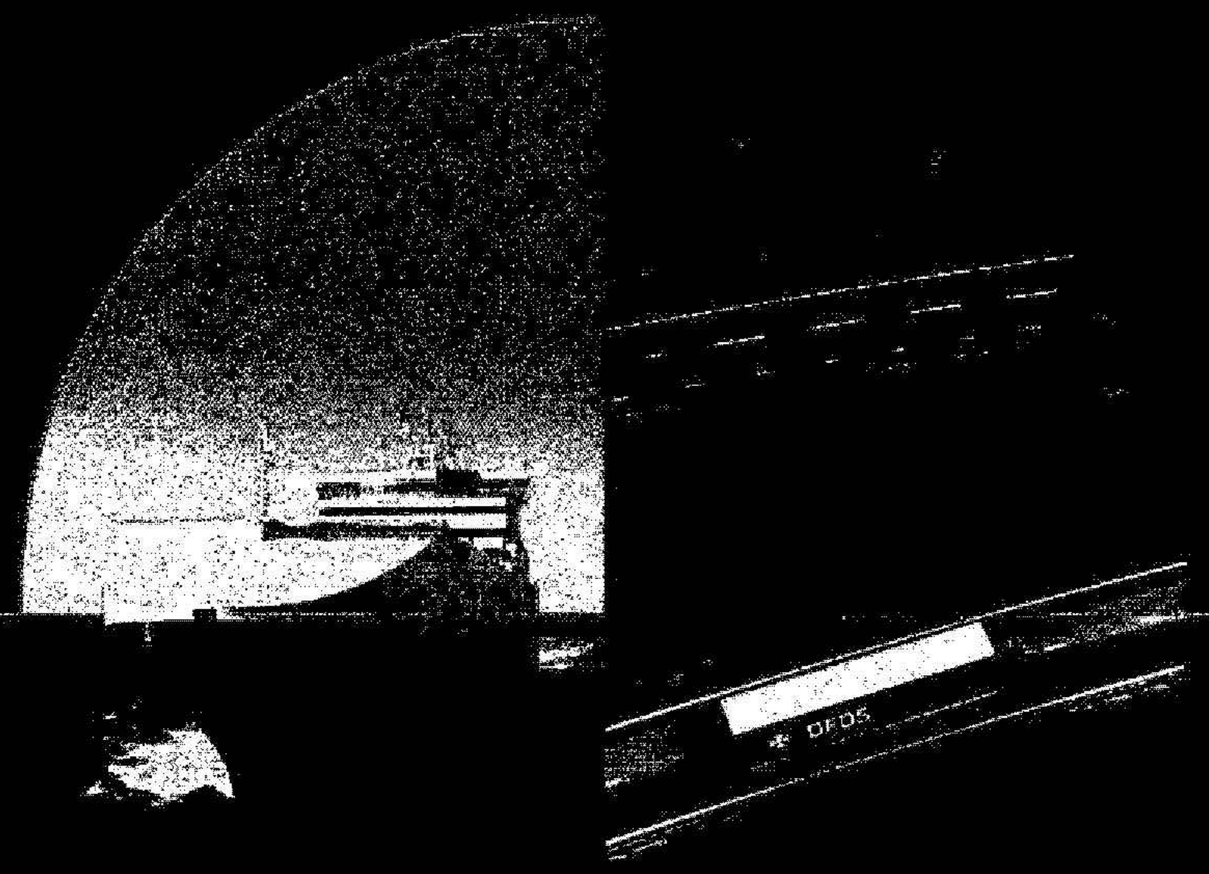
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We provide

Ferry services

Freight and passenger routes plus port & rail services



Logistics solutions

Freight forwarding and contract logistics

Our purpose

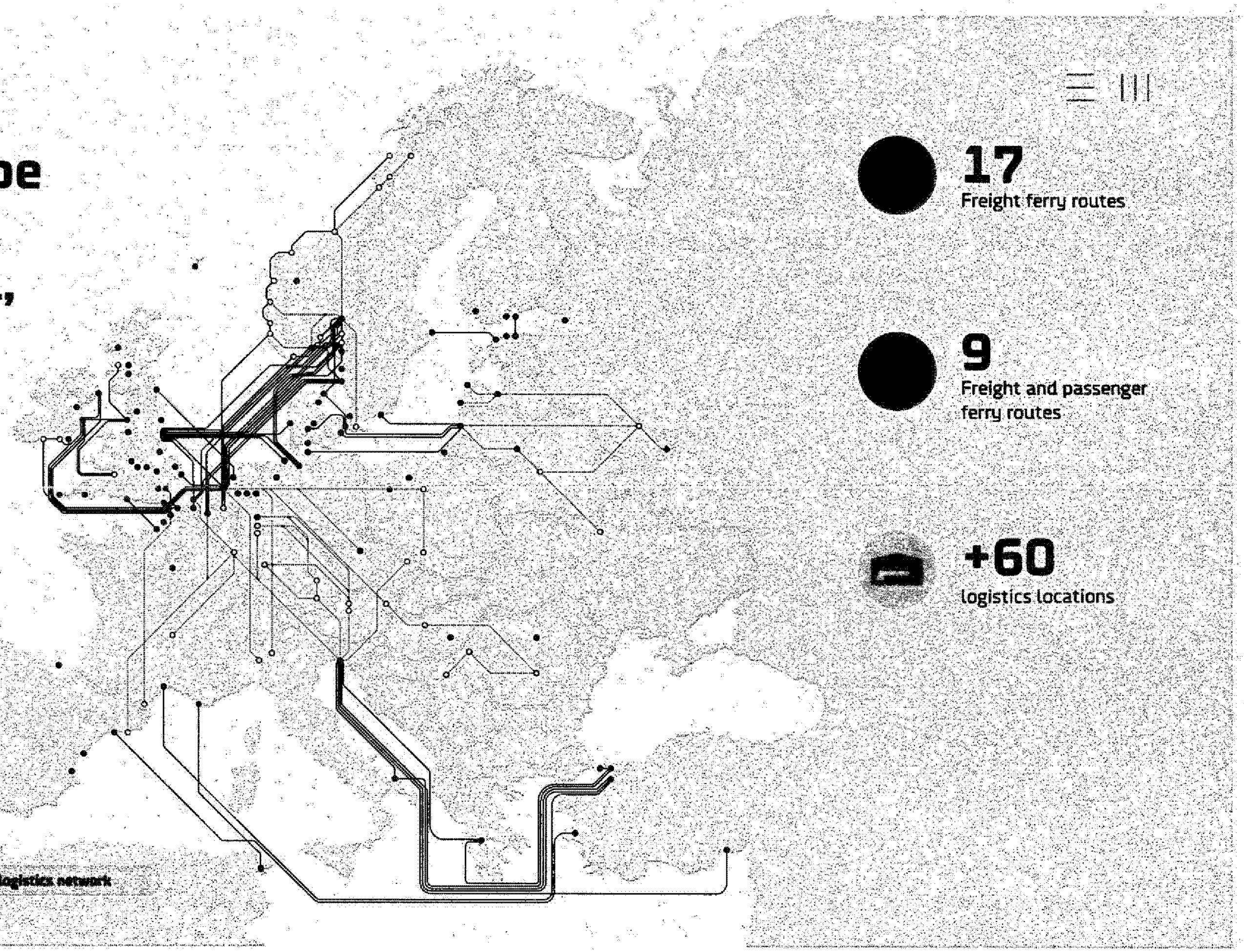
By moving freight and passengers reliably and efficiently, we provide vital services for trade and travel in and around Europe

Sustainable trade and travel is our future

We care about people – the safety and wellbeing of our passengers and colleagues as well as a culture of diversity and inclusion

We grow by partnering and innovating with our customers

We keep Europe and Turkey moving by sea, road and rail



17
Freight ferry routes

9
Freight and passenger ferry routes

+60
logistics locations

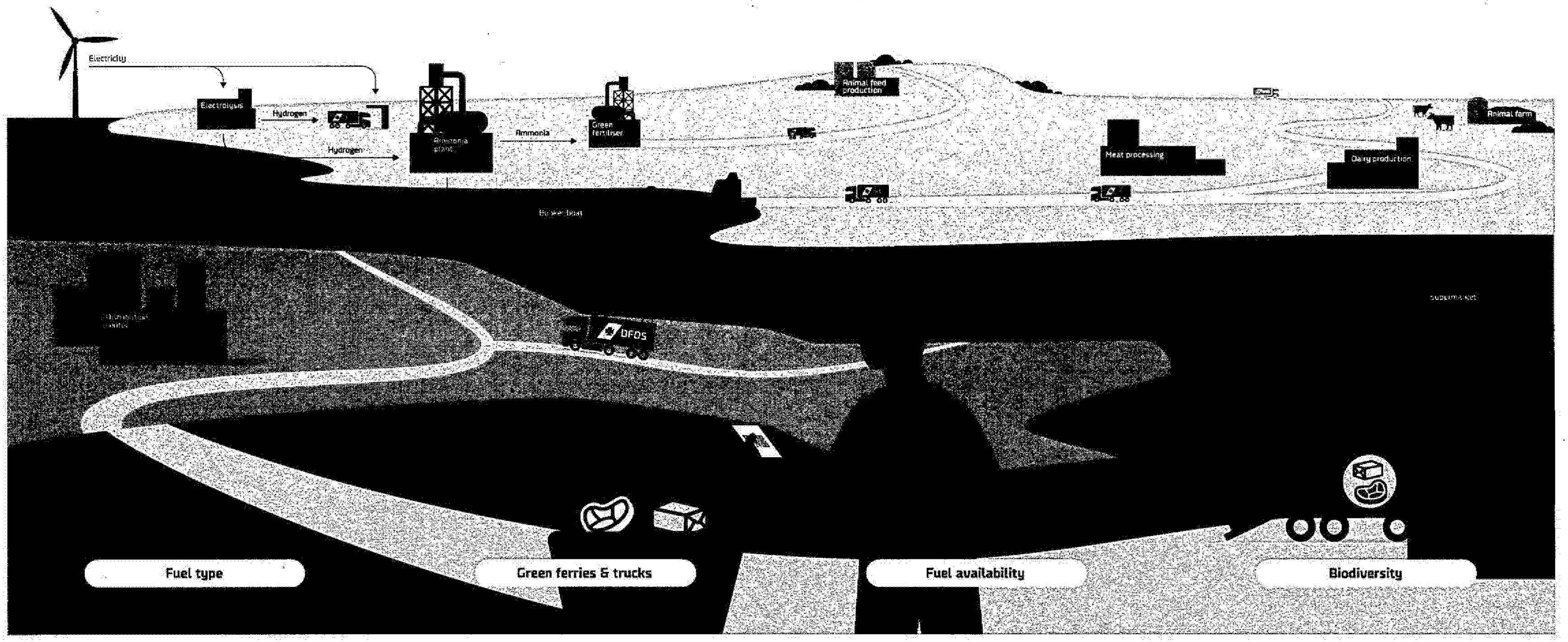
Click for more information about our ferry and logistics networks

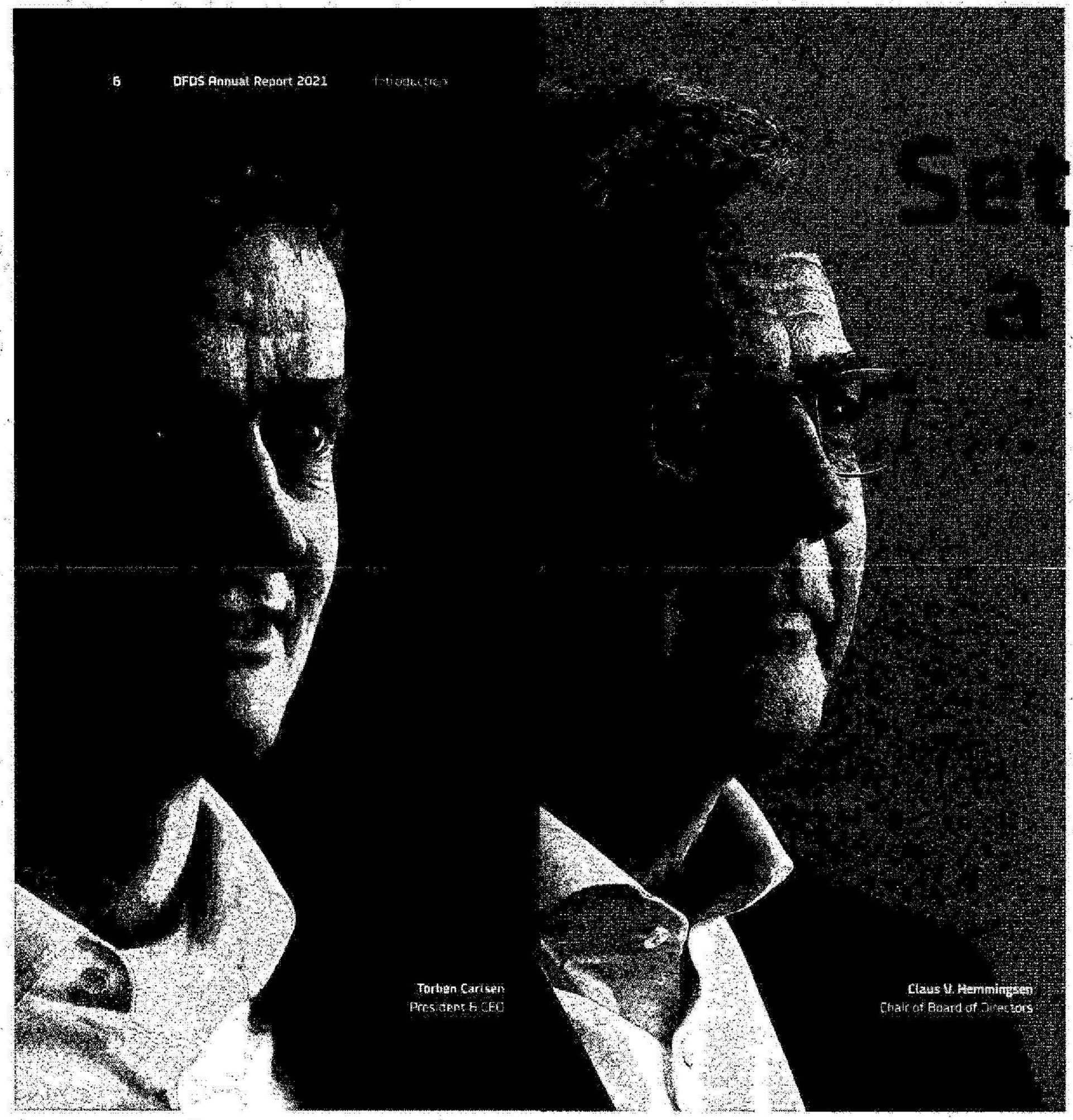
Our logistics network

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Green transport corridors of tomorrow

The transition from fossil to sustainable fuels to create green transport corridors has begun. The Denmark-UK corridor could be our first green corridor driven by customer demand and fuel availability. Our goal is to provide emission-free ferry and logistics services for products – for example butter and meat – destined for consumers in the UK. In partnership with our stakeholders, we are working on overcoming the challenges of a green corridor. Read more by clicking on the four topics below.





Torben Carlsen
President & CEO

Claus V. Hemmingsen
Chair of Board of Directors

Setting a new course

While continuing to provide reliable and efficient services to customers

A new era is in the making as the climate changes and social elements of the ESG (Environment Social Governance) agenda move corporate citizenship to the top of our strategic agenda as an integral part of our business strategy.

How we contribute to society and to the collective good has become a focus point in our actions and in our dialogue with stakeholders.

The EU's taxonomy for sustainable activities marks a clear political signal to invest money and efforts in becoming a green company. Customers are looking for ways to make supply chains and passenger travel sustainable. Many investors now focus on ESG results as much as on financial results, and young generations want to work for companies with green and inclusive agendas.

We welcome this new reality, while acknowledging the magnitude of the transformation DFDS is embarking on to become a truly green and inclusive company.

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Reinvention and new solutions are called for

A freight ferry loaded with goods weighs around 80,000 tons. No batteries are today durable enough to move such a ferry across the North Sea. Sustainable fuels such as methanol, hydrogen, or ammonia can do the job but first the supporting infrastructure, which we today take for granted, must be transformed. This will inevitably take many years.

The good thing is that the roadmap to sustainability is becoming clearer. It is also clear that we must partner with suppliers and customers to reinvent business processes and develop new ways of working together.

One of the tasks in the roadmap is the production of sustainable fuels in the quantities required to facilitate trade and passenger travel. Sustainable fuel technologies still need to mature, and buyers of sustainable fuels, such as DFDS, have yet to make final decisions on fuel types. To do our part to kick-start the sustainable fuel sector, we are taking an active role and are partnering up with potential fuel providers. This will include making firm commitments to buy sustainable fuel when it becomes available. Furthermore, we are engaging with customers to assess where the demand for – and the impact of – sustainable solutions is greatest and how cost impacts can be shared or mitigated.

Caring employer

Expectations concerning the way we treat each other at work and outside work are evolving.

The Covid-19 pandemic and supply chain bottlenecks have reaffirmed the significance of our colleagues' knowledge and expertise as well as their ability to solve problems as they arise.

Diversity, inclusion, sexual and other forms of harassment, equal pay and opportunities, are human rights issues that we as a corporate citizen are acting on and must be held accountable for. The well-being of employees is our responsibility.

Our Caring Employer strategy and activities are focused on these fundamental issues and we aremaking progress in this respect.

Business performance and strategy

We maintain a relentless focus on business development and financial performance. In 2021, EBITDA increased 25% to DKK 3.4bn before special items and a total dividend of DKK 8.00 per share is planned for payment in 2022. We expect to continue to grow earnings in 2022 with an outlook range for EBITDA of DKK 3.9-4.4bn before special items.

Our freight ferry and logistics activities performed above the initial outlook during 2021. A highlight of the year was the improved performance of the Mediterranean business unit. Passenger earnings remained on level with 2020 as Covid-19 continued to disrupt passenger travel markets.

Global supply chain bottlenecks spread to intra-European freight flows in 2021, especially freight flows linked to the UK. We adapted to the market change, but the sudden cost volatility introduced to our markets after decades of cost stability did initially impact margins negatively.

Growth is a key part of our strategy. We opened new ferry routes in 2021 and we introduced duty-free sales; we expanded our customs services, and we scaled up our cold chain logistics offering significantly through the acquisition of HSF Logistics Group. In addition, we continuously strive to provide more and better services for our customers.

We expect to continue to grow our freight activities both organically and by acquisitions in the coming years. Our passenger travel activities are expected to begin their recovery to former strength in 2022 as Covid-19 subsides, with full impact expected in 2023.

Moving ahead in 2022

To reflect how business and ESG are melting together in our decision-making and strategic ambitions, our 2021 annual report for the first time integrates financial and ESG reporting.

The annual report features as an example a 'green transport corridor' to show that real changes are achievable in the not too distant future if we all join forces.

We look forward to moving ahead on sustainability, diversity & inclusion, as well as business performance in 2022.

We end this letter with a heartfelt thank you to all our colleagues in DFDS for your hard work and contributions in a 2021 that turned out to be another challenging year. We also thank all our external stakeholders, not least our customers, for your collaboration and support in 2021.

The good thing is that the roadmap to sustainability is becoming clearer.

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About this report This report constitutes DFDS' Communication on Progress to the UN Global Compact. The consolidated ESG statement covers the DFDS Group's ESG approach and activities for the financial year 1 January to 31 December 2021. With this section we fulfil the requirements of Sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act Taxonomy.

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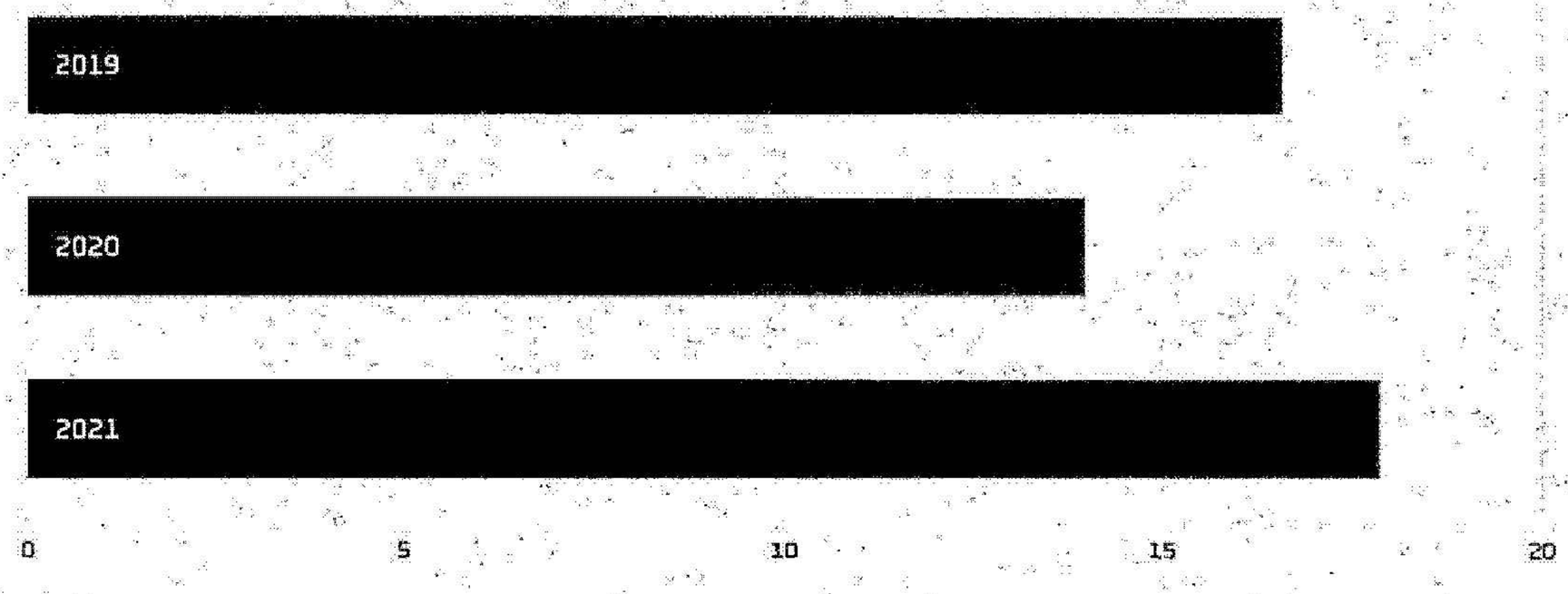
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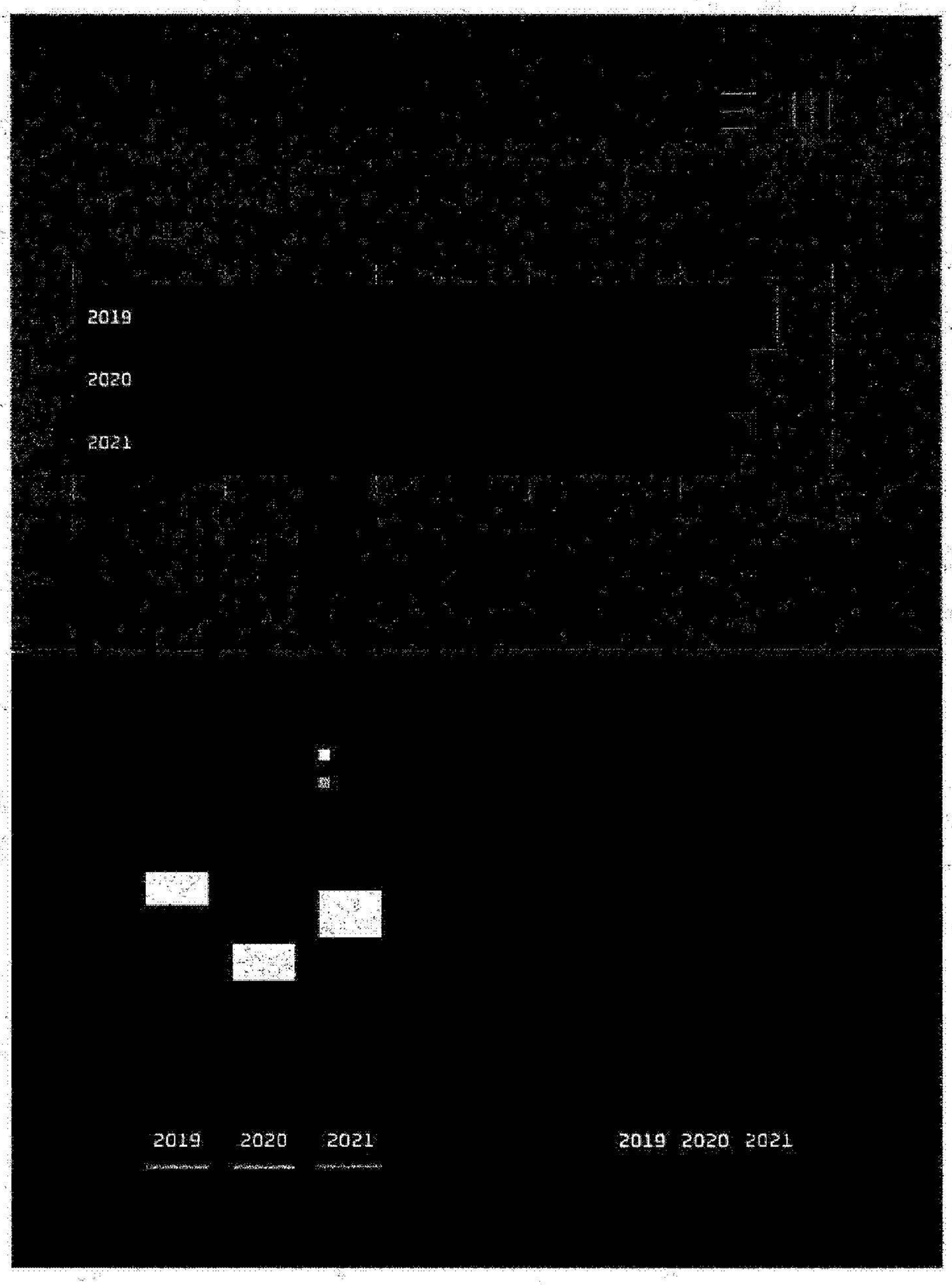
Management review

Key results 2021

Revenue per division

(DKK bn)





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Key figures

DKK m	2021[1] EUR m	2021	2020	2019	2018[2]	2017[2]
Income statement						
Revenue	2,403	17,869	13,971	16,592	15,717	14,328
Ferry Division[3]	1,587	11,806	9,445	12,197	11,117	9,892
Logistics Division[3]	962	7,155	5,301	5,116	5,324	5,160
Non-allocated items and eliminations[3]	-147	-1,092	-776	-722	-724	-724
Operating profit before depreciations (EBITDA) and special items[4]	459	3,411	2,732	3,633	2,988	2,702
Ferry Division[3]	383	2,852	2,315	3,254	2,713	2,513
Logistics Division[3]	80	593	462	421	330	263
Non-allocated items	-5	-35	-45	-42	-55	-74
Profit on disposal of non-current assets, net	0	2	5	6	7	7
Operating profit (EBIT) before special items[4]	177	1,313	858	1,751	1,909	1,782
Special items, net	5	34	-117	-101	-49	-41
Operating profit (EBIT)[4]	181	1,348	741	1,650	1,859	1,741
Financial items, net	-37	-278	-275	-278	-165	-55
Profit before tax	144	1,069	466	1,371	1,694	1,686
Profit for the year	131	976	442	1,313	1,637	1,618
Profit for the year excluding non-controling interest	129	958	433	1,309	1,630	1,617
Capital						
Total assets	4,131	30,721	27,006	26,863	22,132	13,308
DFDS A/S' share of equity	1,539	11,446	10,511	10,276	9,175	6,565
Equity	1,554	11,554	10,800	10,356	9,255	6,614
Net-interest-bearing debt	1,813	13,481	11,361	11,954	8,513	2,352
Invested capital, end of period	3,411	25,369	22,121	22,476	17,908	9,099
Invested capital, average	3,136	23,324	22,500	20,927	13,778	9,178

DKK m	2021[1] EUR m	2021	2020	2019	2018[2]	2017[2]
Cash flows						
Cash flows from operating activities, before financial items and after tax	468	3,484	2,772	3,258	2,516	2,666
Cash flows from investing activities	-432	-3,210	-1,618	-2,651	-4,802	-1,564
- Acquistion of enterprises and activities	-237	-1,765	-14	-131	-3,635	0
- Other investments, net	-194	-1,444	-1,603	-2,519	-1,167	-1,564
Free cash flow (FCFF)	37	274	1,155	607	-2,286	1,102
Repayment of lease liabilities and lease interest	-125	-929	-679	-785	-	-
Adjusted free cash flow	-88	-655	475	-178	-2,286	1,102
Key operating and return ratios						
Average number of employees (FTE)		8,874	8,213	8,367	7,791	7,235
Number of ships		80	70	70	70	64
Revenue growth, %		27.9	-15.8	5.6	9.7	3.9
EBITDA margin, %		19.1	19.6	21.9	19.0	18.9
Operating margin, %		7.3	6.1	10.6	12.1	12.4
Revenue/invested capital average, (times)		0.8	0.6	0.8	1.1	1.6
Return on invested capital (ROIC), %		5.3	3.0	7.6	13.1	18.6
ROIC before special items, %		5.2	3.5	8.1	13.5	19.0
Return on equity, %		8.7	4.2	13.5	20.7	24.5
Key capital and per share ratios						
Equity ratio, %		37.6	39.3	38.6	41.8	49.7
Net-interest-bearing debt/EBITDA, times[5]		3.7	4.2	3.3	2.8	0.9
Earnings per share (EPS), DKK		16.7	7.6	22.9	29.0	29.1
Dividend paid per share, DKK		0.0	0.0	4.0	4.0	10.0
Number of shares, end of period, '000		58,632	58,632	58,632	58,632	57,000
Weighted average number of circulating shares, '000		57,416	57,310	57,196	56,204	55,594
Share price, DKK		349.0	275.2	325.0	262.2	331.3
Market value, DKK m		20,018	15,790	18,593	14,990	18,106

[1] Applied exchange rate for Euro as of 31 December 2021: 7.4370 (Average) and 7.4365 (End).

[2] 2017-18 comparative numbers are not restated to IFRS 16.

[3] North Sea port logistics activities have been transferred from the Ferry Division to the Logistics Division per 1 January 2021. 2020 comparative figures have been restated accordingly, whereas 2017-2019 comparative numbers are not restated.

[4] Reference is made to "Definitions" on page 175

[5] The ratio for 2021 includes a pro forma EBITDA for the last twelve month for HSF Logistics Group.

ESG overview

Environmental data*	Unit	2021	2020	2019	2018
Total number of days operated	Days	23,197	18,774	20,460	18,937
Capital					
CO2 emissions per GT mile (Own fleet)	gCO1	13.0	13.4	13.9	-
CO2 emissions per GT mile (Route network)	gCO2	13.6	13.5	14.1	14.4
Energy consumption					
Total fuel consumption	Tonnes HFOe	771,738	619,867	699,115	654,795
Fuel consumption per GT-nautical mile (Route network)	g/GT/Nm	4.4	4.3	4.4	4.5
Oil spills					
Spills (>1 barrel)	Number	0	1	0	0

Social data*	Unit	2021	2020	2019	2018
Average number of employees (FTE)	FTE	8,328	8,213	8,367	7,791
Representation of women					
Total workforce	%	24	23	25	23
- At sea	%	17	15	18	15
- On land	%	29	27	29	29
Senior management	%	17	16	19	10
Managers	%	14	13	18	-
Employees	%	27	26	26	-
Safety at sea					
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	4.3	4.1	4.5	5.5
Safety on land					
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	7.4	5.9	6.7	3.8
Fatalities					
Colleagues	Fatalities	1	0	0	0
Contractors	Fatalities	0	2	1	1

Governance data	Unit	2021	2020	2019	2018
Representation of women in the Board	%	33	33	33	33
Attendance at Board meetings (all board members)	%	100	96	94	91

* All ESG data is excluding the newly acquired HSF Logistics Group.

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Business review

Freight earnings growth and increasing sustainability focus

We grew freight earnings, broadened the scope of our freight offering to customers, and made important progress on sustainability in 2021.

The growth in freight earnings was to a large extent achieved in the first half-year as Covid-19 lockdowns reduced earnings considerably in the first half-year of 2020. In the second half of 2021, freight earnings growth was lowered by cost increases due to supply chain bottlenecks that peaked in Q3.

In addition, Mediterranean business unit earnings increased considerably as capacity was expanded to carry higher volumes between Turkey and the EU as trade was boosted by depreciation of the Turkish Lira (TRY).

Passenger earnings remained on level with 2020 as travel restrictions were in place for most of the year. Passenger earnings are thus still reduced by approximately DKK 1bn compared to 2019.

Three new freight ferry routes were opened in 2021, facilitating trade between Ireland and France/the Continent (EU), Turkey and Spain, as well as the UK and France.

We also significantly expanded our cold chain logistics offering through the acquisition of the HSF Logistics Group.

A new ESG (Environment, Social, Governance) management framework was established in 2021 to move our sustainability and diversity & inclusion agendas forward.

The announcement of an ambition to deploy a green ferry by 2025 marks the start of a journey to de-carbonise our ferry operations. By ordering of 125 e-trucks for delivery later in 2022 and in 2023, we also embarked on a similar journey to de-carbonise our logistics solutions.

A key challenge of the de-carbonisation journeys is the availability of sufficient green electricity for sustainable fuel production in the quantities required. We are already engaging in partnerships and open innovation projects with our stakeholders to overcome the many challenges of de-carbonisation.

Also in 2021, customer service was maintained at a satisfactory level despite Covid-19, Brexit, and supply chain bottlenecks. This was accomplished by a great effort by the people of DFDS across the ferry and logistics networks.

Impacts from external macro events in 2021
In 2021, our markets and results were impacted by several external macro events:

Brexit: The new trade agreement between the UK and the EU came into effect from the beginning of 2021. The new rules and processes initially led to a slowdown in trade due to transport equipment shortages as turnaround times for equipment increased. Freight volumes recovered from around March. A combination of Covid-19 and fewer EU truck drivers in the UK led to truck driver shortages and port congestion in Q3. The supply chain bottlenecks eased somewhat in Q4.

Brexit also led to a rerouting of trade flows, particularly between Ireland and continental Europe as flows moved away from the UK land-bridge. Duty-free sales and customs clearance services were introduced from the start of the year in line with the new trade agreement.

Trade volumes between the UK and the EU dropped to below 2019-levels in 2021. It remains to be seen if volumes recover to recent historical levels when Covid-19 and supply chain bottlenecks subside.

Covid-19 and normalisation of passenger volumes: Travel restrictions were upheld through most of 2021 as new waves of the pandemic occurred. The primary effect of Covid-19 was thus to reduce activity on ferry travel markets to mostly essential travel as well as periods with layup of ferries.

Most ferry passengers on our routes are Europeans, except for the Oslo-Frederikshavn-Copenhagen route that had around 125,000 overseas passengers in 2019. Overseas passengers did not return in 2021 and are not anticipated to return in larger numbers in 2022. Covid-19's impact on passenger numbers on our Baltic routes has been limited as a high share of the passengers are migrant workers. It remains to be seen whether historic travel patterns will change once travel restrictions are lifted.

Covid-19 also contributed to the global supply chain bottlenecks that developed through the year as the growth in demand for consumer goods exceeded transport capacity as the latter was reduced by staff shortages caused by the pandemic.

"The announcement of an ambition to deploy a green ferry by 2025 marks the start of a journey to de-carbonise our ferry operations."

DFDS Group, key financial figures

DKK m	2021	2020	2019
Revenue	17,869	13,971	16,592
EBITDA*	3,411	2,732	3,633
EBIT*	1,313	858	1,751
Profit before tax*	1,035	583	1,472
Profit for the period	976	442	1,313
Free cash flow, FCFF	274	605	607
Adjusted free cash flow, FCFF	-655	444	-151
Invested capital, end of year	25,369	22,121	22,476
Net interest-bearing debt/EBITDA*, times	3.7	4.2	3.3
Return on invested capital*, %	5.2	3.5	8.1
Number of employees, average	8,874	8,213	8,367

* Before special items

Supply chain bottlenecks and pricing: Intra-European supply chains started to develop widespread bottlenecks in Q3 driven by rising demand for consumer goods on the one hand, and on the other hand restricted supply side transport capacity due to Covid-19 and Brexit. This led to significant price increases in some carrier markets, for example in haulage and global container transport. Freight ferry ports also congested as customers were not able to pick up their trailers due to truck driver and equipment shortages.

The freight capacity of our ferry route network was through 2021 sufficient to handle market volumes and pricing was therefore not immediately impacted. However, in the second half of 2021, wages, spare parts, and other costs for ferry and port operations increased due to the supply chain bottlenecks. Such cost increases are reflected in pricing for 2022.

Most of DFDS' logistics solutions are based on longer contracts, as opposed to spot, and due to the speed of carrier cost increases and inadequate cost compensation terms in contracts, gaps developed between pricing and solution costs through 2021. Many contracts have been renegotiated and flexible cost compensation terms have been added to counter cost volatility.

Depreciation of TRY and Turkish export growth: During 2019, a further step was taken to significantly reduce the currency risk related to Turkish Lira (TRY) of our Mediterranean business unit as the invoicing currency was changed from TRY to EUR. This aligned the pricing and invoicing currencies.

Mediterranean's currency risk is therefore mainly related to the impact of changes in TRY on trade between Turkey and the EU. The depreciation of TRY versus EUR boosted Turkish exports to Europe in 2021 and continued export growth is expected in 2022. The current imbalance between export and import volumes in our route network are around 10% as export growth exceeds import growth.

The depreciation of TRY and the subsequent high inflation in Turkey is currently depressing domestic demand. A large part of the freight volumes carried in our Mediterranean route network is however not linked to domestic demand, but rather to manufacturing in Turkey that uses imported semi-finished goods from Europe in the assembly of finished goods that are exported to Europe.

Longer term, we expect Turkey will benefit from nearshoring of manufacturing from overseas regions as companies already in 2021 started to take measures to reduce supply chain disruption risks.

Key financial results of 2021
On this background, revenue for 2021 increased 28% to DKK 17,869m. The revenue growth thus exceeded the outlook range of 23-25% that was narrowed on 17 November 2021 from the initial outlook range of 20-25% growth for 2021 announced on 10 February 2021.

The operating profit (EBITDA) before special items increased 25% to DKK 3,411m in 2021 compared to 2020 as freight earnings recovered from the 2020-lockdowns and the Mediterranean business unit improved performance.

The following changes were made to the outlook for EBITDA before special items during 2021:

Revenue up

28%

to DKK 17.9bn

EBITDA up before special items

25%

to DKK 3.4bn

ROIC of

5%

before special items

Equity ratio

38%

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- 10 February: Outlook range of DKK 3.0-3.5bn announced
- 23 April: Outlook range raised to DKK 3.2-3.6bn after stronger start to year
- 17 November: Outlook range narrowed to DKK 3.3-3.5bn.

On a divisional level, the Ferry Division's EBITDA before special items increased 23% to DKK 2,852m. The Logistics Division's EBITDA before special items increased 28% to DKK 593m mostly driven by the acquisition of the HSF Logistics Group consolidated from 14 September 2021.

The Group's free cash flow was positive by DKK 2.0bn before cash flow from acquisitions of DKK -1.8bn. Including acquisitions and adjusted for lease payments, the free cash flow was negative by DKK 0.7bn.

Financial leverage, measured by the ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA) before special items, was 3.7 at year-end compared to 4.2 at year-end 2020. The leverage ratio for 2021 includes a pro forma EBITDA for HSF Logistics Group for the last twelve months. The equity ratio was 38% at year-end 2021.

The average number of full-time employees (FTE) increased 8% to 8,874 in 2021 mainly due to the acquisition of the HSF Logistics Group. The headcount was 10,559 at the end of 2021.

Major events in 2021

An overview of major events of the year is provided per quarter on page 16. The most important of these events are reviewed in this section.

Cold chain logistics offering expanded by acquisition of HSF Logistics Group: On 14 September 2021, the acquisition of HSF Logistics Group was completed. The enterprise value of the transaction was DKK 2.5bn. HSF Logistics Group is one of Europe's leading cold chain logistics providers to meat producers and other food producers that operate temperature-controlled supply chains. HSF Logistics Group has around 1,800 employees with annual revenue of approximately DKK 3.3bn and EBITDA of DKK 368m.

Channel space charter agreement: To enhance the offering to freight customers through shorter waiting times, as well as to improve the efficiency of the ferry infrastructure between the UK and the EU, a mutual space charter agreement was made with P&O Ferries covering the Dover-Calais route.

The space charter is expected to become fully operational in the first half-year of 2022 following ongoing development and testing of systems to support the space charter since the autumn of 2021. The UK and French competition authorities are reviewing the agreement.

UK duty-free sales and customs clearance services introduced post Brexit: Since the beginning of 2021, duty-free sales and customs clearance services were introduced for activities linked to the UK.

Duty-free sales were in 2021 available on four passenger ferry routes – Dover-Calais, Dover-Dunkirk, Amsterdam-Newcastle, and Newhaven-Dieppe – as well as from border shops in the ports of Calais and Dunkirk starting in Q4 2021.

In the latest pre-Covid-19 year of 2019, 4.1 million passengers travelled on these routes as well as 1.2 million truck drivers. Spending per head increased considerably in 2021 but assessment of the full potential of duty-free sales awaits the return of passengers in larger numbers. Duty-free sales prices are around 50% lower than UK high street prices.

Customs clearance and related services are primarily offered by the Logistics Division to customers trading with the UK.

"Longer term, we expect Turkey will benefit from nearshoring of manufacturing from overseas regions as companies already in 2021 started to take measures to reduce supply chain disruption risks."

Major events in 2021

Q1

- Agreement to acquire HSF Logistics Group, leading provider of cold chain logistics in northern Europe
- New freight ferry route opened between Ireland and France/Continental Europe (Rosslare-Dunkirk)
- New freight ferry route opened between Turkey and Spain (Izmir-Tarragona)
- Passenger ferry route between Norway and Denmark suspended (Oslo-Frederikshavn-Copenhagen)
- Customs clearance services and duty-free sales introduced on UK-EU trading and travel following Brexit
- Freight capacity agreement with UK Department for Transport (DfT)
- Sixth and final mega freight ferry delivered

Q2

- Turkish seafarer dies in tragic accident in the Port of Sète during loading of a freight ferry
- Space charter agreement to shorten freight customers Channel journey time announced
- Sale of a freight ferry and purchase of another freight ferry in an asset swap transaction

Q3

- Acquisition of HSF Logistics Group approved and closed. Payment made in two instalments in Q3 and Q4, respectively
- Agreement to acquire ICT Logistics
- Passenger ferry route between Norway and Denmark reopened (Oslo-Frederikshavn-Copenhagen)
- New unaccompanied freight ferry route between UK and France opened (Calais-Sheerness)
- Deployment of a new combined freight and passenger ferry on Dover-Calais
- Sale of a short-sea combined freight and passenger ferry built in 1992
- Sale of Belgian logistics property
- Agreement to build two new logistics centres in Sweden (Vaggeryd and Karlshamn)

Q4

- 125 electric trucks ordered for logistics network
- Acquisition of Swedish haulier GA Åkerlerna
- Space charter agreement with CLdN to open freight ferry route between Rotterdam and Humberside
- Shore power facility in Copenhagen taken into use
- Delivery of a ro-pax new building for deployed in Baltic Sea in January 2022
- Borås warehouse opened
- Agreement to sell and lease-back two side-port ships; one ship delivered in Q4 and one in Q1 2022

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Progress on Climate Action Plan: Several actions were taken in 2021 to enhance sustainability in both the short- and long-term:

- Inauguration of shore power facility in Copenhagen – making it possible to shut down engines in both Oslo and Copenhagen while in the port
- Commitment to a Green ferry in 2025 – decision on route and fuel type to be made in 2022
- 19 technical initiatives implemented to lower fuel consumption and reduce emissions from our fleet at cost of DKK 34m. The installations are expected to reduce emissions by 21,800 t CO2 in 2022
- Order of 125 e-trucks – deployment in 2022-23
- Green transport corridor projects – development ongoing in close collaboration with customers and infrastructure partners with overlapping sustainability priorities and geographical areas.

Diversity & Inclusion (D&I): In 2021, the land-based female ratio increased from 27% to 29%, and the sea-based female ratio increased from 15% to 17%. As the focus on D&I (Diversity & Inclusion) is beginning to show results, the target of 30% minority representation by 2023 is maintained. In 2022 we will evaluate the target from a sea based perspective and consider if a vessel by vessel approach will be a suitable approach going forward.

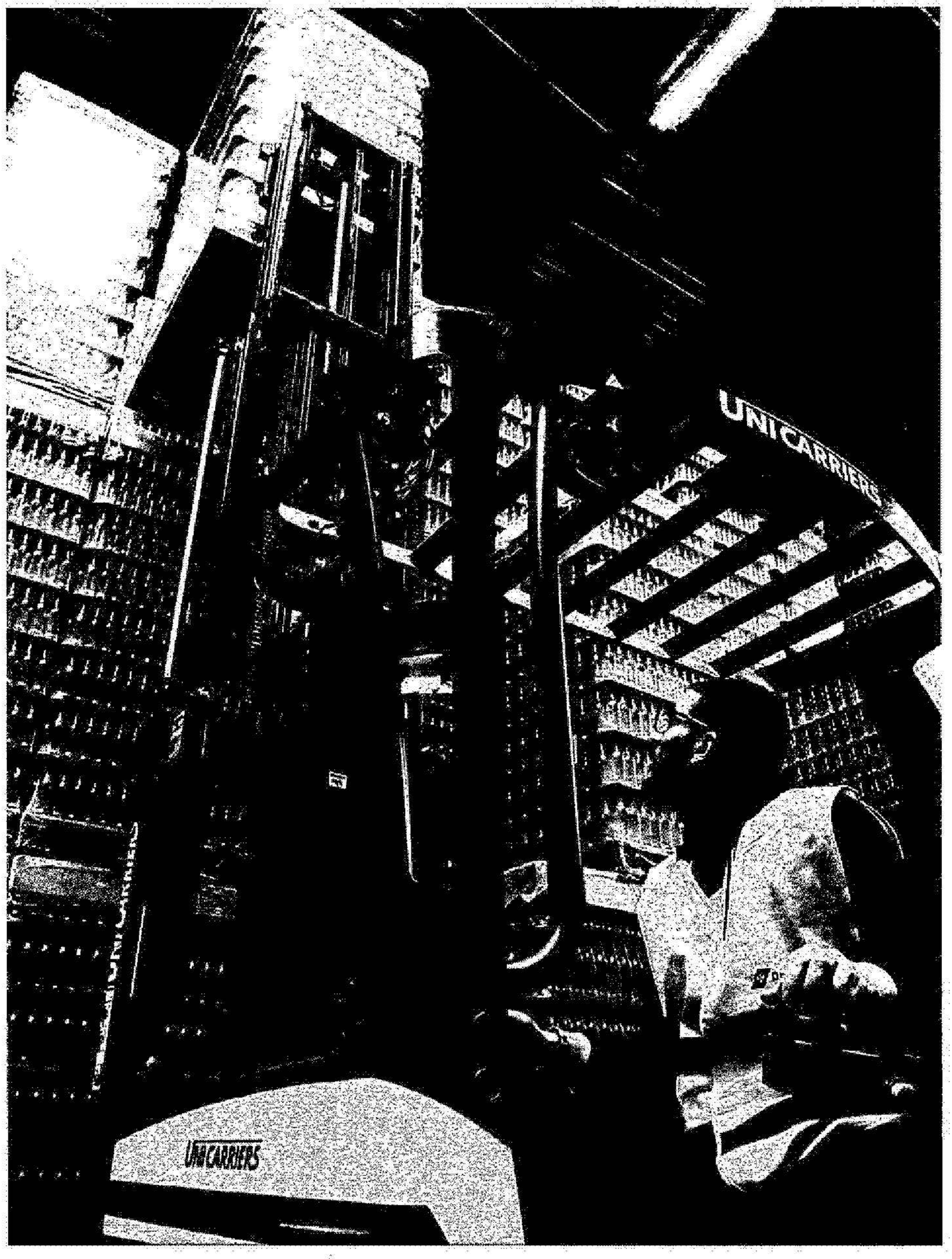
Several actions to develop a diverse talent pool were implemented in 2021:

- Diversity training of senior management and implementation of D&I toolbox
- A new talent mentor programme was launched to develop the talent pipeline for future management positions
- D&I was the focal point of a case during DFDS' selection of participants for Horizon, our 12-month talent development programme
- Zero tolerance policy towards harassment, bullying, and discrimination introduced supported by internal campaign.

Health & Safety: A global land based Health & Safety function was established to increase focus on awareness and implementation of additional preventive actions.

On 6 April 2021, a Turkish seafarer died from injuries sustained in a tragic fatal accident in the Port of Sête during loading of a freight ferry. The accident was thoroughly investigated, and learnings led to an immediate strengthening of the local Health & Safety organization by allocating resources to improve local procedures and align these across rest of the country.

Major events after 2021
On 15 February 2022, DFDS awarded 23,350 restricted stock units and 176,706 share options to the Executive Board and a number of key employees. The theoretical value of the awards is DKK 14.6m calculated according to the Black-Scholes model.



Our strategy

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

A. Grow solutions to select industries

Industry sales of large freight customer solutions, involving both ferry and logistics operations, was in 2020 combined in one unit in the Logistics Division to drive sales across the network. This includes development of solutions to the automotive and forest & metal sectors.

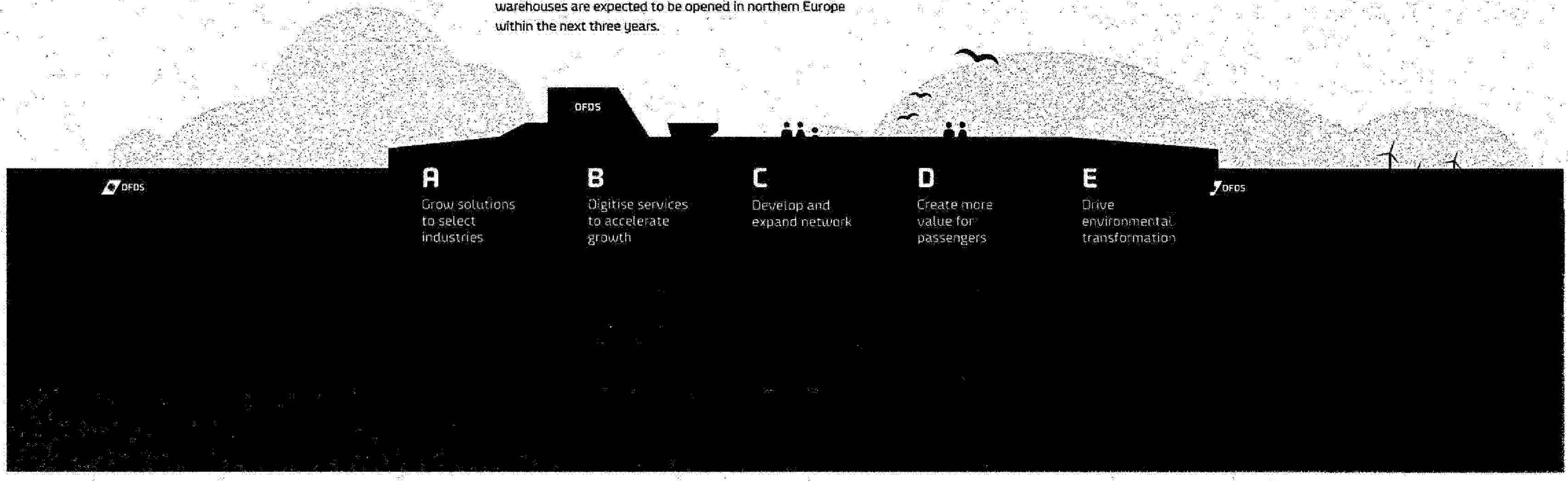
The growth of solution sales to these sectors was in both 2020 and 2021 held back by disruptions of production flows from Covid-19, Brexit, and supply chain bottlenecks. As production normalises in the sectors, the ambition is to grow revenue from these sectors.

The offering to cold chain logistics customers was in 2021 significantly boosted by the acquisition of HSF Logistics Group specialised in logistics for meat producers. In combination with DFDS' existing cold chain activities focused on seafood and other fresh food products, a strong platform for further growth is now in place. In addition, the demand for contract logistics solutions for a range of dry goods, including warehousing, has increased and around 10 warehouses are expected to be opened in northern Europe within the next three years.

B. Digitise services to accelerate growth

Digitising customer relationships, automating for operational efficiency, and supporting sustainability goals through digital solutions, are key focus areas for the digital strategy. We also continue to prepare for autonomous transport solutions.

For freight ferry customers, a new improved version of the MyFreight online booking system will be rolled out during 2022. In port terminals, the first of a new generation of gate systems are being installed to reduce congestion in and around terminals. This is also supported by notifications from an app helping drivers to better plan their arrivals.



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For passengers, a new online booking flow will be rolled out which will make it easier to book and improve the customer experience. Digital solutions are also being introduced on-board for cabin access, restaurant bookings, and shopping. On duty-free routes, passengers can already now shop online and reserve items in advance for collection on arrival.

Among logistics customers, the DFDS Direct platform continues to gain traction with features such as instant quotes, booking, track & trace, and management of transport documents. Digital solutions are applied to optimise trip planning and avoid empty running which translates into less emissions and thus more sustainable transports. Within 1-2 years, it is expected that information on carbon footprint can be made available to customers. For larger customers, both standardised and bespoke system integrations are offered. Overall, more than half of customers now book digitally.

C. Develop and expand network

The Mediterranean ferry route network continued to improve earnings and operational efficiency in 2021. The network was further expanded to deploy 20 ferries by the end of 2021 compared to 12 in 2018.

To accommodate growing freight volumes from customers, a fleet renewal program was launched in 2016 covering nine newbuildings delivered from 2019 to 2022. The program's final newbuilding will enter service in early Q2 2022. The new ferries are larger and more cost-efficient and also contribute to lowering emissions per transported freight unit.

Growth is also pursued by business development initiatives and by acquisitions.

In the ferry sector, catalysts for opening or closing of routes are often events that alter flows of freight and passengers. Both Covid-19 and Brexit impacted flows and route networks have been adjusted; with DFDS opening four new routes since 2020. Other growth and efficiency initiatives include introduction of customs services and space charter agreements with other operators, such as between Sweden and Belgium with CLdN, and on the English Channel with P&O Ferries.

Acquisitions are a key tool to improve the scope of our customer offerings and improve cost-efficiency. Due to the mature nature of the ferry sector and DFDS' existing market position, acquisition opportunities are limited in some regions. The logistics market is, on the other hand, more fragmented and offers more acquisition opportunities. Five acquisitions have expanded the logistics network since the strategy launch in mid-2019.

We expect to continue to grow the freight activities both organically and by acquisitions in the coming years.

D. Create more value for passengers

Development of the passenger offering continued across the Channel, Baltic Sea, and Passenger business units in 2021. Duty-free sales were introduced on UK routes from the beginning of the year and, in addition, Channel's on-board facilities were improved by replacement of an older ferry with a newbuilding. 2022 will be the first full-year of the Oslo-Frederikshavn leg added in 2020. In the Baltic Sea, a key passenger route between Sweden and Lithuania was boosted by deployment of a newbuilding in late January 2022 and a second newbuilding is expected to enter service in early Q2 2022.

As a result of Covid-19, the passenger organisation and on-board concepts were during 2020 and 2021 adapted to the new market circumstances with more focus on transport passenger segments. The recovery of passenger volumes is expected to last through 2022 and 2023.

E. Drive environmental transformation

The transformation is governed by our Climate Action Plan launched in 2020, and in 2021 this was added as a fifth strategy pillar. The drive to reduce emissions from the existing fleet of ferries and trucks continued in 2021. In parallel, the longer-term plan to transform the fleets to green ferries and trucks gained traction by the establishment of new dedicated sustainability and innovation functions in both divisions. An ambition to deploy a green ferry by 2025 was announced and 125 electric trucks were ordered for deployment in the logistics network in 2022 and 2023.

Strategy goals – Win23

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

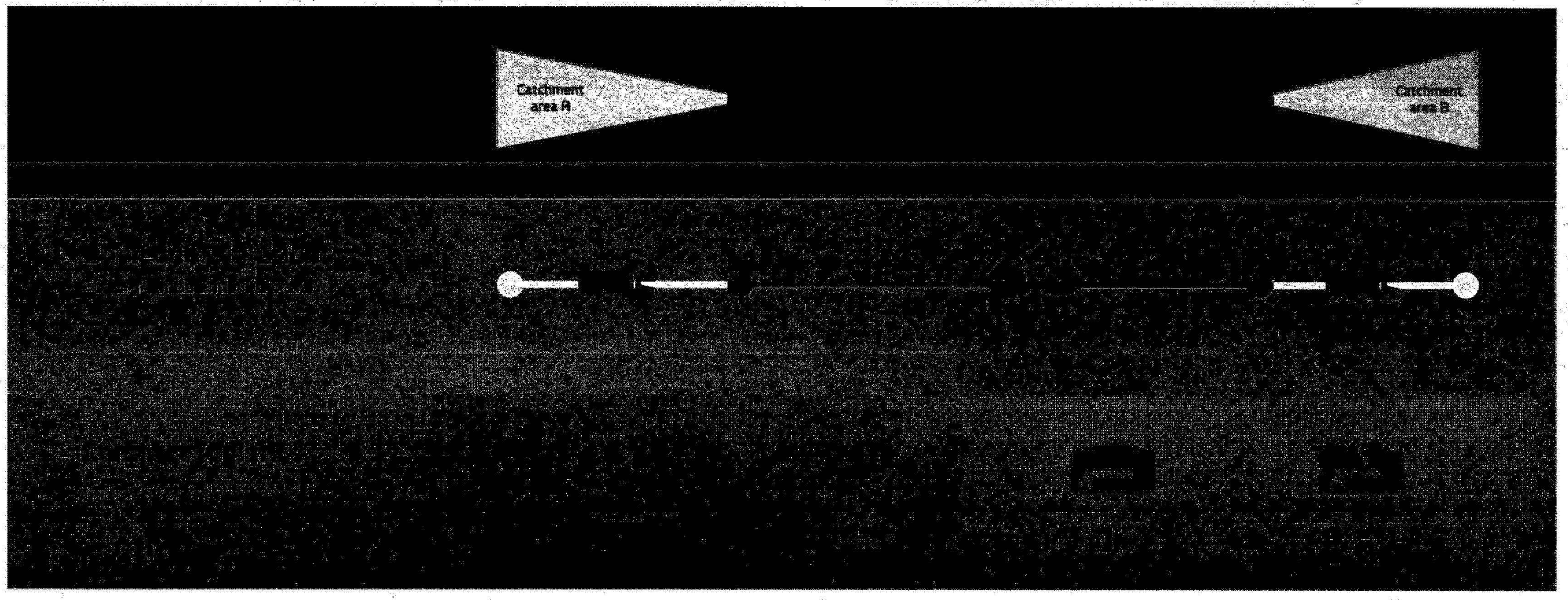
The overall financial ambition is to reach an EBITDA of around DKK 5bn in 2023 corresponding to a return on invested capital (ROIC) towards 10%.

The three key drivers of the financial ambition - organic growth and initiatives, Mediterranean business plan fulfilment, and acquisitions - are on track to meet the ambition in 2023. However, the positive impact of these drivers is partly reduced by negative financial impacts from macro events since mid-2019, mainly Brexit and Covid-19.

"Acquisitions are a key tool to improve the scope of our customer offerings and improve cost-efficiency."

Our business model

DFDS' business model combines ferry services and logistics solutions to facilitate trade and travel between people and businesses. The ferry routes are a vital part of Europe's transport infrastructure. The logistics solutions range from door-door transports to complex supply chain management. Logistics solutions often include ferry services, and 9% of our freight ferry volumes were carried for our own Logistics Division in 2021 with a share of up to 25% on some routes.



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Ferry business model

Our ferry routes connect countries or regions separated by water. They also offer an alternative to land transport. The value proposition to freight customers includes cost-efficiency, reliability, capacity, and customer services. For passengers, safety and the on-board experience are also important.

Ferries are built to carry vehicles and freight units that drive, or can be tugged, on and off ferries, e.g. trucks, trailers, cars, and buses. As ferries cover shorter distances and sail relatively fast, they mainly carry time-sensitive freight for delivery within 1-3 days. The use of rolling cassettes enables ferries to also carry heavy industrial goods such as metals, paper, and other forest products.

Market and route location/ports

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

- Market size, growth potential and competitive structure
- Road and rail infrastructure linked to the ports
- Level of industrial and other production within each port's catchment area
- Population density (impacts goods consumption and passenger market potential)
- Port terminal areas for parking of freight units, mostly trailers.

The ports we call are either owned or leased for longer periods, and in some cases we also operate the leased ports.

Customer offering

There are four main types of customer offerings depending on market demand:

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

All routes offer a fixed schedule of departures and arrivals. Duty-free sales on-board and from border shops can be offered to passengers.

For freight customers, it is of particular importance that route capacity is continuously adapted to their need to grow volumes.

Ferry types & capacity

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

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

We deploy both owned and chartered ferries, including short- and long-term charter periods. The capacity of a ferry route is determined by the number of ferries deployed, the size of the ferries and the frequency of the schedule.

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

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

Logistics business model

Our logistics solutions include transport, distribution, storage and value-added services to manufacturers, food producers and retailers. The customer value proposition includes performance enhancement, cost-efficiency, reliability, and customer service.

The geographic focus overlaps to a large extent with DFDS' ferry route network. Sector specific solutions are focused on the automotive, forest product, and metal sectors as well as food producers requiring temperature-controlled logistics (cold chain).

Forwarding, dry and cold chain

Design and planning of transport solutions according to preferences for speed, delivery precision, and transport modes. Transport equipment - trailers or containers – is provided to customers as well as access to online booking and tracking. The primary activities are:

- Full loads (FTL) for dry and reefer trailers and containers
- Part loads (LTL) for dry and reefer trailers
- Sub-contraction of transport from hauliers and ferry, container ship, and rail operators
- On contract or spot terms. Large flows mostly contract based, from months to 1-2 years
- Overlap of traffic corridors with ferry route network
- Customs clearance and other processing services.

Transport equipment is owned or leased.

Contract logistics, dry

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

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

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

Cold chain logistics

Solutions for fresh or frozen foods requiring supply chains with temperature control and strict hygiene standards in distribution centres and in transport equipment. Solutions include:

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

Distribution centres are owned or leased. Customer contracts are typically longer term.

Key value drivers: Volumes and volume growth • Sector specific market developments • Forwarding: balance between front and back loads • Empty running • Management and procurement of sub-contracted transport • Contract cost adjustment flexibility • Contract logistics: capacity utilisation of equipment and facilities • Low operating cost leverage as majority of costs are variable • Pricing driven by transport alternatives, carrier costs, efficiency, and cost

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

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Outlook

The outlook for 2022 builds on multiple assumptions that may change significantly as the year progresses.

Visibility continues to be reduced by Covid-19, particularly with regard to its effect on European passenger ferry markets.

General market growth prospects
The current consensus outlook for GDP-growth in 2022 (Gross Domestic Product) for Europe and Turkey is 4.0% and 3.5%, respectively (Source: Thomson Reuters).

Turkey's export to Europe benefited from the depreciation of TRY vs EUR in 2021 and this trend is expected to continue in 2022. Inflation is expected to be elevated in 2022 and this is likely to increase the imbalance between Turkey's export and import growth. Geopolitical risks related to Turkey could dampen the expected growth, both short and long-term.

Key freight outlook assumptions for 2022
Freight volumes are expected to grow in most of our markets in 2022.

The North Sea and Channel ferry business units as well as the Logistics Division have a high share of activities linked to the UK. Freight volumes linked to the UK market are expected to grow in 2022 following the slowdown in 2021, especially across the Channel.

DKK m	Outlook 2022	2021
Revenue growth	23-27%	17,869
EBITDA before special items	3,900-4,400	3,411
Per division:		
Ferry Division	3,050-3,450	2,852
Logistics Division	900-1,000	593
Non-allocated items	-50	-35
Investments	-2,300	-3,210
Types:		
Operating	-1,400	-975
Ferries: sale & purchase and newbuildings	-800	-490
Acquisitions	-100	-1,745

The UK freight market will in 2022 still be in a transition phase as final implementation of the Brexit trade agreement is completed in steps during 2022.

The entry of a third ferry operator on the Dover Strait creates considerable overcapacity in the market, especially since freight volumes have declined since 2019. The overcapacity is likely to increase price pressure in the market and reduce incumbents' market share.

The Mediterranean business unit is expected to benefit in 2022 from continued growth in Turkish export volumes supported by capacity expansion and further optimisation of operations.

Ferry and logistics volumes are expected to continue to grow in the Baltic region. Additional freight ferry capacity has been attracted in recent years and capacity growth is expected to exceed market growth in 2022. Our deployment of two new combined freight and passenger ferries is expected to strengthen the customer offering in 2022.

The Logistics Division's revenue and earnings are expected to grow significantly in 2022, primarily due to the full-year impact of the HSF Logistics Group acquired with effect from 14 September 2021. Margins for both the Dry and Cold Chain forwarding and logistics activities are expected to improve in 2022, partly due to a higher level of cost coverage.

Freight flows may also in 2022 be impacted by supply chain bottlenecks, although it is anticipated that such impacts will be less severe than in 2021.

In February 2022, the EU Mobility Package comes into effect concerning alignment of minimum wages for truck drivers across member states, return of trucks to country of origin, and cabotage rules. DFDS is well prepared to comply with the new rules. The package is expected to entail a general cost increase for haulage services.

Key passenger outlook assumptions for 2022
The EBITDA for passenger services across business units - Passenger, Channel and Baltic Sea - was reduced by around DKK 1bn in 2020 compared to 2019 and remained on level with 2020 in 2021. This was a consequence of the travel restrictions that were imposed to limit the spread of Covid-19.

The outlook initially assumes that around 50% of the EBITDA decrease of the two previous years is regained in 2022. The current most likely scenario is that travel restrictions will continue to limit travel in Q1 2022 while subsequent easings of restrictions and a gradual return to historic travel patterns are expected to increase the number of passengers compared to 2021. The number of passengers in 2021 was 83% below the pre-Covid-19 level in 2019.

The entry of a third ferry operator on the Dover Strait creates considerable overcapacity in the market. The overcapacity is likely to increase price pressure in the market and reduce incumbents' market share. Duty-free sales are expected to mitigate these effects somewhat.

The high season for ferry travel is Q3 and the outlook is thus especially sensitive to the scope of travel restrictions in this quarter.

Revenue outlook
The Group's revenue is expected to increase by 23-27% compared to 2021. The two main growth drivers are the full-year impact of the acquisition of the HSF Logistics Group, and the assumed recovery in passenger volumes. In addition, freight volumes are expected to grow in most markets in 2022.

Earnings outlook
Based on the above assumptions, the Group's EBITDA before special items is expected to be within a range of DKK 3.9-4.4bn (2021: DKK 3.4bn). See outlook table for divisional split.

Investments
Investments of around DKK 2.3bn are expected in 2022:

- One combined freight and passenger ferry new building and exercise of a purchase option to buy one freight ferry: DKK 800m
- Dockings and ferry upgrades, including energy efficiency projects: DKK 600m
- Port terminals and other equipment: DKK 300m
- Cargo carrying equipment and warehouses, mainly related to Logistics Division: DKK 400m
- Other investments, including digital and acquisition of ICT Logistics completed in January 2022: DKK 200m.

Capital structure
The financial leverage, as measured by the ratio between NIBD and EBITDA, is expected to decrease from 3.7 at year-end 2021 towards the target range of 2.0-3.0 by year-end 2022. This includes payment of dividend as proposed on page 68.



Various risks and uncertainties pertain to the outlook.

The most important among these are possible major changes in the demand for ferry services - for freight and passengers - and logistics solutions.

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

Demand can also be impacted by competitor actions, supply chain disruptions, and extraordinary events such as virus outbreaks and geopolitical instability. Covid-19 continues to constitute a significant risk, particularly for the passenger ferry services.

The outlook can moreover be impacted by political changes, first and foremost within the EU and Turkey. The introduction of a new trade agreement between the EU and the UK, that is yet to be fully implemented, and its possible consequences on trade constitutes an important risk.

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

Future financial results may therefore differ significantly from the outlook expectations.

Fuel type - from fossil to sustainable fuels

It all starts with sustainable energy sources, such as wind or solar power. Already today, sustainable energy goes directly into the energy system as electricity, for example for use by electric cars and trucks.

For ferries there are currently four possible sustainable fuels or energy sources that could be suitable: ammonia, methanol, and hydrogen as well as batteries for short-sea ferries.

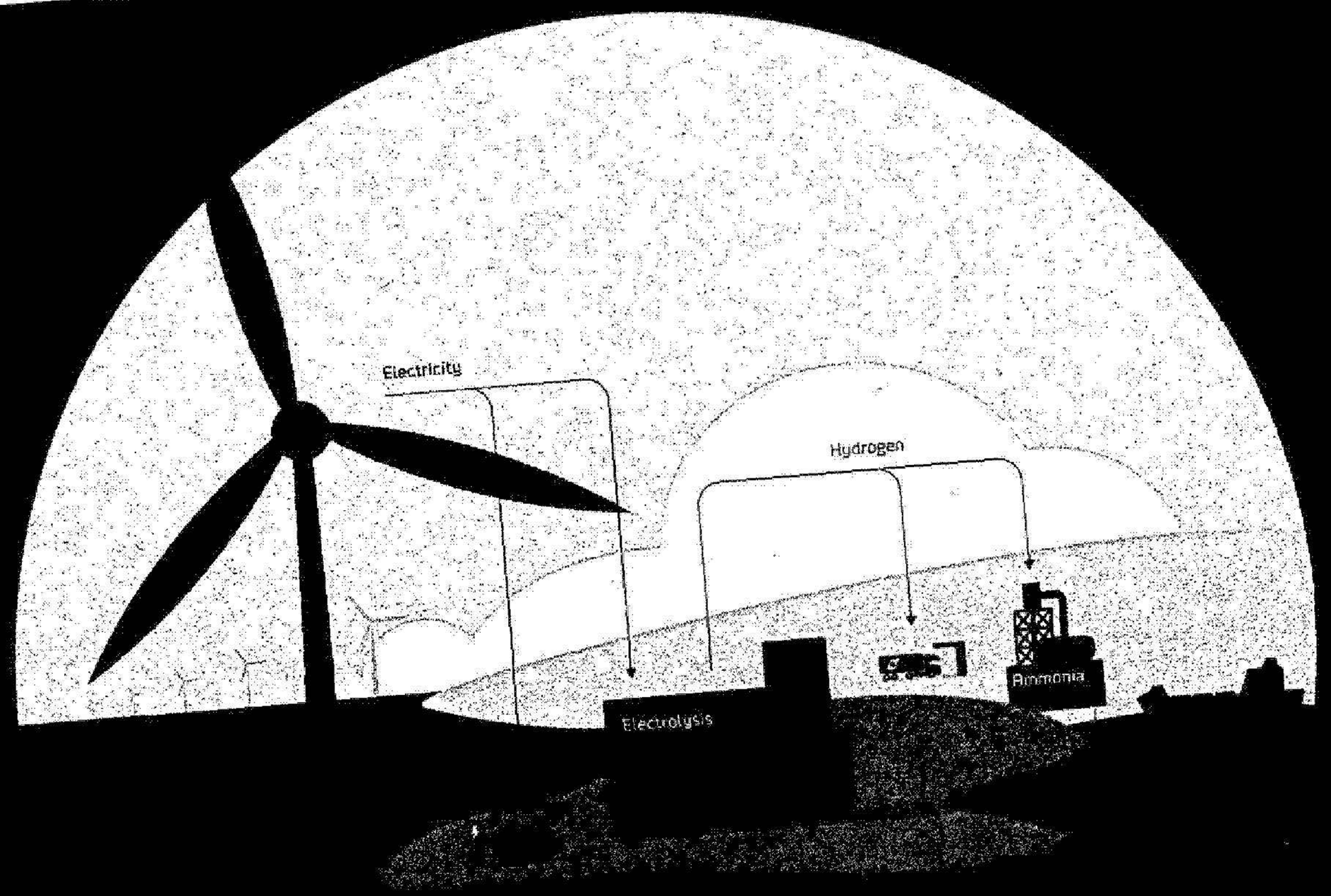
The three fuels have different attributes regarding storage and energy efficiency. Ammonia is toxic but can be stored, in a manageable way regarding temperature and pressure, as a liquid in tanks, while hydrogen can be stored as a gas in high-pressure tanks or as a liquid at -252.8 C. Methanol can be stored at ambient temperatures.

The less energy dense a fuel is, the higher the quantity required to produce energy equivalent to fossil fuel.

A final important factor is the long-term expected fuel price which will depend on cost of renewable electricity, scale of the production, and availability of required feedstock for methanol.

No decisions have been taken yet, but ammonia's attributes makes it a likely choice for ferries with longer crossing times.

The next step is to build ferries with sustainable fuel engines.





27 Ferry Division
38 Logistics Division
46 People

Divisions

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Ferry Division

Freight earnings growth despite headwind from Brexit and supply chain bottlenecks

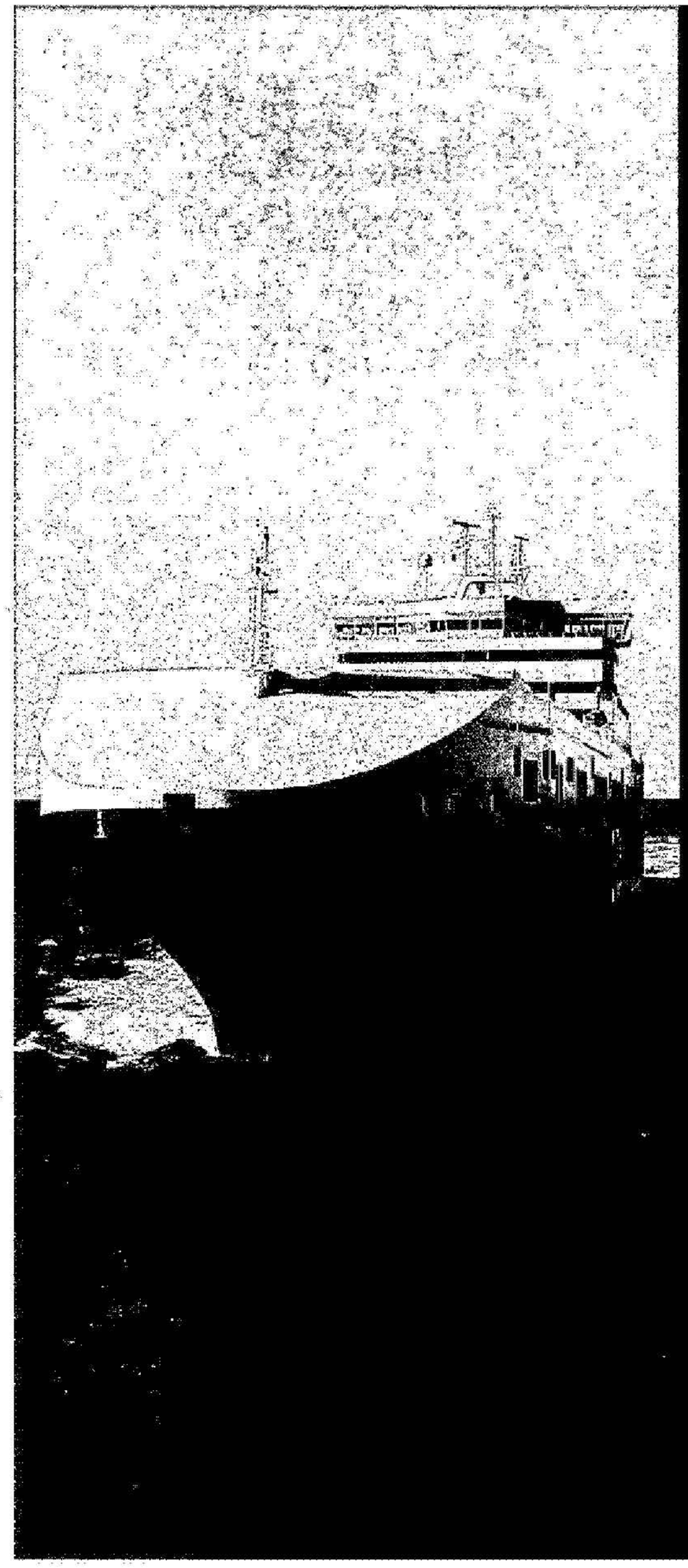
Mediterranean improved performance strongly

Passenger earnings still down DKK 1bn vs 2019 due to travel restrictions

In 2021, freight volumes recovered from the 2020-lockdowns, new freight routes were opened, and the investments of recent years in larger and more efficient freight ferries – both in cost and environmental terms – strengthened the reliability and capacity we offer to our primary customers: forwarders and hauliers.

It was also a challenging year as Brexit and supply chain bottlenecks lowered visibility, impacted freight flows, and raised operating costs. In addition, travel restrictions prevented a recovery in passenger numbers that remained on level with 2020.

In line with DFDS' Climate Action Plan, initiatives were taken to reduce emissions from the existing fleet while planning for long-term de-carbonisation intensified. Focus on Diversity & Inclusion actions and targets also gained momentum through the year.



Head of division

Peder Gellert Pedersen

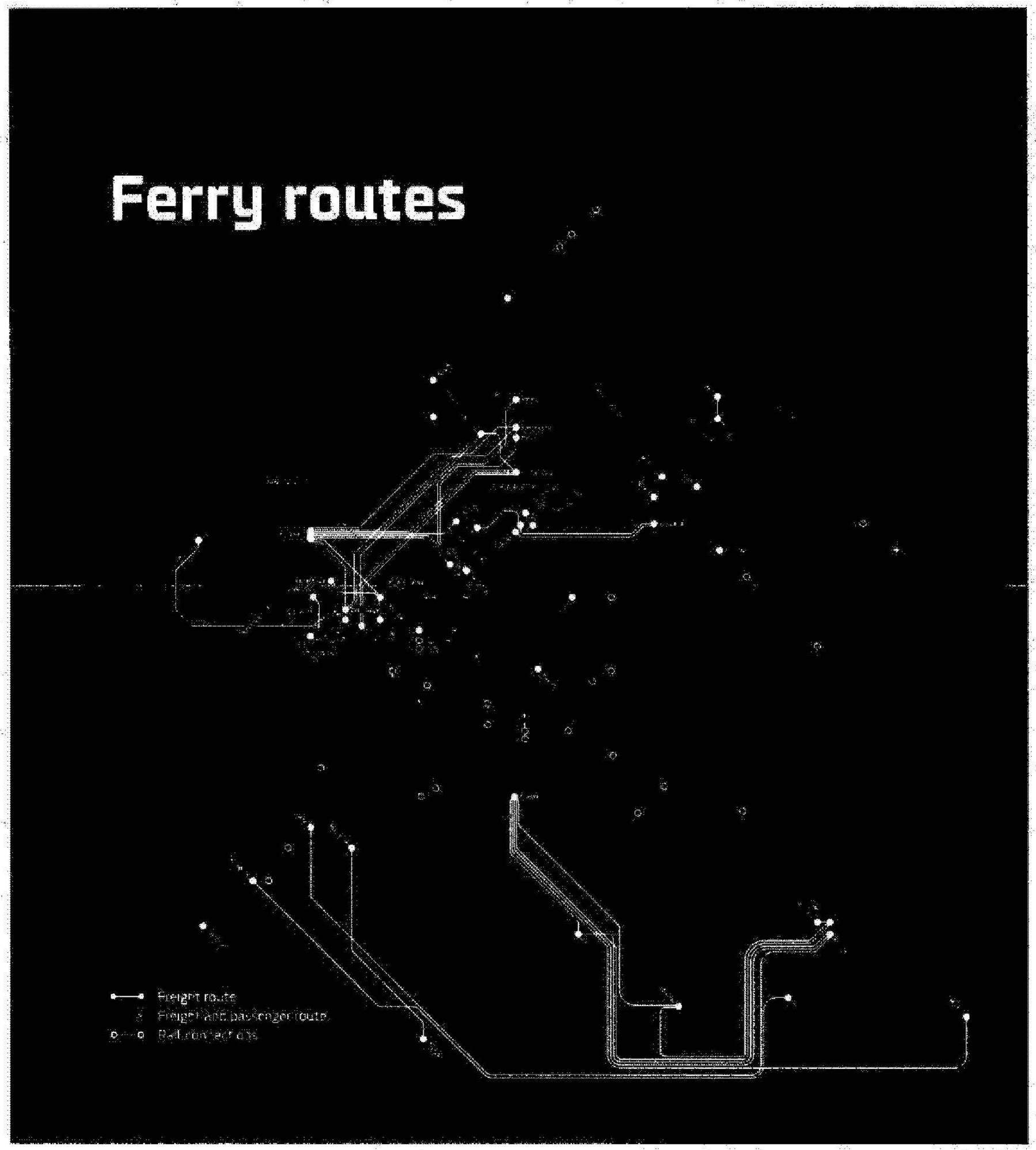
Business areas

- North Sea
- Mediterranean
- Channel
- Baltic Sea
- Norwegian

Revenue
increased 25% to DKK
11.8bn

EBITDA
increased 23% to DKK
2.9bn

Ferry people
5,381



Our key freight and passenger offerings

Freight

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

Passenger

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

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Ferry Division, DKK m	2021	2020	Δ	Δ %
Revenue	11,806	9,445	2,360	25.0%
EBITDA before special items	2,852	2,315	537	23.2%
Share of profit/loss of associates and joint ventures	-13	-5	-7	n.a.
Profit/loss on disposal of non-current assets, net	4	1	3	n.a.
Depreciation and impairment	-1,684	-1,509	-175	11.6%
EBIT before special items	1,160	802	358	44.7%
EBIT-margin before special items, %	9.8	8.5	1.3	n.a.
Special items, net	12	-98	111	n.a.
EBIT	1,172	703	469	66.7%
Invested capital, average	20,442	20,222	220	1.1%
ROIC before special items, %	5.3	3.8	1.5	n.a.
Average number of employees	5,381	5,452	-71	-1.3%
Lane metres, '000	43,011	40,886	2,125	5.2%
Tons, '000	633	664	-31	-4.7%
Passengers, '000	869	1,498	-629	-42.0%

Financial performance
The Ferry Division's revenue increased 25% to DKK 11,806m compared to 2020 driven by a recovery in freight volumes and the opening of three new routes. Passenger revenue – from the Channel, Passenger, and Baltic Sea business units - remained on level with 2020.

In 2021, the revenue split between freight and passenger revenue was around 90/10. In 2019, a pre-Covid-19 year, the split was 70/30.

EBITDA before special items increased 23% to DKK 2,852m and EBIT before special items increased 45% to DKK 1,160m. EBIT after special items increased 67% as 2021 included gains on asset sales and 2020 included special cost items related to organisational changes made in response to Covid-19.

The return on invested capital, ROIC, before special items increased to 5.3% in 2021 from 3.8% in 2020 primarily due to a considerable improvement in Mediterranean's ROIC.

Invested capital – ferry fleet and port terminals
The invested capital was DKK 20.5bn at year-end 2021, of which ferries amounted to DKK 13.6bn and port terminals to DKK 3.0bn. Intangible assets accounted for DKK 4.1bn, including goodwill of DKK 3.0bn mainly related to the Mediterranean business unit.

In 2021, the ferry route network deployed 64 ferries, including two side-port and container ships, of which 71%, or 47, were owned and 19 were chartered in for varying periods.

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

- Six freight ferries (ro-ro) with each 6,700 lane metres of freight capacity equivalent to around 450 trailers. Deployed in North Sea and Mediterranean
- Two combined freight and passenger ferries (ro-pax) with each 4,500 lane metres of freight and passenger vehicle capacity and onboard facilities for 600 passengers. To be deployed in 2022 in Baltic Sea
- One combined freight and passenger ferry (ro-pax) with 3,100 lane meters of freight capacity and onboard facilities for 1,000 passengers (chartered on a 10-year bareboat agreement). Deployed in Channel.

There are currently no plans to build new ferries, apart from a green ferry new building scheduled for 2025. The next major fleet investment program is expected to be renewal of the five short-sea Channel ferries for completion towards 2030. These ferries are expected to be battery powered due to the short crossing time of the Dover Strait.

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

Port terminals are owned/operated in eight strategic locations. The Vlaardingen port terminal area is being expanded and the new area is expected to become fully operational in 2022. This will improve rail services to and

"In 2021, the ferry route network deployed 64 ferries."

Fleet overview and key figures, year-end 2021

	Total fleet	Freight ferries (ro-ro)	Freight & passenger ferries (ro-pax)	Cruise ferries	Sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	80	45	17	4	15	-	-
Ferry Division	64	41	17	4	2	-	-
North Sea	19	17	-	-	2	79	13
Mediterranean	20	20	-	-	-	70	13
Channel	11	1	10	-	-	50	16
Baltic Sea	10	3	7	-	-	90	18
Passenger	4	-	-	4	-	100	32
Logistics Division	13	-	-	-	13	-	-
Dry Goods[1]	13	-	-	-	13	0	-
Chartered out ferries	3	3	-	-	-	-	-

from the terminal. The Trieste port terminal area was expanded towards the end of 2021 and by moving some calls to another terminal more space will be freed up in 2022.

ESG development

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

In 2021, several initiatives were taken to lower emissions from the existing ferry fleet:

- Shore power facility in Copenhagen taken into use in October 2021. Planning ongoing for shore power projects in other ports in the route network
- Latest route planning and propulsion control technology installed on three ferries to improve fuel performance
- Anti-fouling hull paint applied to ten ferries to reduce friction in the water and hence fuel consumption
- LED lighting installed on freight decks on three ferries
- Installation of new injection system to optimise engine combustion on five ferries to save fuel (PMI VIT).

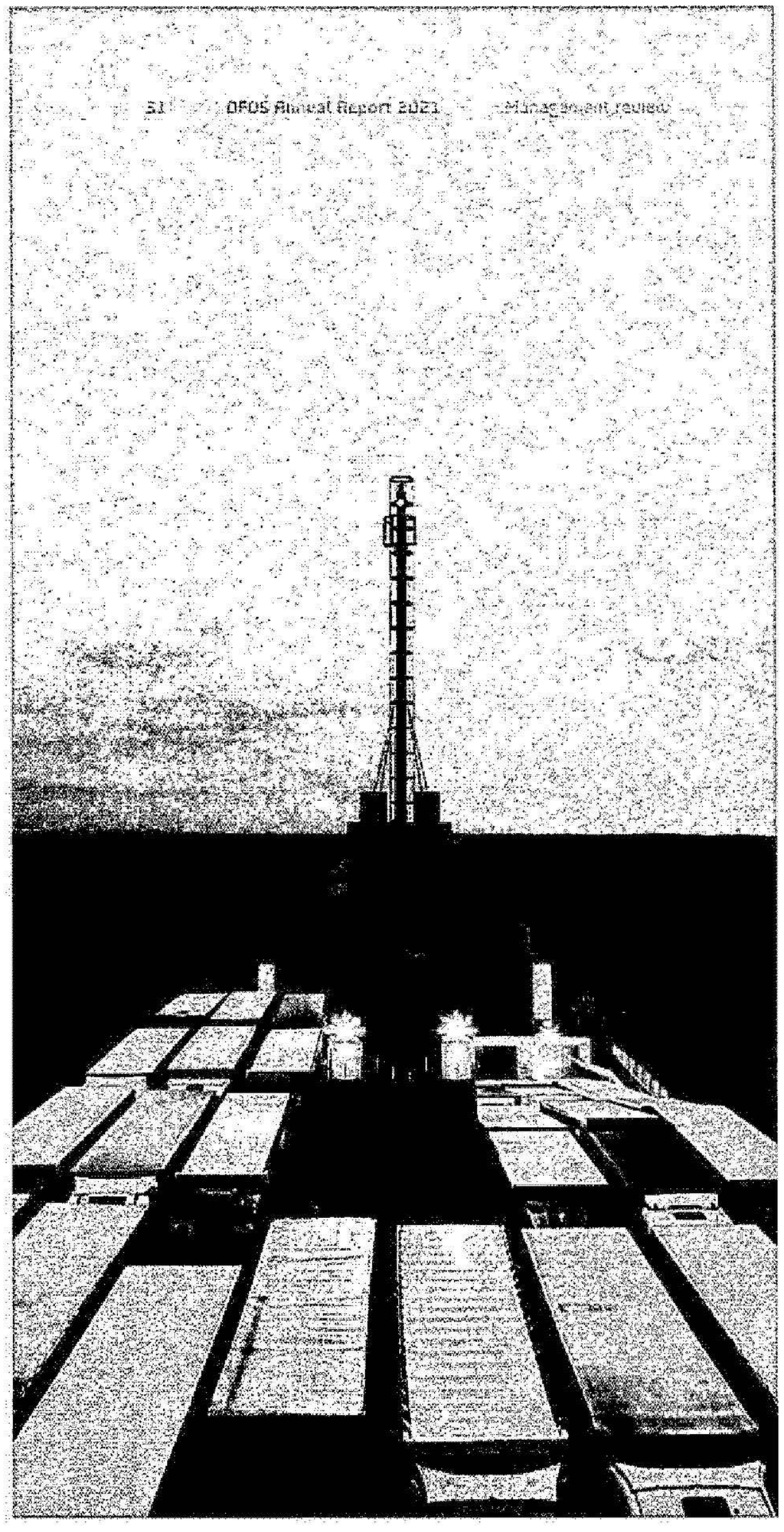
Emission savings are continuously documented and subsequently applied to the rest of the fleet as appropriate. In 2021, the CO2 per GT mile increased from 13.5 g/CO2/GT mile in 2020 to 13.6 g/CO2/GT mile. The increase is not a result of decreasing efficiency but rather due to 2020 being an abnormal year where a large part of the fleet was laid up due to Covid-19. As such, 2020 is not a viable benchmark. Compared to 2019, efficiency was improved as CO2 emissions per GT mile of 14.1 g/CO2/GT mile was reduced to the 13.6 g/CO2/GT mile in 2021.

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

Most port terminals are connected to a rail infrastructure enabling freight to be transported to and from a terminal by rail. We encourage customers to move freight to rail as this lowers emissions considerably compared to road transport. In the Trieste port terminal, more than half of the freight volumes are now moved by rail to European rail hubs. In 2022, the expanded rail infrastructure of the Vlaardingen port terminal is expected to increase rail volumes.

Health & Safety (H&S) procedures are critical in the operation of ferries and port terminals, not least the loading and unloading of large, heavy freight units done by tug-masters driven by port terminal staff. This interaction

[1] VSPs (vessel sharing agreements) and SCPs (slot charter agreements).



between ferries and port terminals is identified as a high-risk activity. The largest freight ferries carry around 450 trailers that are turned around in seven to nine hours.

In addition to H&S procedures, a Safety First culture is therefore promoted across high-risk locations such as port terminals. To further embed and maintain a safety culture are key priorities of the new Global H&S organisation implemented in 2021.

The target for gender diversity is a total workforce female gender ratio of 30%. In 2021, this ratio was 28% in the Ferry division, including a 25% ratio of female managers. There is, however, a high level of variance in ratios for the office and non-office workforce. In offices, the female gender ratio was 45%, and 28% for managers, while the non-office ratio was 10%, and 3% for managers. In the coming years, the focus will thus increasingly be on raising the non-office female gender ratios.

Digitisation
A new generation of our online freight booking system was launched in 2021 with roll-out for all customers expected during 2022. Support to truck drivers using our port terminals was increased via the DFDS app, which offers proactive notifications via push messages to make drop-off and pick-up of units smoother, helping drivers to plan their arrival better and so reduce congestion. Adoption of the services provided via the app increased significantly in 2021.

For passengers, a new passenger booking flow was introduced that reduces the time to book and improves the booking experience. On the Channel, a new online shop for duty-free sales offers passengers an opportunity to shop and reserve items in advance for collection on arrival.

Ferry industry and market trends

This section reviews current topics of strategic relevance for the ferry industry and its growth prospects.

Brexit
Brexit triggered several changes in European ferry markets in 2021. One of the largest was the re-routing of some of the Ireland-Continent freight flows away from the UK land-bridge (driving through the UK and crossing via the Dover Strait) to ferry routes sailing directly between Ireland and the Continent. New routes were opened, including DFDS' Rosslare-Dunkirk route, and capacity added to existing routes which lowered volumes carried by routes connecting Ireland and the UK in the southern part of the Irish Sea.

Freight volumes between the UK and the Continent have been impacted by events of the Brexit transition in recent years. Volumes have to a large extent held up on unaccompanied routes while driver-accompanied volumes have declined, particularly on the Dover Strait. This development is linked to truck driver shortages that are partly caused by fewer eastern European truck drivers returning to the UK post Brexit.

Competition
The competitive landscape in most regions was overall unchanged in 2021, with a couple of important exceptions.

A ferry operator at the end of June 2021 opened a route between Dover and Calais with initially one ferry. A second ferry was deployed at the end of December 2021, and a

third ferry is expected to be deployed in the spring of 2022. The Channel ferry market freight volumes have overall declined in recent years, partly due to a general decline in UK-EU trade, and partly due to rising demand for unaccompanied ferry services. The long-term impact of Brexit on future Channel freight volumes can likely only be assessed towards the end of 2022 when the entire Brexit agreement is expected to have been implemented. There is thus currently no demand or need in the Channel freight market for additional capacity.

The excess capacity created by the entry of an additional operator is therefore likely to impact both freight and passenger pricing negatively in 2022. The likely passenger ticket price decreases will to some extent be mitigated by additional revenue from duty-free sales. Moreover, the new entrant will decrease the energy efficiency of the Dover Strait transport corridor.

In the Baltic Sea region, freight volumes have grown in recent years which has led to capacity increases on routes operated by both direct and indirect competitors. The bridge between Germany and Denmark is expected to be completed within the next ten years and this has also prompted some operators to adjust their route networks. Freight ferry capacity in the region is therefore expected to continue to grow faster than demand in 2022.

The truck driver shortages experienced in 2021 are likely to persist in the coming years. This is expected to support continued growth in the demand for unaccompanied ferry services that DFDS primarily provides in the North Sea and Mediterranean business units.

Near-shoring of manufacturing to Europe and adjacent countries
In 2021, the disruption of supply chains reliant on overseas manufacturing prompted reviews of supply chain reliability. Global manufacturers are increasingly reviewing allocations of manufacturing between regions, for example Asia and Europe, and reducing dependency on single sources of supply. This is expected to lead to nearshoring of more manufacturing to Europe and countries close to Europe.

This trend is in general expected to support future growth of freight volumes on ferry routes carrying intra-European trade as well as trade between Europe and adjacent countries.

Ferry vessel market
The markets for chartering and sale/purchase of ferries used for transporting freight were busy in 2021 with limited idle capacity.

Freight ferries (ro-ro): There was high demand for ferries offered for chartering in the market and fixtures were made for longer periods at strong rates. Despite a market orderbook for newbuildings above both 2019 and 2020 (2019: 50k LM, 2020: 25k LM, 2021: 43k LM) and limited scrapping, all new buildings were absorbed in the market and several large operators added extra charter capacity to their networks.

The orderbook for 2022 and 2023 is around 70k LM, although Covid-19 related delays are expected to move delivery of several ferries into 2024. Smaller/older vessels are currently sold to secondary markets, rather than scrapped, and thus removed from the European market as well.

Demand for freight ferries is expected to remain high in 2022 supported by nearshoring and congestion in other segments of the transport sector.

Combined freight and passenger ferries (ro-pax): There was high demand for combined ferries with an overweight of freight capacity, to the extent that no vessels were available for chartering during most of 2021. Charter rates for this ferry type thus increased during 2021. Conversely, the demand for passenger-focused ferries was low and several vessels were idle during the year. The orderbook for combined ferries is around 105k LM stretching to 2025 as few vessels were delivered in recent years (2019: 11k LM, 2020: 11k LM, 2021: 17k LM).

Transition to green ferries: Sustainable fuel and engine technologies are emerging. During 2022 it is expected that orders can be placed for a first generation of ferries using ammonia as fuel. A significant challenge for the transition to green ferries is, however, the availability of green fuels that in turn must be produced using renewable energy, for example from a wind mill. The current prices of sustainable fuels are in addition around 3-4 times higher than fossil fuels.

It will take years before these and other transition challenges are resolved and aligned with the commercial needs of ferry operators. Meanwhile, most ferries built from around 2010 can be retrofitted for partly sustainable fuels, such as methanol or biofuels. Ro-pax ferries under construction are typically equipped to use LNG as an interim solution.

DFDS is engaging with customers, technology providers, fuel providers, and other infrastructure partners to transition as

" The long-term impact of Brexit on future Channel freight volumes can likely only be assessed towards the end of 2022 when the entire Brexit agreement is expected to have been implemented."

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fast as possible. This includes dialogues with governments and regulators about public infrastructure's critical role in enabling the green transition.

The demand for freight ferry capacity is expected to remain high during the initial phase of the green transition as technologies mature and become commercially viable.

Business unit performance

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

North Sea – freight only
Revenue increased 22% to DKK 4,161m in 2021. The increase was mainly driven by 8% higher volumes as activity recovered from the Covid-19 lockdowns that reduced volumes in Q2 and Q3 in 2020. In addition, revenue was increased by a capacity agreement with the UK Department for Transport (DfT), additional port terminal standage fees, and higher bunker surcharges due to a rise in the oil price.

EBITDA before special items increased 10% to DKK 1,287m driven by the volume growth and one-off income from the capacity agreement with the UK DfT in the first half-year of 2020.

The average invested capital increased 7% to DKK 6.4bn in 2021 primarily due to the deployment of a freight new building and chartered ferries to increase capacity. ROIC increased to 11% from 10% in 2020.

Mediterranean – freight only
Revenue increased 45% to DKK 2,993m in 2021. The increase was driven by 19% higher volumes as activity recovered, especially the automotive sector, from the Covid-19 lockdowns that reduced volumes in Q2 and Q3 in 2020. Turkish export volumes were also boosted by depreciation of the Turkish Lira in the second half of 2021. Volumes were, moreover, increased by a new route opened between Turkey and Spain. In addition, revenue was increased by additional port terminal standage fees and other services as well as higher bunker surcharges due to a rise in the oil price.

EBITDA before special items increased 71% to DKK 1,078m driven by the volume growth and more efficient operations.

The average invested capital decreased 4% to DKK 9.4bn in 2021, and ROIC increased to 6% from 2% in 2020.

Channel – combined freight and passengers
Revenue increased 30% to DKK 2,619m in 2021. The increase was mainly driven by a new freight route between Ireland and France opened at the start of 2021. Freight volumes on the existing routes decreased 3% in 2021 as UK import volumes were reduced by a mixture of Brexit, Covid-19, and supply chain bottlenecks. This decrease was, however, partly offset by revenue from a capacity agreement with the UK DfT and higher bunker surcharges due to a rise in the oil price.

Passenger revenue increased 8% as higher revenue from duty-free sales to mainly truck drivers offset lower ticket revenue following a halving of the number of passengers due to Covid-19 travel restrictions. In 2021, the passenger revenue was significantly below the pre-Covid-19 revenue in 2019. It is expected that passenger revenue gradually will return to pre-Covid-19 levels during 2022 and 2023.

EBITDA before special items increased 7% to DKK 358m as the new route and one-off income from the capacity agreement with the UK DfT offset a negative impact from lower freight and passenger volumes.

The average invested capital increased 13% to DKK 1.9bn in 2021 primarily due to the opening of a new route. ROIC decreased to -1% from 5% in 2020 due to negative impacts from the low number of passengers and lower freight volumes on the Dover Strait.

Baltic Sea – combined freight and passengers
Revenue increased 9% to DKK 1,381m in 2021. The increase was mainly driven by higher freight revenue as volumes on continuing routes increased 8%. The closure of a route in 2020 reduced revenue compared to 2021. In addition, revenue was increased by higher bunker surcharges due to a rise in the oil price. Passenger revenue was on level with 2020 as the impact from Covid-19 was limited due to a high share of passengers are migrant workers.

EBITDA before special items decreased 10% to DKK 391m due to higher operating costs as additional ferries were in periods deployed to maintain capacity and the net bunker cost increased.

The average invested capital of DKK 1.6bn in 2021 was on level with 2020. ROIC decreased to 14% from 16% in 2020 following the lower earnings.

Passenger – two cruise ferry routes
Revenue decreased 5% to DKK 462m in 2021. The decrease was due to 29% fewer passengers due to longer periods with tight travel restrictions than in 2020. The route between Norway and Denmark was also suspended in the first half of 2021. The lower number of passengers was partly mitigated by higher revenue per passenger and an increase in freight volumes. In 2021, the passenger revenue was significantly below the pre-Covid-19 revenue in 2019. It is expected that passenger revenue gradually will return to pre-Covid-19 levels during 2022 and 2023, with overseas passengers returning from 2023.

EBITDA before special items was DKK -392m compared to DKK -373m in 2020. The negative result was due to the significant drop in the number of passengers to 0.2m in 2021 from 1.4m in 2019.

The average invested capital of DKK 0.7bn in 2021 was 6% lower than in 2020. ROIC was negative due to the operating loss.

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

Revenue decreased 5% to DKK 425m compared to 2020 while EBITDA before special items increased 15% to DKK 137m.



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Business unit key figures

North Sea, DKK m	2021	2020	Δ	Δ %
Revenue	4,161	3,420	740	21.6%
EBITDA before special items	1,287	1,168	119	10.2%
EBIT before special items	690	610	81	13.2%
Invested capital, average	6,362	5,951	411	6.9%
ROIC before special items, %	10.6	10.1	0.5	n.a.
Lane metres, '000	13,769	13,028	741	5.7%
Tons, '000	633	664	-32	-4.7%

Mediterranean, DKK m	2021	2020	Δ	Δ %
Revenue	2,993	2,071	922	44.5%
EBITDA before special items	1,078	631	447	70.8%
EBIT before special items	635	245	390	159.2%
Invested capital, average	9,375	9,787	-412	-4.2%
ROIC before special items, %	6.3	2.4	3.9	n.a.
Lane metres, '000	5,034	4,034	1,000	24.8%

Channel, DKK m	2021	2020	Δ	Δ %
Revenue	2,619	2,012	607	30.2%
EBITDA before special items	358	334	23	7.0%
EBIT before special items	-16	91	-107	-117.5%
Invested capital, average	1,939	1,713	226	13.2%
ROIC before special items, %	-1.2	5.2	-6.4	n.a.
Lane metres, '000	19,316	19,031	285	1.5%
Passengers, '000	441	989	-548	-55.4%

Baltic Sea, DKK m	2021	2020	Δ	Δ %
Revenue	1,381	1,268	114	9.0%
EBITDA before special items	391	434	-43	-9.9%
EBIT before special items	226	268	-43	-15.9%
Invested capital, average	1,600	1,625	-25	-1.6%
ROIC before special items, %	14.0	16.4	-2.4	n.a.
Lane metres, '000	4,467	4,434	34	0.8%
Passengers, '000	214	209	5	2.3%

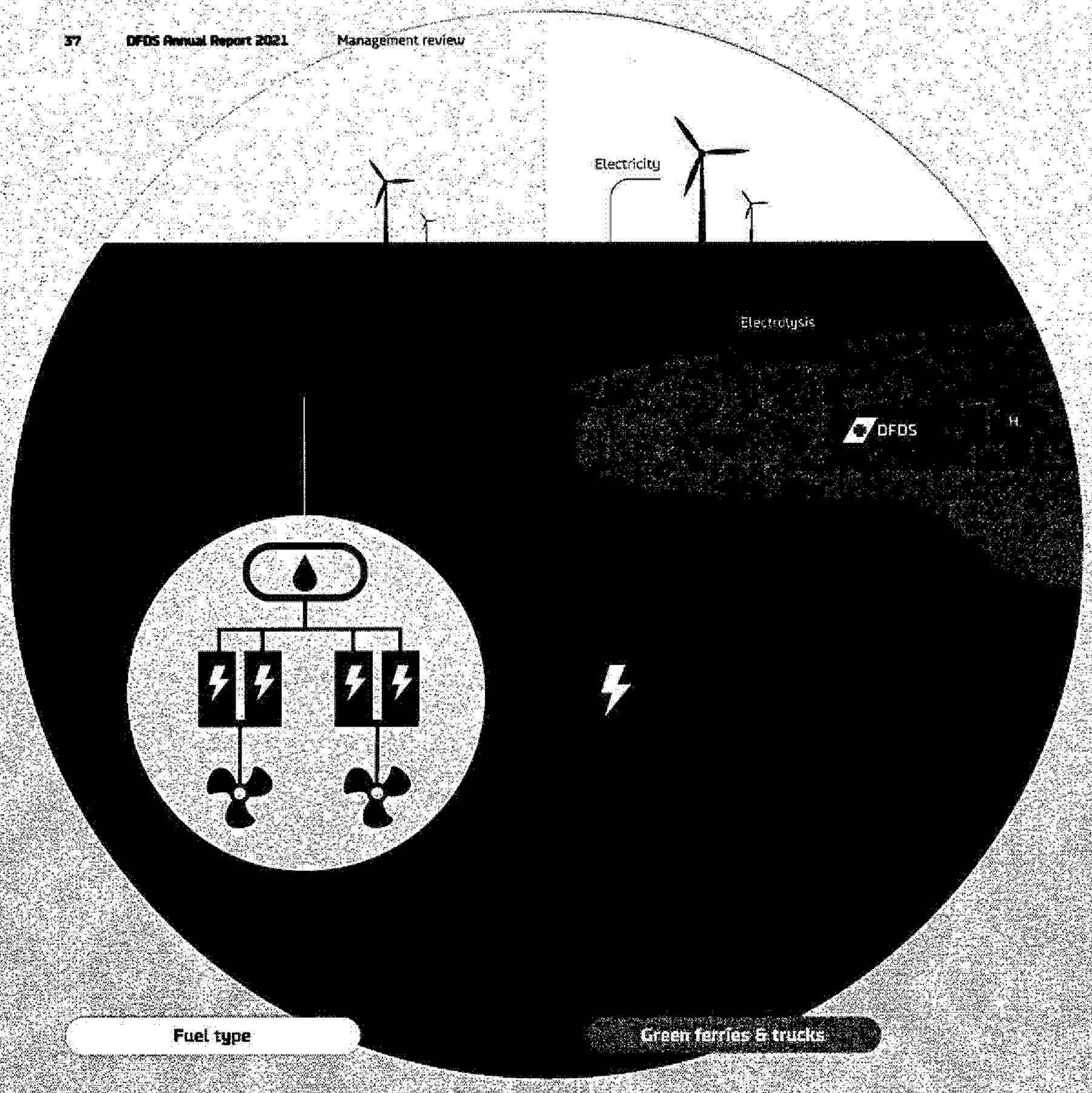
Passenger, DKK m	2021	2020	Δ	Δ %
Revenue	463	489	-26	-5.2%
EBITDA before special items	-392	-373	-19	n.a.
EBIT before special items	-488	-524	36	n.a.
Invested capital, average	677	722	-45	-6.3%
ROIC before special items, %	-72.6	-73.1	0.5	n.a.
Lane metres, '000	425	359	66	18.5%
Passengers, '000	214	300	-86	-28.8%

Non-allocated items, DKK m	2021	2020	Δ	Δ %
Revenue	456	436	21	4.7%
EBITDA before special items	131	122	9	7.2%
EBIT before special items	115	112	3	2.8%

	NORTH SEA	MEDITERRANEAN	CHANNEL	BALTIC SEA	PASSENGER
Head of business unit	Kell Robdrup (South) Morgan Olausson (North)	Lars Hoffmann	Filip Hermann	Anders Refsgaard	Kasper Moos
Share of Division's revenue 2021[1]	34%	25%	22%	11%	4%
Routes	• Gothenburg-Brevik/Immingham • Gothenburg-Brevik/Ghent • Gothenburg-Zeebrugge • Esbjerg-Immingham • Cuxhaven-Immingham • Vlaardingen-Felixstowe • Vlaardingen-Immingham • Oslo Fjord-Zeebrugge-Immingham	• Istanbul-Trieste/Bari/Patras • Istanbul/Cesme-Sète • Mersin-Trieste • Izmir-Tarragona • Marseille-Tunis	• Dover-Dunkirk • Dover-Calais • Newhaven-Dieppe • Rosslare-Dunkirk • Sheerness-Calais	• Fredericia/Copenhagen-Klaipeda • Karlshamn-Klaipeda • Kiel-Klaipeda • Kapeliskär-Paldiski • Muuga-Vuosaari (freight agreement)	• Oslo-Frederikshavn-Copenhagen • Amsterdam-Newcastle
Ferries	• 17 ro-ro and 2 side-port & container ships	• 20 ro-ro	• 10 ro-pax • 1 ro-ro	• 3 ro-ro • 7 ro-pax, including 1 new building delivered end 2021	• 4 passenger cruise ferries
Port terminals (owned and/or own operations)	• Brevik • Ghent • Gothenburg (joint venture) • Immingham • Vlaardingen	• Istanbul, Pendik • Trieste			• Copenhagen
Main customer segments	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals) • RDF (refuse derived fuel)	• Forwarders & hauliers	• Forwarders & hauliers • Car passengers • Coach operators	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest products, metals) • Car passengers	• Mini Cruise passengers • Car passengers • Business conferences • Forwarders & hauliers
Main market areas	• Benelux • Denmark • Germany • Norway • Sweden • UK	• Italy, France, Spain, and other Continental Europe • Tunisia • Turkey, and adjacent countries	• France and Continental Europe • Ireland • UK	• Baltic countries • Denmark • Finland • Germany • Russia • Sweden	• Benelux • Denmark • Germany • Norway • Overseas markets • Sweden • UK
Main competitors	• CLdN • P&O Ferries • Road as well as container and rail transport • Stena Line	• CMA-CGM • Cotunav • Grimaldi • Road as well as container and rail transport • Ulusoy	• Brittany Ferries • Eurotunnel • Irish Ferries • P&O Ferries	• Road and rail transport • Stena Line • Tallink Silja • Transrussia Express (Finnlines) • Transfennica • TT Line	• Airlines and road transport • Color Line • P&O Ferries • Stena Line

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

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Green transport corridors of tomorrow

Green ferries and trucks

Battery-driven electric trucks are already now being marketed by manufacturers. The driving range is still below fossil trucks but expected to steadily increase in the coming years. Hydrogen trucks are being tested and could be better suited for long haul trucks than electric trucks.

The first generation of smaller ammonia fuelled ship engines are expected to be available from manufacturers in 2023, and larger ammonia engines are expected to be available from 2025. Several fuel cell technologies are being developed and expected to become more attractive than engines available today but will not be powerful enough for ships for years to come.

Battery-only powered ships are likely to be suited for short-sea ferries with crossing times of a couple of hours. Another possibility is to combine batteries with onboard electricity generation for a new generation of ships designed for being upgraded throughout their operational life.

Investments in first-generation technologies are inherently risky as more efficient technologies will emerge. To manage this risk, we are for example partnering with truck manufacturers. As a first step, we ordered 125 electric trucks in 2021 for delivery in 2022 and 2023.

An infrastructure of charging stations for trucks and fuel distribution to ferries must be established in parallel with the investments in sustainable assets. In addition, to validate that we are using green energy, a digital setup is required to register and report energy footprint data throughout the green transport corridor.

The great challenge of gaining access to sustainable fuels is becoming ever more clear to both DFDS and to the industry.

Fuel availability

Biodiversity

Logistics Division

Cold chain logistics offering boosted by acquisition of HSF Logistics Group

Earnings growth despite headwind from Brexit and supply chain bottlenecks

125 electric trucks ordered for delivery in 2022-23

In 2021, the demand for logistics solutions increased to the extent that supply chain bottlenecks in periods of the year increased lead times and reduced the ability to meet all customer demand. Financial performance improved for the contract logistics activities, cold chain, and specialised transport solutions as customers increased flows. The forwarding activities were on the other hand negatively impacted by fast and considerable carrier price increases that short-term were not compensated by price increases.

A key event of the year was the acquisition of the HSF Logistics Group that is specialised in cold chain logistics solutions, especially for meat producers. In combination with the existing cold chain activities, mainly in the UK, DFDS thereby became a leading cold chain logistics provider in northern Europe.

Business unit structure changed
The Logistics Division was reorganised in two business units: Dry Goods and Cold Chain.

The cold chain activities embedded in DFDS' three previous Logistics business units – Nordic, Continent, and UK &



Head of division

Business areas

- Dry Goods
- Cold Chain

Revenue

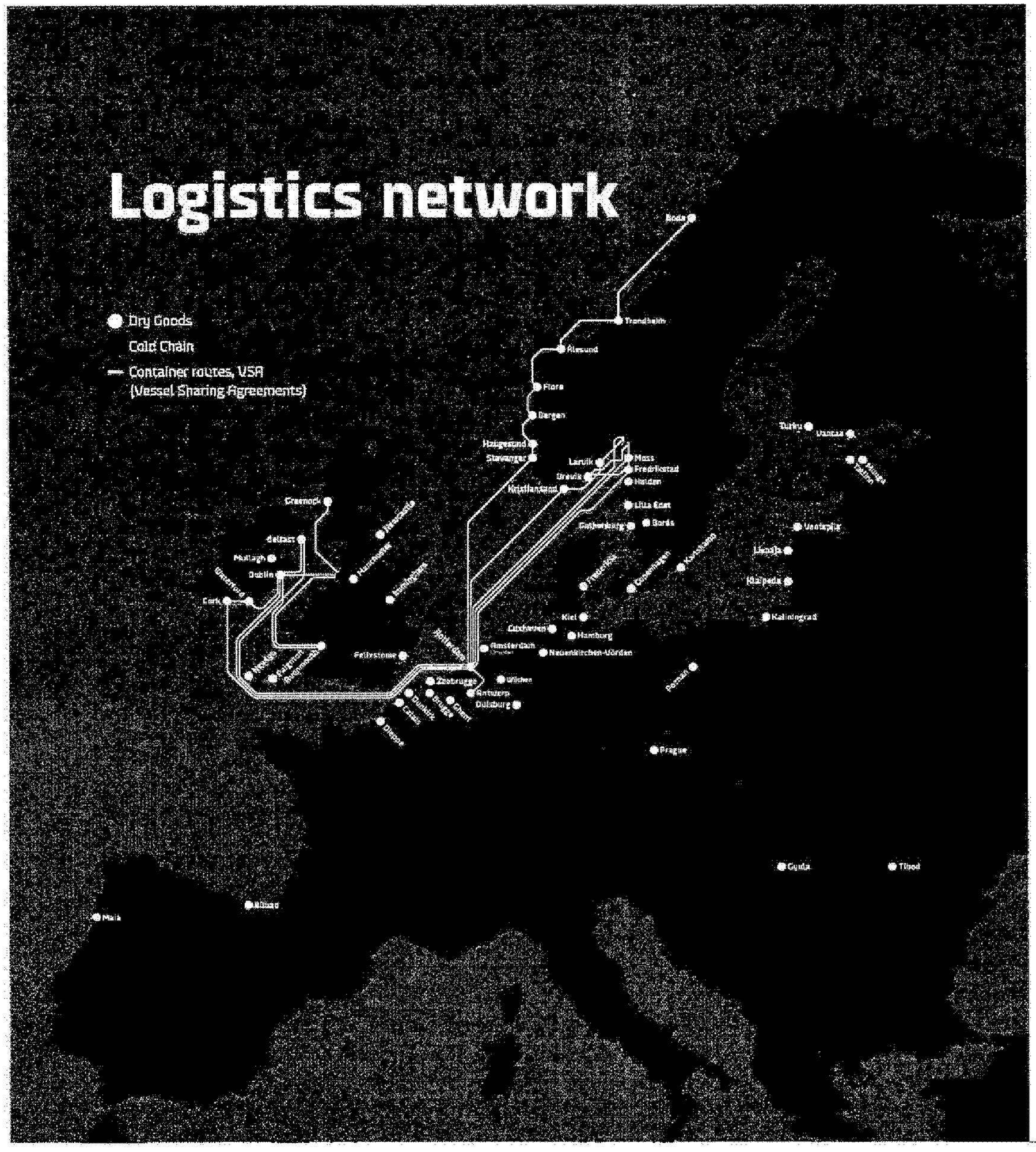
7.2bn

EBITDA

0.6bn

Logistics people

2,774



Our key logistics offerings

Dry Goods

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

Cold Chain

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

Logistics Division, DKK m	2021	2020	Δ	Δ %
Revenue	7,155	5,301	1,854	35.0%
EBITDA before special items	593	462	131	28.4%
Profit/loss on disposal of non-current assets, net	-1	3	-5	-143.8%
Depreciation and impairment	-322	-292	-30	10.3%
EBIT before special items	269	173	96	55.6%
EBIT-margin before special items, %	3.8	3.3	0.5	n.a.
Special items, net	2	-12	14	n.a.
EBIT	271	161	110	68.6%
Invested capital, average	2,520	1,613	907	56.2%
ROIC before special items, %	8.6	8.5	0.1	n.a.
Average number of employees	2,774	2,112	662.0	31.3%
Units, '000	544	525	18.8	3.6%

Ireland – have been merged with the HSF Logistics Group to form a focused Cold Chain business unit. Remaining activities are organised in a new business unit: Dry Goods.

Financial performance
The Logistics Division's revenue increased 35% to DKK 7,155m compared to 2020 driven by the acquisition of the HSF Logistics Group and considerable rate increases to compensate for higher costs. Revenue was also increased by the introduction of new customs clearance services related to the UK from the beginning of the year.

EBITDA before special items increased 28% to DKK 593m and EBIT before special items increased 56% to DKK 269m. The increase was to a large extent due to the acquisition of HSF Logistics Group consolidated from 14 September 2021. EBIT after special items increased 69% as 2020 included special cost items related to organisational changes made in response to Covid-19.

The return on invested capital, ROIC, before special items of 8.6% in 2021 was on level with 2020.

Invested capital – transport equipment and intangibles
The invested capital was DKK 4.2bn at year-end 2021, of which transport equipment amounted to DKK 1.8bn and warehouses and other buildings was DKK 0.4bn. Intangible assets accounted for DKK 1.9bn, including goodwill of DKK 1.3bn mainly related to the acquisition of the HSF Logistics Group.

At year-end 2021, the logistics network deployed 6.5k trailers, 2.9k containers, and 1.1k trucks. The majority of this equipment was leased.

The cost of leasing transport equipment increased in 2021 driven by higher demand as the average number of trip days for equipment rose due to Brexit and supply chain bottlenecks. A higher share of transport equipment may be purchased in 2022, rather than leased, to ensure cost-efficiency.

In 2021, a new warehouse was opened in Borås close to Gothenburg. The number of warehouses are planned to grow in 2022 and 2023 in response to high demand for storage and related services. The warehouses will all be leased for periods of up to 10 years.

ESG development
The demand from customers for sustainable logistics solutions continued to increase in 2021. Sustainability is becoming a key selection criteria for awarding tenders for some customers.

"The demand from customers for sustainable logistics solutions continued to increase in 2021."

Different technologies are emerging to de-carbonise haulage. For short-haul trips, electric trucks are an option, while sustainable fuels, such as hydrogen, could be more suitable for long-haul trips. The 125 electric trucks ordered for delivery in 2022-23 are expected to be deployed for short-haul trips in our network. Preparations for deployment are ongoing, including analysis of customer needs, flow of goods within different regions as well as the current and future charging infrastructure.

Further actions to de-carbonise across locations include installation of solar panels on warehouses, and investments in first generation reefer trailer and containers powered by solar and electricity. In addition, HVO is increasingly used to fuel trucks and other equipment used in warehouses and distribution centres.

The integration of the HSF Logistics Group brings competencies regarding reusable packaging that can be applied to the existing cold chain activities. It also brings a

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supply of packing that can be utilised better in the larger network. By using reusable packaging for transporting mainly meat products, single-use packaging can be avoided which reduces resources and emissions.

The target for gender diversity is a total workforce female gender ratio of 30%. In 2021, this ratio was 20% in the Logistics Division, including a 16% ratio of female managers. There is, however, a high level of variance in ratios for the office and non-office workforces. In offices, the female gender ratio was 38%, and 18% for managers, while the non-office ratio was 5%, and no female managers. In the coming years, the focus on improving the ratio of female managers in non-office positions will have the highest priority.

The land-based H&S organisation was re-organised in 2021. A large number of smaller de-centralised H&S organisations were integrated in a divisional framework to improve alignment and anchoring of the DFDS Safety First culture across all locations.

HSF Logistics Group - integration and financial impacts
The integration plan is focused on five key areas:

- Commercial: Opportunities for expanding customer relationships and cross-selling driven by a stronger joint customer offering
- Operations: Creation of one joint equipment pool, including plastic box pallets, and one joint haulage organisation. Optimise capacity utilisation of combined ferry and logistics network
- Procurement: Scale benefits related to equipment and services
- IT: DFDS systems to cover all applications and infrastructure
- Business support: Integration of support and back-office functions.

The majority of the integration is expected to be completed during 2022, except for the IT integration that is expected to take longer to complete. The organisational integration was completed in 2021. Acquisition costs amounted to DKK 29m in 2021 reported under Special items.

Annual financial integration synergies, mainly from operation, procurement, and process integration are targeted to amount to around DKK 75m with a full run-rate impact from the end of 2023. Part of the impact is expected to be reported in the Ferry Division.

Digitisation
The share of digital customer bookings on the DFDS Direct platform was boosted by an introduction of online onboarding along with a new approach to customer integrations. Customers are now offered a standard EDI solution with a very short lead-time, alongside API and custom EDI connections. Overall this means that more than half of our customers now book digitally.

To support the new customs clearance services, a wave of new integrations were introduced, including the ability to upload and validate customs documentation while booking.

Logistics industry and market trends

This section reviews current topics of strategic relevance for the logistics industry and its growth prospects.

Brexit
Brexit triggered an introduction of customs clearance and related services as freight customers sought assistance to comply with the requirements of the new UK-EU trade agreement that came into effect from the beginning of 2021.

The new rules and procedures increased the number of trip days for freight units and lowered volumes, particularly in the first quarter of 2021. Initially this led to shortages of transport equipment and later in the year, as volumes picked up, truck driver shortages also emerged. In turn, this led to periods with congestion in freight ferry ports as trailers were picked up at a slower pace than the inflow of trailers.

Several new Brexit rules and procedures have yet to be implemented by the UK in 2022 and some teething issues may occur during the year.

Supply chain bottlenecks
The bottlenecks in global supply chains that started to emerge towards the end of 2020 spread to intra-European trade during Q2 2021. Negative impacts peaked in Q3 2021 as costs for both logistics services and goods in general increased considerably as did delivery lead times. The impact of the bottlenecks were most visible in the UK as Brexit and Covid-19 also contributed to the disruption of supply chains. The bottlenecks eased during Q4 2021 in Europe, including the UK.

Logistics services are provided on spot and contract terms with the latter often used for larger and longer term volumes. The bottlenecks have put more focus on short-term cost compensation mechanisms for contracted volumes as contract periods can be up to 12-18 months. In addition, supply chain reliability has become of higher interest to buyers of logistics solutions.

Supply chain bottlenecks may resurface in 2022 but likely at a lower level than in 2021 as market participants are better prepared. In addition, both Brexit and Covid-19 are expected to contribute less to bottlenecks in Europe than in 2021.

EU Mobility Package
The aim of the EU Mobility Package is to align the governance, administration, and operations of the road transport industry across all EU member states.

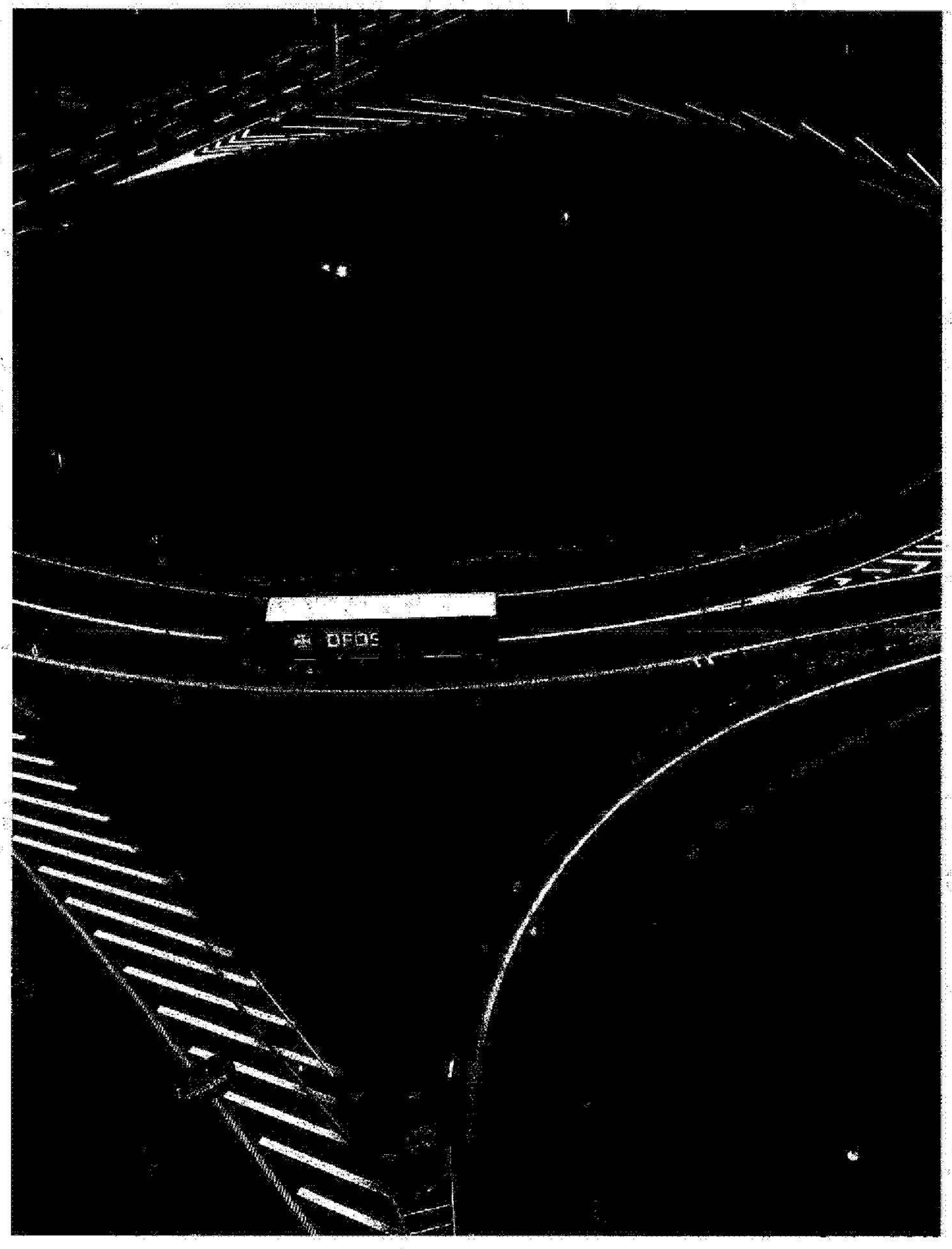
The package was adopted in July 2020 and new rules for driving and rest time were implemented in August 2020. Rules regarding posting of drivers and manual registration of border crossings were implemented 2 February 2022, and rules concerning cabotage and access to transport markets were implemented 21 February 2022.

The new rules are expected to improve working conditions for truck drivers which could contribute to making the profession more attractive. The package will, however, also increase the cost of road transport as the new rules are expected to reduce capacity in the market as it will become more demanding for smaller hauliers to operate across the EU.

Competition
There was no material changes to the competitive landscape in northern Europe during the year, although consolidation of the still quite fragmented logistics market continues. Market participants are a mix global or pan-European logistics companies and smaller and more regional companies specialised in geographic corridors, transport modes, and/or customer segments.

Circular logistics
Circularity means that a product is created with its own end-of-life taken into account and is gaining ground as a tool to develop a more sustainable logistics operations. In a circular economy, once the user is finished with a product, it goes back into the supply chain instead of being dumped in a landfill or incinerated. The circular economy offers opportunities for logistics companies to change their role and business model, and to innovate together with customers and partners. The mindset is not new to DFDS as we strive to fill trailers to minimise empty running, including securing back-loads.

To develop more resource-efficient supply chains for customers based on circularity, among other things, two new positions were established in 2021: a Circular Lead and a Head of Sustainable Logistics.



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Business unit key figures

Dry Goods, DKK m	2021	2020	Δ	Δ %
Revenue	5,166	4,381	785	17.9%
EBITDA before special items	312	301	11	3.7%
EBIT before special items	125	103	22	21.4%
Invested capital, average	1,009	1,125	-116	-10.3%
ROIC before special items, %	9.8	7.5	2.3	n.a.
Units, '000	325.4	299.4	26.0	8.7%

Cold Chain, DKK m	2021	2020	Δ	Δ %
Revenue	2,669	1,400	1,269	90.6%
EBITDA before special items	281	161	120	74.5%
EBIT before special items	145	70	75	107.1%
Invested capital, average	1,512	488	1,024	209.8%
ROIC before special items, %	7.7	10.9	-3.2	n.a.
Units, '000	218.9	225.8	-6.9	-3.1%

Transition to green haulage
To de-carbonise HGV (Heavy Goods Vehicles) road transport, the supply of green electricity and hydrogen needs to be expanded. The public charging infrastructure for electricity and hydrogen likewise needs to be scaled up. Economic incentives to support green transport, and conversely extra costs for fossil fuel road transport, are also expected to emerge to accelerate de-carbonisation.

Business unit performance

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

Dry Goods
Revenue increased 18% to DKK 5,166m in 2021. The increase was driven by 9% higher volumes for forwarding and specialised transport as activity recovered from the Covid-19 lockdowns that reduced volumes in 2020. In addition, revenue was increased by raised prices to cover rising cost levels for haulage due to supply chain bottlenecks. Contract logistics revenue also increased as demand for warehousing and other logistics services was boosted by the bottlenecks. Moreover, revenue was increased by the introduction of customs clearance services.

EBITDA before special items increased 4% to DKK 312m as the positive impact from higher activity was offset by lags in cost coverage and traffic imbalances from disruption of production flows, especially in the automotive sector.

The average invested capital decreased 10% to DKK 1.0bn in 2021. ROIC increased to 10% from 7% in 2020.

Cold Chain
Revenue increased 91% to DKK 2,669m in 2021 mainly due to the acquisition of HSF Logistics Group consolidated from 14 September 2021. The revenue increase of the existing business was mainly driven by raised prices to cover rising cost levels for haulage and other operating costs due to supply chain bottlenecks. Moreover, revenue was increased by the introduction of customs clearance services.

EBITDA before special items increased 75% to DKK 281m mainly due to the acquisition of HSF Logistics Group.

The average invested capital was more than doubled to DKK 1.5bn in 2021 likewise due to the acquisition of HSF Logistics Group. ROIC decreased to 8% from 11% in 2020 following the increase in invested capital.

	DRY GOODS	COLD CHAIN
Business unit heads	Michael Bech (Continent), Allan Bell (UK & Ireland), Valdemar Warburg (Nordic)	Martin Gade Gregersen
Share of Logistics Division's revenue, 2021	66%	34%
Forwarding	Door-door transport of full & part load trailers and full load containers. Key transport corridors: • Scandinavia <-> UK/Ireland • Scandinavia <-> Baltics/Eastern Europe • Scandinavia <-> Continent (mainly Belgium/France) • Continent (mainly Netherlands, Belgium, Germany, Czech) <-> UK/Ireland • Northern Ireland <-> UK Sales offices across northern Europe, see map for details.	Door-door transport of full & part load trailers. Key transport corridors: • Scandinavia <-> Continent (mainly southern Europe, Poland, Benelux, France, and Germany) • Scandinavia -> UK/Ireland • Continent <-> UK/Ireland • Domestic Scandinavia, Germany, Benelux, and UK • Norway -> US/Asia (air freight) Sales office across northern Europe, see map for details.
Contract logistics & distribution centres	Contract logistics: • Sweden – warehousing, cross docking terminals, and just-in-sequence transports • Benelux – warehousing, cross docking terminals, and just-in-sequence transports • Management contracts in Sweden, Ireland, and Netherlands • Warehousing across northern Europe, see map for details	Distribution centres: • Netherlands (Nijmegen, Winterswijk) • Germany (Neuenkirchen-Vorden) • Denmark (Horsens, Padborg) • Scotland (Larkhall) • England (Liverpool, Grimsby) Cross-docking and distribution of meat, seafood, dairy, and other food products requiring temperature-controlled distribution.
Equipment (owned/leased)	• 4,397 trailers • 2,342 containers • 266 trucks	• 2,162 reefer trailers • 573 reefer containers • 878 trucks • 177,466 reusable plastic box pallets
Customer segments	• Manufacturers, mainly heavy industrial goods (automotive, paper), consumer goods, and chemicals • Retailers	• Food producers of meat, seafood, vegetables, and fruit • Aquaculture producers • Retailers
Primary competitors	• Blue Water • DHL • DSV • Green Carrier • LKW Walter • NTEX • NTG • Schenker • Short-sea container carriers	• ACS&T Logistics • Blue Water • DSV • Nagel • NTG • STEF • XPO Logistics • Yearsley Food

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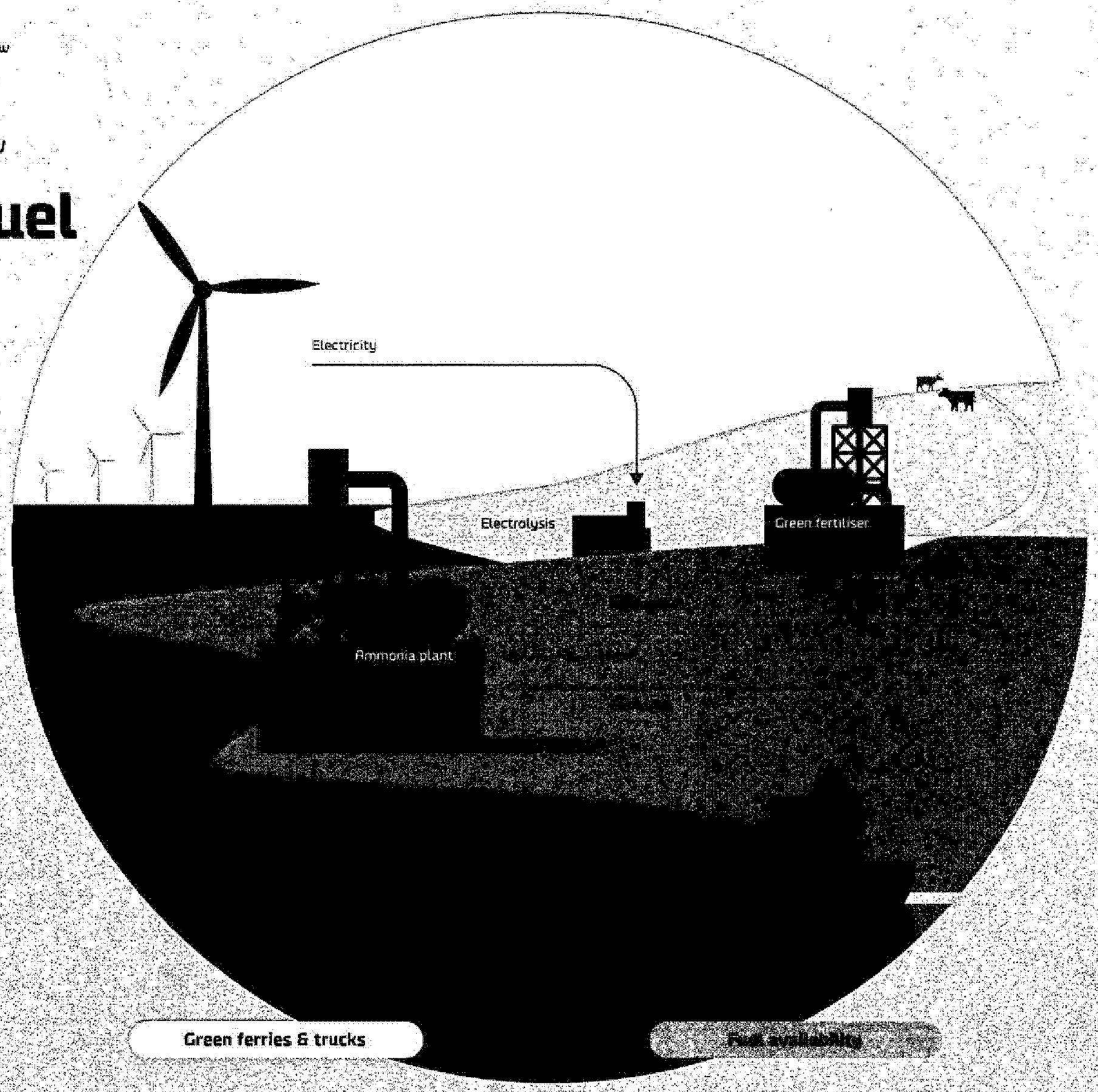
Green transport corridors of tomorrow

Sustainable fuel availability

Before ferries can sail over longer distances on renewable electricity, for example from wind mills, it needs to be converted to liquid fuel as either ammonia, hydrogen, r methanol, which then can be stored in tanks onboard.

To produce the quantities of energy required by ferries, we need to significantly increase the production of sustainable energy. Secondly, the future providers of renewable fuels need to invest and build plants to produce the fuels – ideally in locations close to ports. Thirdly, the fuel distribution from plant to ferry needs to be developed.

To kickstart the transition to green fuels, we must partner with each other as huge investments are required by all stakeholders.



The price of sustainable fuels is today 3-4 times higher than fossil fuels and less energy efficient as well. Scale and a much larger supply of renewable electricity are therefore required in sustainable fuel production to lower pricing to reasonable levels.

Producers supplying fertiliser to farms in the green transport corridor envisaged between Denmark and the UK, can also add to demand, and thereby scale, as they use ammonia in their production.

Fuel type **Green ferries & trucks** **Fuel availability** **Biodiversity**

People

Responsible Employer framework

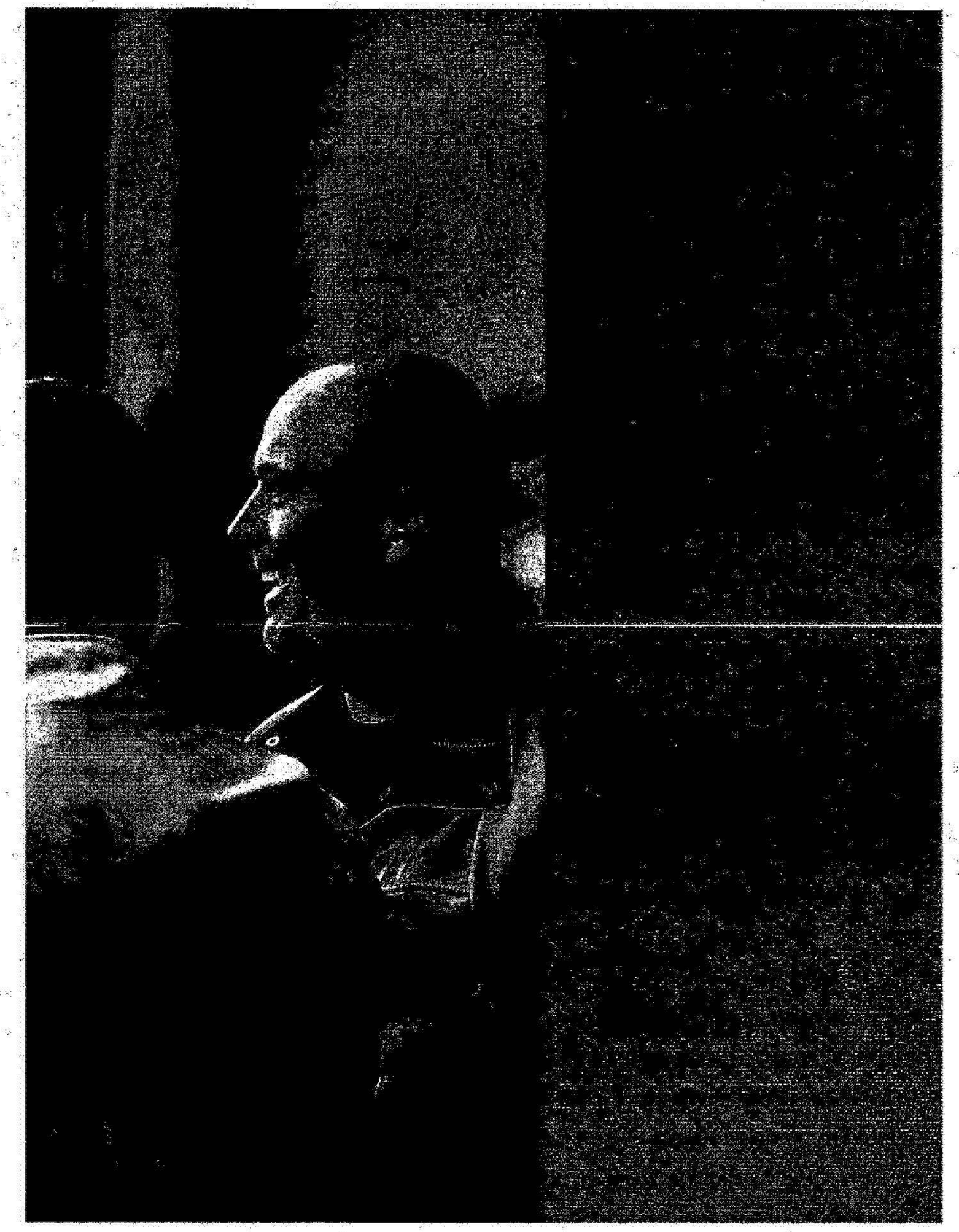
Female ratios increasing across DFDS with two percentage points on both land and sea

Strengthening the land-based Health & Safety organisation

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

Change is constant
Nothing stands still for long in our industry. This requires our organisation to constantly adapt and expand. In 2021, this was partly due to macroeconomic challenges like Brexit and supply chain shortages, but it was also a consequence of our strategic decision to grow through acquisitions.

As we expand, we need to ensure that our employees are equipped to accommodate the changes taking place. Resilience in the face of change and using modern technologies to collaborate and work smarter are necessary



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skills at DFDS. Our growth strategy also requires us to focus on recruiting, developing, and retaining bright minds, and together learning what it takes to successfully integrate our new companies to work and act as one DFDS.

ESG framework is a tool for change
Our ESG framework is the People's Division's main instrument for change. It enables us to set ambitions and track progress on becoming an even more attractive, diverse, and inclusive workplace. We are particularly fond of the ESG framework as we believe it fits well with the current trends of making people and environmental advocacy a priority and making companies an instrument for sustainable societal development.

A constant eye on employee wellbeing
We use our new employee engagement survey MyVoice as a tool to help take the temperature of the organisation and understand how people are doing. By increasing the frequency of internal surveys and tailoring them for specific issues, we can keep a constant eye on what employees deem important and where to focus efforts to improve. The first digital group-wide survey launched in 2021, and the response rate was on par with the global transportation industry benchmark.

Room for everyone to be
We are part of an industry that is historically undiverse. From non-office workers like drivers and terminal/warehouse workers to IT and engineering staff, there are often a majority of males in our workforce. Except for the People and Finance Divisions, female leaders are a minority throughout our company, too. We are working to promote and change the face of the industry through a dedicated and structured approach to diversity and inclusion. This includes training sessions, toolboxes and efforts to raise awareness and to make more bias neutral decisions.

In terms of gender, we maintain our target of 30% minority representation in the company. Research shows that this is the percentage at which a group is no longer a minority but an integrated part of the whole. In 2022 we will evaluate the target from a sea based perspective and consider if a vessel by vessel approach will be a suitable approach going forward.

We acknowledge that our gender ratio most likely will drop following each acquisition due to many companies in our industry traditionally being male dominant. We accept this as a premise of doing business in the transport and logistics industry and understand that it requires us to work even harder to ensure that our unwavering attention to diversity and inclusion is transferred to new colleagues as part of our DFDS values.

We want to ensure equal pay for equal work and have in 2021 completed a structured analysis to identify any unintended pay gaps across the business, starting at the HQ in Denmark. The process is now being incorporated in annual salary reviews, through awareness building and guidelines for responsible leaders.

Room for everyone to grow, professionally and personally
As our business and organisation grow, we need to secure a pipeline of talented people to step up and fill positions as they open. We want to give our people the tools to develop and do this through engaging leaders as talent managers, formal and informal training programmes of leaders and employees, group-wide mentoring initiatives and transparency.

We also want to help our employees grow personally. We try to spark a strong internal culture that encourages people to help and volunteer in their teams and local communities. From fundraising for local charities to launching a group-wide LGBTQ+ network, we are proud of all our colleagues who go out of their way to make a difference.

Staying safe and sane, also during the pandemic
Looking after the well-being of our people includes awareness and support of their mental health. We increased communication to our colleagues both on business-related issues (to enable them to stay informed at a distance) as well as on more personal matters, as Covid-19 forced us all to balance working from home with dealing with the insecurity of not knowing how long isolation would last. As a seafarer's work sometimes entails long absences from family and friends, they are more prone to experience mental health issues. At DFDS, seafarers make up half of our employees. Some of them have been impacted by the pandemic by being unable to get home or return to work due to ongoing travel restrictions. They have also been moved around to work on different vessels than what they have been used to. As an employer, we did everything we could to give them the support, guidance, and assistance they needed in these difficult times. We continuously worked with Shipowners' Associations, unions, and other industry bodies during the pandemic to ensure safe crew mobility across borders. In some cases, we interacted directly with governments. We have managed to keep our operations going without disruption resulting from Covid-19 related illness.

"Research shows that at 30% representation a group is no longer a minority but an integrated part of the whole"

In 2021, we have introduced more and maintained several initiatives to support our employees' mental health. One example is DFDS UK and Irelands' partnership with Mental Health First Aid England, which allows colleagues to become trained Mental Health First Aiders, teaching the groundwork for helping individuals who are on the verge of a crisis point or need to talk. We now have over 50 trained colleagues across all UK & Ireland sites, with more courses on the way.

Safeguarding human rights
To ensure that our employees can grow, we must provide fair working conditions across all locations. We define a responsible employer as one who respects human rights and seeks to exceed them. As a responsible employer, we are fully committed to our responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights.

We have clearly articulated responsible employer standards in our Labour Code of Conduct (LCOC). The LCOC states our approach to and policies for topics like wages, working hours, discrimination, and child labour.

Zero-tolerance on discrimination, bullying, and harassment
We believe in the importance of equal treatment of all employees regardless of their background. All employees should feel respected and be treated with dignity. All managers receive ongoing training in diversity and inclusion. We have a designated toolbox available to all employees covering themes like sexual harassment prevention, bias identification, and fair recruitment practices.

We show zero tolerance towards any harassment or abuse. No employee should ever face humiliation, physical or mental abuse, sexual harassment, or any other form of mistreatment. Since 2015, the company has provided the possibility of reporting, anonymously or not, any concerns over material breaches of acceptable behaviour by or within the company through a whistleblower line hosted by a third party. It is open for reporting by employees as well as third parties and can be accessed through dfds.com. All reports are investigated thoroughly, and we are committed to making appropriate follow-up actions. We ensure that the follow-up actions are fair to all parties involved and reflect the severity of the issue. The audit committee receives regular updates on current reports made as well as the findings coming out of those reports.

Health and safety first
Operating a business where 45% of our employees work in high-risk environments requires us to continuously assess and improve our overall health & safety performance.

In 2021, we, unfortunately, experienced a fatality in connection with our operation in Séte, France, where one of our seafarers tragically lost his life in an accident during the loading and discharge of one of our vessels. The accident has been investigated in detail, leading to several learnings and actions. We have strengthened our local Health & Safety organisation in France following this tragic accident and increased our efforts to keep employees safe and avoid re-occurrence. Furthermore, we are looking into applying new technologies to reduce risks in our terminals.

Unfortunately, our LTIF (Lost Time Injury Frequency) did not improve in 2021, in part due to better reporting procedures resulting in more accurate data. On the positive side, the incidents are becoming less severe, with fewer days lost from each incident.

To strengthen our land-based health & safety focus, we have implemented a global health & safety department to raise awareness and enforce additional preventive actions to reduce our health & safety risks. Developing a strong health & safety culture will be part of this.



50 Financial review
57 ESG review

Results

Financial review

Revenue up 28% to DKK 18bn

EBITDA up 25% to DKK 3.4bn

Freight earnings resilient

Reporting structure

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

Financial results

Revenue
Revenue increased 27.9% to DKK 17,869m in 2021. The increase was mainly driven by higher revenue from freight activities.

The Ferry Division's revenue increased 25% to DKK 11,806m following higher revenue in all business units, except for the Passenger business unit. The growth was driven by a recovery in freight volumes from the Covid-19 lockdowns in 2020 as well as market growth, especially in the Mediterranean business unit. Revenue from additional port terminal and other services, partly linked to supply chain bottlenecks, also increased as did bunker surcharges due to a higher oil price. In addition, three new freight ferry routes were opened, and a capacity standby agreement was entered into with the UK DfT.

Revenue from passenger ferry services remained on level with 2020 as travel restrictions were in place for most of the year.

The Logistics Division's revenue increased 35% to DKK 7,155m mainly driven by the acquisition of the HSF Logistics Group consolidated from 14 September 2021, and considerable rate increases to cover rising costs for external suppliers of transport services, such as haulage, as well as rising wages for drivers. The latter increases were due to supply chain bottlenecks, including truck driver shortages.

EBITDA before special items
Operating profit before depreciation, EBITDA, and special items increased 25% to DKK 3,411m.

Ferry Division's EBITDA increased 23% to DKK 2,852m primarily due to higher earnings in the Mediterranean and

Revenue
DKK
18bn

Invested capital
DKK
25bn

ROIC
5%
before special items

Return on equity
9%

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Revenue

DKK m	2021	2020	Δ %	Δ
Ferry Division	11,806	9,445	25.0	2,360
Logistics Division	7,155	5,301	35.0	1,854
Eliminations etc.	-1,092	-776	40.7	-316
DFDS Group	**17,869**	**13,971**	**27.9**	**3,898**

EBITDA before special items

DKK m	2021	2020	Δ %	Δ
Ferry Division	2,852	2,315	23.2	538
Logistics Division	593	462	28.4	131
Non-allocated items	-35	-45	-22.3	10
DFDS Group	**3,411**	**2,732**	24.9	679
EBITDA-margin, %	**19.1**	**19.6**	n.a.	-0.5

North Sea business units as freight volumes recovered from the lockdowns in 2020. Mediterranean also benefitted from high growth in Turkish exports. Passenger earnings across business units carrying passengers – Channel, Passenger, Baltic Sea - remained on level with 2020 due to continued travel restrictions.

Logistics' EBITDA increased 28% to DKK 593m. The majority of the increase was due to the acquisition of the HSF Logistics Group. The earnings of many of the existing activities were positively impacted by the recovery in activity from 2020 result. Supply chain bottlenecks did, however, entail considerable cost increases that were not fully compensated by price increases.

The Group cost of Non-allocated items was DKK -35m compared to DKK -45m in 2020.

Depreciation, impairment and EBIT
Total depreciation and impairment increased 11% to DKK 2,087m. The increase was mainly due to depreciation of additional chartered freight ferries deployed on new routes and to increase the route network's freight capacity. Moreover, the acquisition of the HSF Logistics Group increased depreciation.

The Group's EBIT before special items increased 53% to DKK 1,313m.

Special items and EBIT
Special items in 2021 was a net income of DKK 34m following accounting gains on sale of assets and a minority shareholding. This was partly offset by integration and restructuring costs. More information on special items is available in Note 2.6 on page 92.

The Group's EBIT after special items was DKK 1,348m, an increase of 82%.

Financing
The net cost of financing increased 1% to DKK 278m compared to 2020. The net interest cost increased 11% to DKK 283m mainly due to an increase in NIBD following the acquisition of the HSF Logistics Group. There was a positive variance on currency adjustments of DKK 12m.

Tax and the annual result
The ferry activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, France, and Turkey. The tax on the annual profit amounted to a total cost of DKK 94m.

The net profit for the year was DKK 976m, an increase of 121% compared to 2020.

Capital

Assets and invested capital
Total assets amounted to DKK 30.7bn at the end of the year, an increase of 14% compared to 2020 primarily due to the acquisition of the HSF Logistics Group.

Net working capital was reduced to DKK -98m at the end of 2021 from DKK 132m at the end of 2020. The decrease was mainly due to longer payment terms for bunker oil.

At year-end 2021, the invested capital had increased 15% to DKK 25.4bn from year-end 2020 mainly due to the acquisition of the HSF Logistics Group with an enterprise value of DKK 2.5bn. Calculated as an average, the invested capital increased 4% to DKK 23.3bn in 2021.

55% of the invested capital consisted of owned ferries and other ships and 7% consisted of owned port terminals, land and buildings and cargo carrying equipment. 22% of the invested capital was goodwill and other intangible assets. The net working capital was DKK 0.1bn.

The assets deployed in the Logistics Division mainly include cargo carrying equipment such as trailers and containers as well as warehouses and distribution centres.

The Ferry Division's invested capital was DKK 20.5bn at year-end 2021 while Logistics Division's invested capital was DKK 4.2bn.

Debt

At year-end 2021, interest-bearing debt excluding lease liabilities had increased 6% to DKK 10.7bn compared to year-end 2020. The increase was mainly due the acquisition of the HSF Logistics Group that was financed by use of cash funds and debt. At year-end 2021, lease liabilities had increased 35% to DKK 3.6bn following the chartering of additional ferries.

In 2021, bank loans and mortgaged ship loans amounted to 66% of total interest-bearing debt while lease liabilities amounted to 25% and corporate bonds amounted to 9%.

Net interest-bearing debt increased 1.9% to DKK 13.5bn at year-end 2021.

Capital structure

The leverage of DFDS' capital structure is measured as the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA) and special items. Target leverage is a NIBD/EBITDA-ratio between 2.0 and 3.0. At year-end 2021, the NIBD/EBITDA-ratio had decreased to 3.7 compared to 4.2 compared at the end of 2020. The ratio includes a pro forma EBITDA for HSF Logistics Group for the last twelve months.

DFDS' Board of Directors regularly assesses the capital structure in view of current and expected future earnings as well as future investment requirements, including acquisitions.

The capital distribution policy, distribution in 2021, and distribution proposal for 2022 are reported on pages 68-69.

Equity

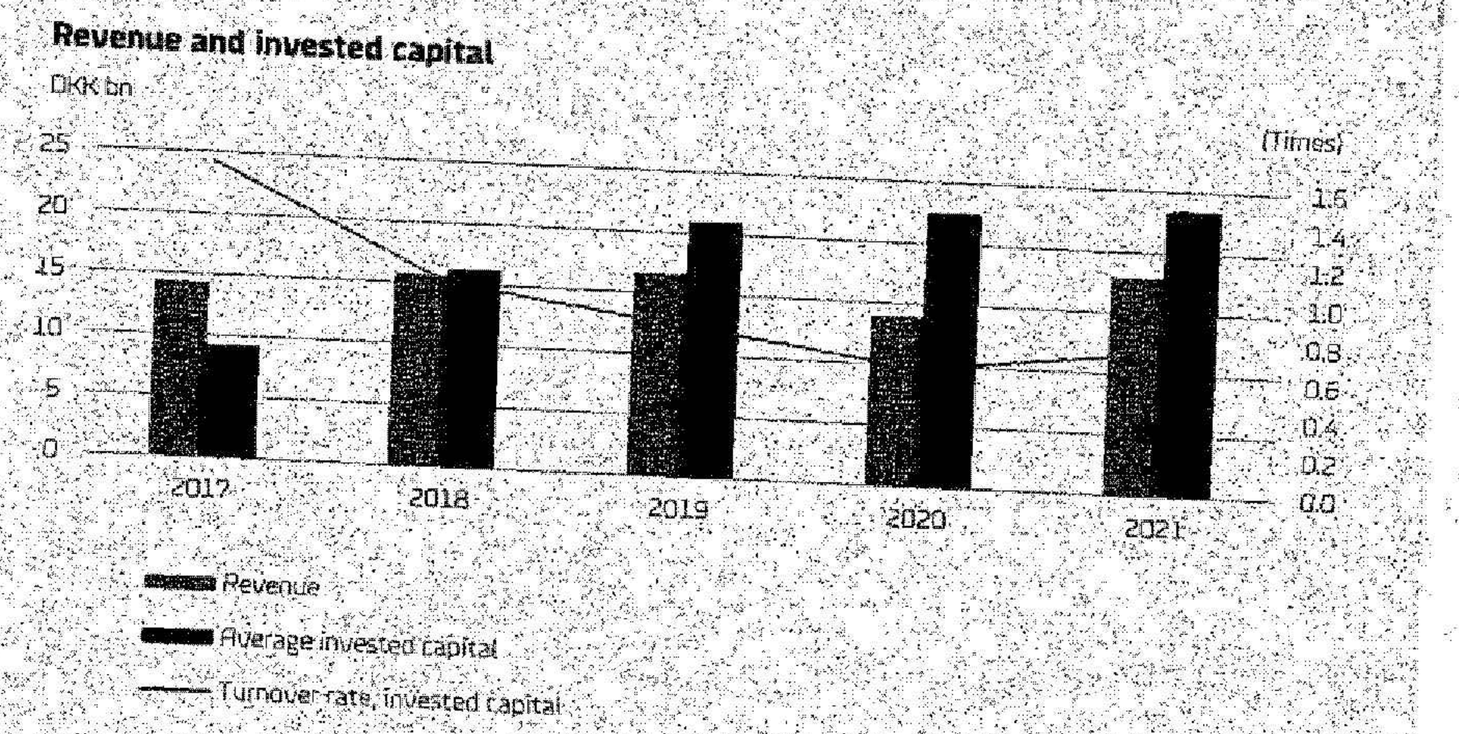
Equity amounted to DKK 11,554m at year-end 2021, including non-controlling interests of DKK 108m. This was an increase of 2% compared to year-end 2019. Total comprehensive income for 2021 was DKK 966m. There were no material transactions with owners in 2021.

The equity ratio was 38% at year-end 2021 compared to 39% at year-end 2020.

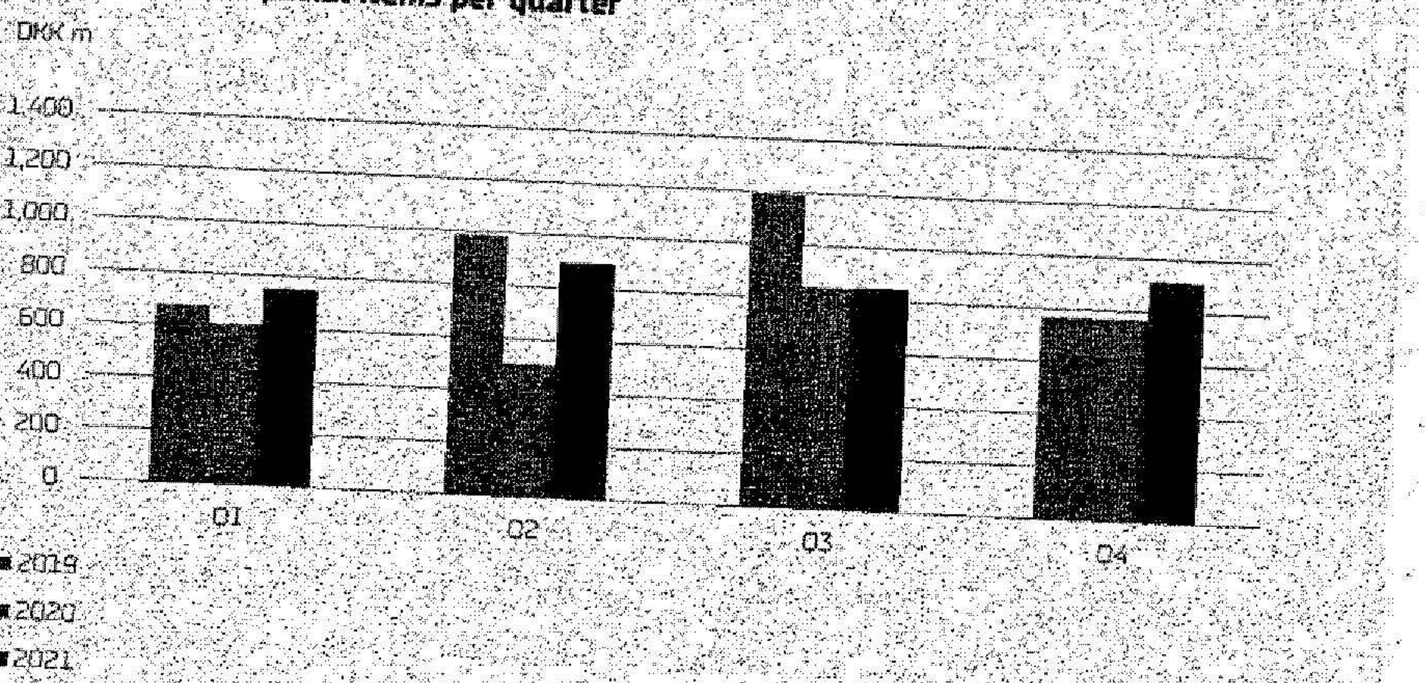
Impairment test

Based on the impairment tests performed in 2021 of the Group's non-current intangible and tangible assets, no material impairments or reversals were recognised. The impairment tests are described in greater detail in Note 3.1.5 on page 103-104.

Revenue and invested capital



EBITDA before special items per quarter



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Return on invested capital (ROIC) 2021

	Average invested capital, DKK m	ROIC before special items, %
DFDS Group	23,324	5.2
Divisions & business units		
Ferry Division	20,442	5.3
North Sea	6,362	10.6
Mediterranean	9,375	6.3
Channel	1,939	-1.2
Baltic Sea	1,600	14.0
Passenger	677	-72.6
Non-allocated	489	23.5
Logistics Division	2,520	8.6
Dry Goods	1,009	9.8
Cold Chain	1,512	7.7
Group Non-allocated items	362	n.a.

ROIC

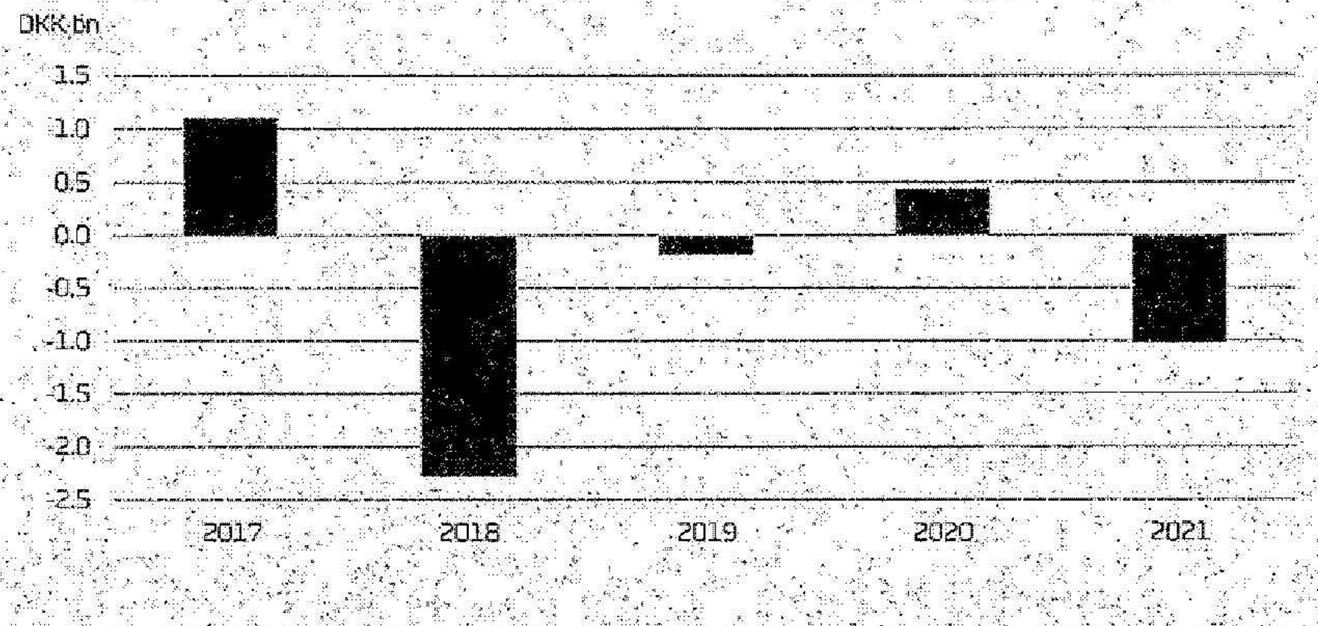
Return on invested capital and return ambitions
The Group's ROIC before special items was 5.2% in 2021 compared to 3.5% in 2020.

The level of the ROIC was also in 2021 reduced by a decrease of DKK 1bn in passenger earnings compared to the latest pre-Covid-19 year in 2019. The lower passenger earnings reduces ROIC by around four percentage points.

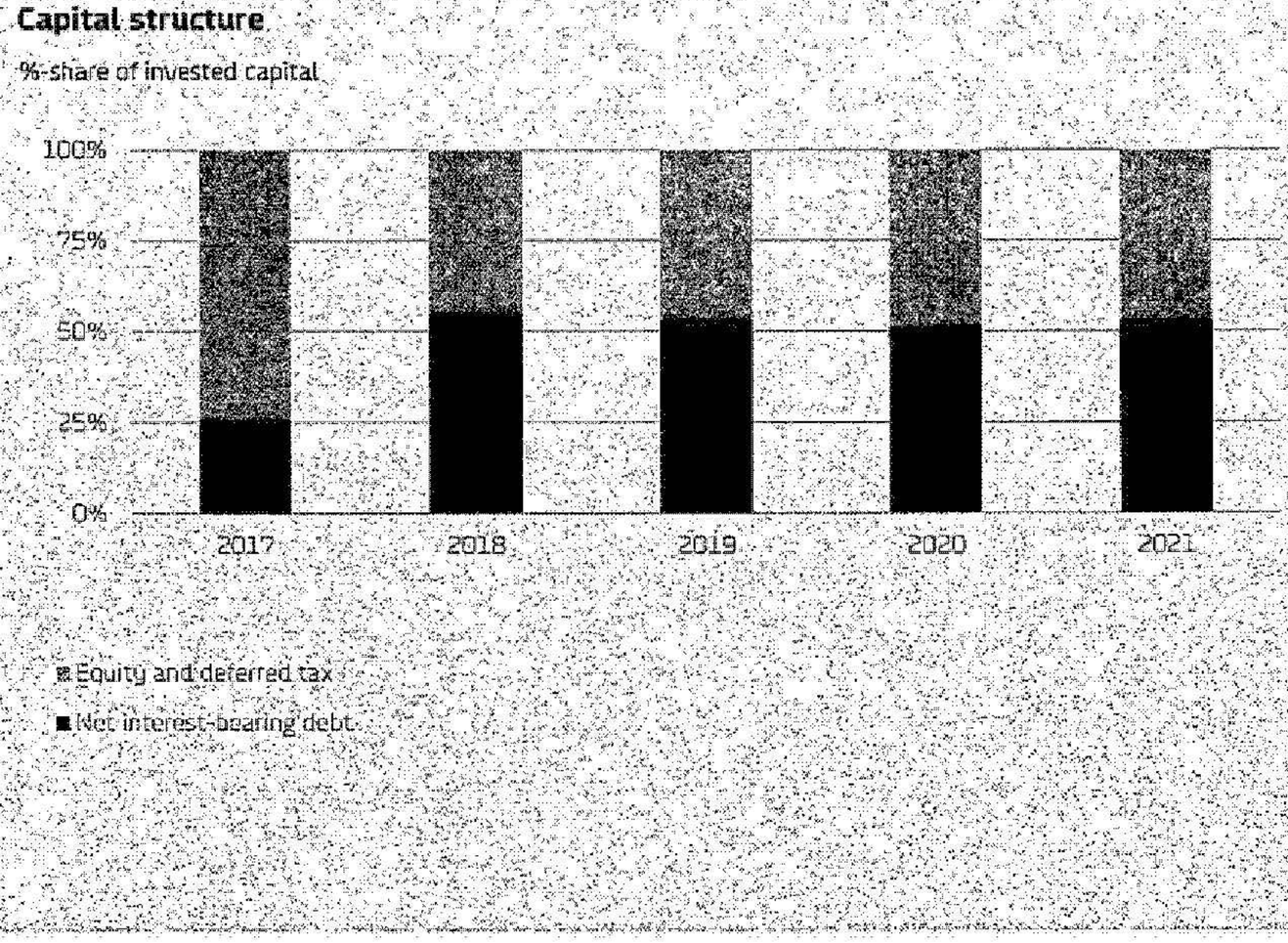
The increase of the ROIC in 2021 was to a large extent due to an improvement of Mediterranean's ROIC from 2% in 2020 to 6% in 2021. Mediterranean's average invested capital of DKK 9.4bn in 2021 amounted to 40% of the Group's total capital.

DFDS' return target is a minimum ROIC of 8% before special items. The target rate is used as a threshold rate for investments, including acquisitions. DFDS' weighted average cost of capital is estimated at around 6%.

Adjusted free cash flow, FCFF



Capital structure



The ROIC was in 2021 above 8% in four of eight business units: North Sea, Baltic Sea, Nordic, and UK & Ireland. The severe drop in passenger volumes due to Covid-19 reduced the ROIC of the Channel and Passenger business units to below 8%. Returns are expected to improve as passenger volumes gradually recover. Mediterranean's ROIC reached 6% in 2021 and 9% excluding goodwill. The business unit's invested capital was increased by a considerable capacity expansion due to a large new and long-term customer agreement with effect from the beginning of 2019. Mediterranean's ROIC is expected to increase towards the return target in the next 2-3 years. Continent's ROIC was negatively impacted by primarily imbalances in automotive flows in 2021.

The financial ambition of the Win23 strategy is to achieve a ROIC of 10% in 2023.

Cash flow and investments

Cash flow
The gross cash flow from operations was DKK 3,536m and DKK 2,607m including payment of lease liabilities and lease interest. Following a cash flow from investment activities of DKK -3,210m, the free cash flow (FCFF) was positive by DKK 274m and negative by DKK 655m including payment of lease liabilities and lease interest.

The cash flow from financing activities was negative by DKK 359m in 2021, including payment of lease liabilities of DKK 834m and net proceeds of DKK 413m from loan financing.

The net cash flow of 2021 was negative by DKK 360m and cash and cash equivalents decreased to DKK 902m at year-end.

Investments
Net investments in 2021 amounted to DKK 3,210m of which DKK 1,765m was related to acquisitions. Net investments in ferry newbuildings and sale of ferries amounted to DKK 500m. This included hedging gains related to the delivery of two newbuildings. The remaining operating investments of DKK 945m consisted mainly of ferry upgrades and dockings, port terminals, cargo carrying equipment, software and other items.

Parent company key figures

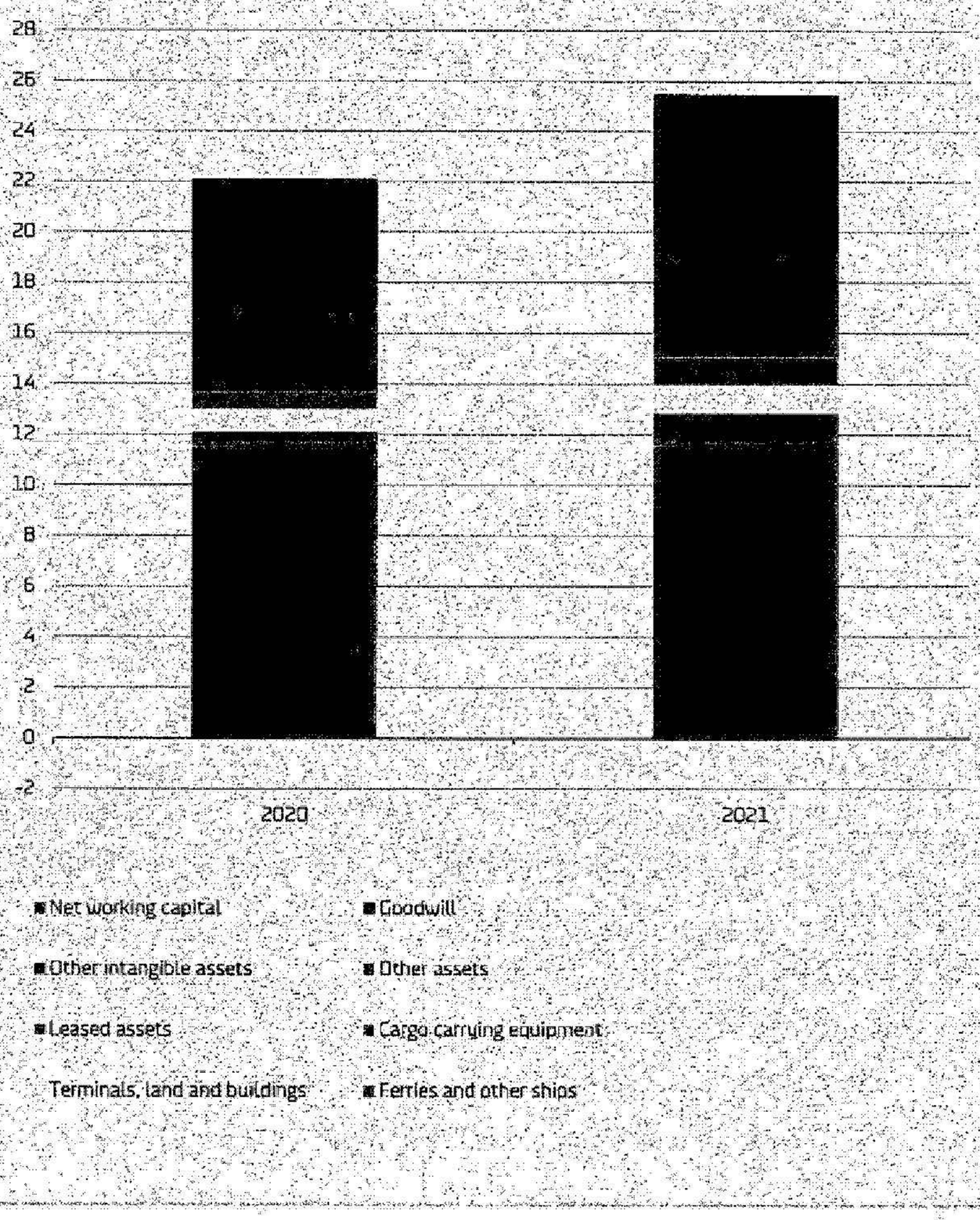
The revenue of the parent company, DFDS A/S, was DKK 8,250m in 2021 and the profit before tax was DKK 106m.

Total assets at year-end amounted to DKK 18,629m and the equity was DKK 9,355m.

Bunker and financial risks

Bunker risk
The cost of bunker was DKK 2.4bn in 2021 and DKK 1.3bn net of income from bunker surcharges and other hedging. Around 93% of the bunker consumption is commercially hedged in 'normal' years through bunker clauses (BAF: bunker adjustment factor) in freight customer contracts. Hedging of USD is included in the BAF. The BAF-coverage lags the actual cost by 1-2 months as the surcharge is

Invested capital
DKK bn, year-end



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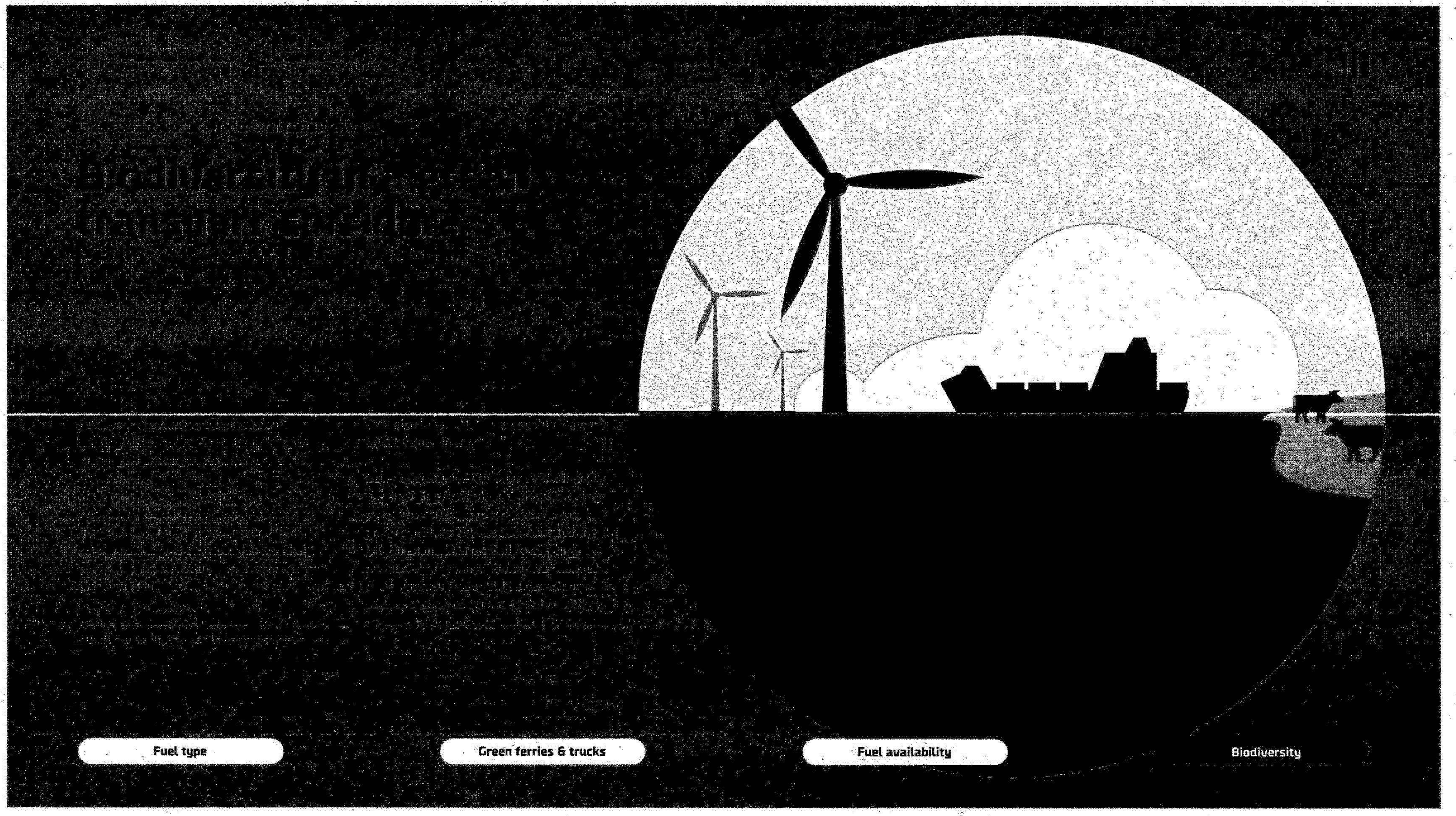
adjusted on a monthly basis through the year. The remaining consumption is consumed on passenger routes and financially hedged as deemed appropriate.

In 2022, the consumption of bunker by the ferry fleet is expected to amount to around 850,000 tons. A price change of 10% compared to the price level at year-end 2021 is expected to impact operating profit by around DKK 8.9m in 2022.

Financial risks

DFDS is exposed to a range of financial risks related primarily to changes in exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk. These risks are reported in Note 4.1 on pages 111-114.




Fuel type
Green ferries & trucks
Fuel availability
Biodiversity

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ESG review

3% reduction on CO2 per GT mile on own fleet

Female ratios increased with two percentage points on both land and sea

Three additional governance measures to ESG KPIs

Environmental performance

In 2021, we included scope 3 emissions to the GHG inventory, and our emissions of CO2e were estimated to total 3,460,000 tonnes, of which 2,551,000 tonnes are scope 1 and scope 2 emissions. They have increased 26% compared to 2020 and 13% compared 2019 due to increased business activities. But as the absolute emissions have increased our carbon intensity per GT mile has decreased. For owned ferries the carbon intensity was improved by 3% compared to 2020 and by 6% compared to 2019 as measured by emissions per GT mile. Including chartered ferries, carbon intensity decreased 1% compared to 2020 and improved 4% compared to 2019.

The variance in energy efficiency between owned and chartered ferries is due full control of operations and maintenance of owned ferries. The achieved and targeted emission reductions are aligned with the Climate Action Plan's target of a 45% reduction in CO2 per GT mile in 2030 from a 2008 baseline.

The scope 3 emission analysis indicates that 64% of the scope 3 CO2e emissions are related to the upstream production of the fuel used in our operation. 26% is related to third party suppliers within transport – both on water, road, and rail. This is a clear indicator from a materiality perspective, that our focus on reducing emissions from our direct customer services – intermodal transport – is where we have the biggest impact.

Social performance

The female gender ratio has increased across land and sea and the different organisational levels. In the land-based organisation and across all employees with no management responsibility, we are closing in on our target of 30% minority representation in 2023, with 29% and 27%, respectively. Both are, however, expected to decline from 2022, when the male-dominant HSF Logistics Group is included in the reporting.

Our main focus going forward will be to increase the ratio of female managers – both in office- and non-office based positions.

All ESG data for 2021 excludes the acquisition of HSF Logistics Group. This data will be included from 2022.

Unfortunately, Health & Safety performance decreased in 2021 on both land and sea. This was most significant in the land-based operation, where the LTIF increased to 7.4 compared to 5.9 in 2020. More focus on and follow-up on reporting is part of the reason for the increase, but the actual performance is still not satisfactory.

A tragic accident on board a freight ferry in the Port of Setè also resulted in a Turkish seafarer losing his life due to injuries.

Governance performance

In 2021, we added three additional measures to the ESG KPIs: Board independence, board nationality, and reported whistleblower cases. All three have been part of our annual reporting for several years, but for the first time, it is included in the ESG overview, including data from 2018 and onwards.

KPIs related to the Board have been stable for the last four years. The female gender ratio is above 30%, five out of six elected directors are independent, and one is non-Danish. The attendance at board meetings increased to a maximum of 100% in 2021.

Since initiation of tracking the number of whistleblower cases have increased each year. This is a natural development as the number of employees is growing and because we continue to communicate and emphasise the importance of our different reporting channels for identified breaches to our Code of Conduct and unwanted harassment and behaviour.

Environment

CO2e emissions	Unit	Target 2023	2021	2020	2019	2018
Scope 1 emissions (CO2e)[1]	1,000 tonnes	-	**2,544**	2,014	2,253	1,871
Scope 2 emissions (CO2e)[1]	1,000 tonnes	-	**6.9**	6.0	7.3	8.5
Scope 3 emissions (CO2e)[1]	1,000 tonnes		**910**	-	-	-
Total CO2e emissions[1]	1,000 tonnes	-	**3,460**	2,020	2,260	1,879
Energy efficiency						
CO2 emissions per GT mile (Own fleet)	gCO2	12.4	**13.0**	13.4	13.9	-
CO2 emissions per GT mile (Route network)	gCO2		**13.6**	13.5	14.1	14.4

Social

Representation of women	Unit	Target 2023	2021	2020	2019	2018
Total workforce	%	30	**24**	23	25	23
At sea	%	30	**17**	15	18	15
On land	%	30	**28**	27	29	29
Senior management	%	30	**17**	16	19	10
Managers	%	30	**14**	13	18	-
Employees	%	30	**27**	26	26	-
Safety at sea						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	3.5	**4.3**	4.1	4.5	5.0
Safety on land						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	5.0	**7.4**	5.9	6.7	3.8
Fatalities						
- Colleagues	Fatalities	0 (Annually)	**1**	0	0	0
- Contractors	Fatalities	0 (Annually)	**0**	2	1	1

Governance

Governance	Unit	Target 2023	2021	2020	2019	2018
Board representation of women (AGM elected members)	%	30	**33**	33	33	33
Independent directors (AGM elected members)	%		**83**	83	83	83
Board nationality - non Danish (AGM elected members)	%		**17**	17	17	0
Attendance at board meetings (all board members)	%		**100**	96	94	91
CEO Pay ratio	Ratio		**35**	27	29	36
Reported whistleblower cases	Cases		**29**	24	18	16

1) CO2e includes GHG emissions from all 6 greenhouse gases: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons; perfluorocarbons; and sulphur hexafluoride (SF6).

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Corporate governance

Governance practices

DFDS is compliant with all Danish corporate governance recommendations

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

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

Five of the six directors appointed by shareholders at the most recent ordinary meeting are deemed independent according to the Danish recommendations on good corporate governance. Two of the six AGM appointed directors are women.

The Board of Directors work in accordance with the company's articles of association, the rules of procedure of the Board of Directors as well as an established annual cycle of focus areas to ensure that all major governance aspects are reviewed at least once annually. The annual cycle also includes strategy activities: approval of strategic priorities within for instance climate and diversity. The Board of Directors also holds strategy review sessions focusing on progress and achievements.

In 2021, we updated our sustainability priorities in an ESG framework for a more targeted and integrated approach to sustainability across the company. Governance of sustainability in DFDS is anchored with the Board of Directors and the Executive Management Team. They secure executive ownership of the ESG agenda and involvement in setting sustainability priorities and driving implementation. They are also in charge of embedding sustainability in core business processes. We assess risks, analyse, and investigate relevant initiatives and adjust our actions as needed to stay on track with our commitments.

The Chair of the Board of Directors undertakes an annual review of the performance of the Board of Directors, most recently with third party assistance. The composition of the Board of Directors aims to ensure that competencies that are key to the company's performance are represented. Nine board meetings were held in 2021, all with 100% attendance.

"In 2021, we updated our sustainability priorities in an ESG framework for a more targeted and integrated approach to sustainability across the company."

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

Audit Committee: The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the oversight of the quality and integrity of DFDS' accounting, auditing and financial reporting, the qualifications, independence, and performance of the appointed Statutory Auditor, as well as compliance with rules on non-audit services provided by the Statutory Auditors.

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

A total of five meetings were held during 2021, all with full participation. The main topics dealt with, apart from recurring items, were monitoring of the HSF Logistics Group acquisition, a deep-dive into the activities at the shared service centre in Poznan, and the approach to enterprise risk management.

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

The Committee consists of Claus V. Hemmingsen (Chair), Klaus Nyborg, and Marianne Dahl. All members are deemed independent. Claus V. Hemmingsen has special competences in international management and expertise in offshore activities and shipping. Klaus Nyborg has special competences in international management and board experience from i.a. listed shipping companies and suppliers to the shipping industry and expertise in strategy, M&A, and risk management. Marianne Dahl has special competences in international management and expertise within strategy, digitalization, product development, and sales.

The Committee held three meetings in 2021 with full participation, focusing on the following topics:

- Review of the annual wheel of the Committee
- Adjustment of benchmarks to compare executive remuneration levels with relevant companies
- Review of gender pay gap analysis
- Recommendation of Executive Board remuneration and Board fees
- Remuneration report for 2021.

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

The Committee consists of Claus V. Hemmingsen (Chair), Klaus Nyborg, and Marianne Dahl. All members are deemed independent. Claus V. Hemmingsen has special competences in international management and expertise in offshore activities and shipping. Klaus Nyborg has special competences in international management and board experience from i.a. listed shipping companies and suppliers to the shipping industry and expertise in strategy, M&A, and risk management. Marianne Dahl has special competences in international management and expertise within strategy, digitalization, product development, and sales.

The Committee held two formal meetings during 2021 with full participation, focusing on competences and succession planning at board level as well as evaluation of the Board's work and performance. In addition, a number of informal meetings were held in connection with recruitment of a new Director to be proposed for election at the AGM in 2022.

More information on the three committees are available here *link*

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

In 2021, the evaluation was facilitated by an external consulting firm by way of a written questionnaire directed

The corporate governance policies listed below are all available on this web page: *https://www.dfds.com/en/about/group/governance-and-policies*

More information on DFDS' corporate governance

Statutory report on corporate governance

DFDS' statutes

Materials from DFDS' most recent AGM

Remuneration policy

Diversity policy

to the Directors of the Board and the Executive Board. The evaluation included, among other things, the Board of Directors' and the committees' effectiveness and value contribution, board composition and dynamics, the Chair's role, strategy development and implementation, stakeholder relations, risk awareness, cooperation with the Executive Board and on- and off boarding.

ESG framework

The ongoing transformation of DFDS also implies changes to our corporate governance. Our work with environmental and social topics is increasingly integrated into our business strategies and operations. As part of the logistics and transport sector, DFDS has a special responsibility to fulfil ESG objectives, especially within climate and diversity. In 2021, we introduced our ESG framework. This framework is our way of structuring issues we have already worked on for years. By setting specific ESG goals, we make it clear that doing business today is about more than just giving shareholders a return on their investment. They are a key part of running a sustainable business.

Each Executive Management Team member is responsible for different areas within the ESG framework. But the ESG framework cannot live in top management alone. We are delegating ownership to all levels of management, setting concrete goals for what needs to be achieved, and establish follow-up structures to ensure sustained and comprehensive change throughout the organisation.

Code of Conduct guides behaviour

DFDS' Code of Conduct (CoC) is a summary of our company culture and values. It helps guide our expectations to each other, shows the way, and is a key part of integrating new colleagues into the organisation. The CoC follows the principles laid out in the UN Global Compact and describes what behaviours we emphasise and how employees should respond to ethical issues. We work to ensure that all employees know the CoC and use it as a guide to deal with potentially sensitive issues. To ensure everyone can report unwanted behaviour in a structured way, we have a clear framework for reporting incidents. This can either be done via managers, HR, the Executive Management Team, the DFDS Whistleblower line, or on the vessels filing an MLC Complaint. The MLC is similar to the Whistleblower line, but only for vessels. Here seafarers can lodge a complaint in case of non-compliance with legal dispositions, regulations, or agreements pertaining to seafarers' rights.

29 cases were reported through the whistleblower line in 2021 - a slight increase from the 24 cases the year before. We take all violations seriously and investigate every report to learn from them and prevent future cases.

We take responsibility for the people in our supply chain

When we procure goods and services in DFDS it has an impact on people working within our supply chain and on our scope 3 CO2 emissions. To ensure that we address key risks, including Human Rights and increase our sustainable focus in the supply chain we have launched our Responsible Procurement Programme. The programme consolidates a range of both existing and new tools like Supplier Code of Conduct, ESG performance and risk assessments for suppliers and tools to measure scope 3 emissions in the supply chain.

We welcome the recent EU Mobility package as a tool to help the industry protect the human rights of workers by regulating driving and rest periods, posting of drivers, cabotage, access to the road transport industry, and tachographs across EU member states.

Responsible ship recycling and construction

We have policies in place to determine what happens in the rare case of us needing to recycle a ship. We have developed quality standards based on protecting the environment and making the recycling process safe. If we need to recycle a ship, we will use an approved yard and carry out the work in line with EU ship recycling regulations and the principles of the International Maritime Organisation (IMO) 's Hong Kong International Convention. The Convention ensures that ships being recycled at the end of their operational lives do not pose unnecessary risks to safety, human health, or the environment.

When we begin developing new vessels, we assess the materials (like steel) needed from a CO2 emission perspective. With our first green vessel aimed to be in operation by 2025, this is a high priority.

Data Ethics policy implemented in 2021

Being a transport and logistics provider, we use data to maintain and improve customer experience and our operational efficiency. We are committed to ensuring that employees, customers and business partners can entrust us with their data. We are determined to handle data sustainably and with great care. We recognise that digital development entails both responsibility and transparency. Our Data Ethics policy sets a vision for working with data ethically and is based on three principles: Security, Confidentiality and Integrity.

"Each Executive Management Team member is responsible for different areas within the ESG framework."

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Transparency and collaboration is key for progress

Collaboration is key to solving our industry's challenges. We need to share progress and share information to develop sustainable transport and logistics.

We disclose data to improve and voluntarily disclose and/or verify ESG data to rating agencies like the Carbon Disclosure Project (CDP), Sustainalytics, and others. We believe that standards are a tool to bring our industry in a more sustainable direction. We support a range of frameworks for responsible business and acknowledge the need to set science-based targets to ensure that our climate ambitions are aligned with the Paris agreement. We expect to develop our own science-based targets in early 2022 when the official methodology for maritime transportation is ready.

To improve industry collaboration and create a greener direction for our sector, we are actively engaged in different fora and channels. DFDS is part of the European Sustainable Shipping Forum (ESSF). This group promotes structured dialogue, technical knowledge exchange, cooperation, and coordination between relevant maritime industry stakeholders and the EU Commission. We also participate in the IMO's Marine Environment Protection Committee (MEPC). Through our participation in Interferry, we support the interests of the ferry industry, as well as in IMO institutions. We are also active members of relevant national shipowners' organisations, especially in Denmark and the UK. Collectively, shipowners' voices are represented in ECSA (European Community Shipowners' Associations). Lastly, we chair the Green Ship of the Future, an independent non-profit organisation driven and financed by members who want to explore the road towards emission-free maritime transport.



Risk and risk management

Risk management is an integral part of DFDS' management processes

Risks and opportunities are regularly reviewed and reported to the Board of Directors for appropriate responses and actions

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

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

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

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

2021 key risks analysis
The top seven risks to achieving DFDS' strategic ambitions identified during 2021 are shown in the figure on the following page. The figure combines the one-year financial impact with the likelihood of risks occurring over a time period of three years. The risks are detailed along with mitigation strategies and risk assessments on pages 66-67.

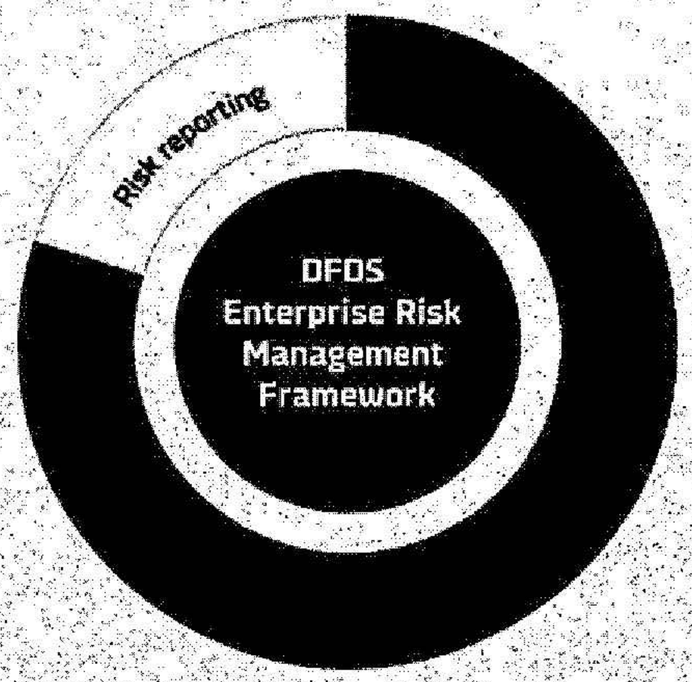
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DFDS Enterprise Risk Management

Operational Framework

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

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

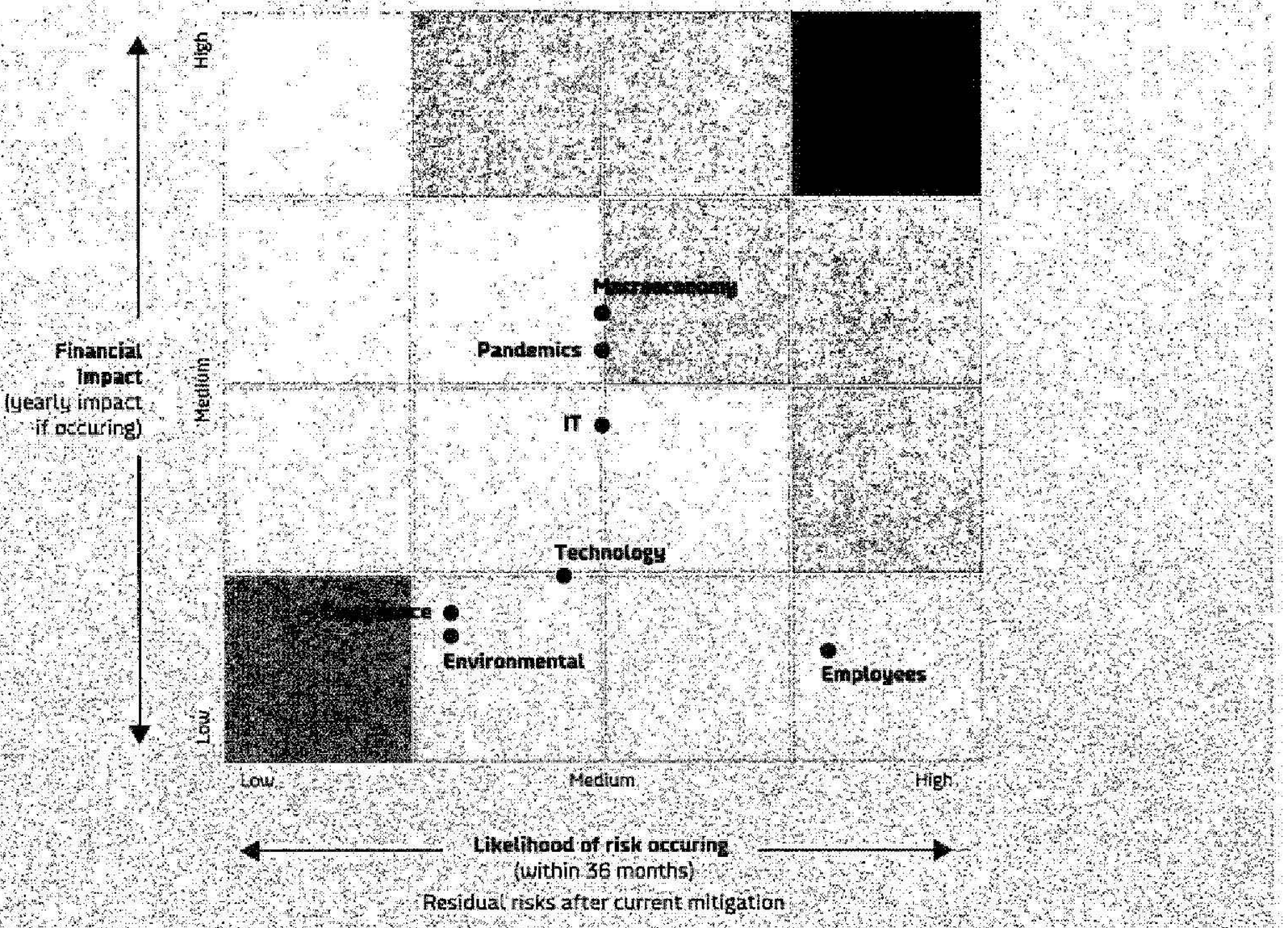


3. Risk Mitigation
- Identification of appropriate responses to risks
- Risk responses should be based on assessment of loss frequency and impact
- Management actions should be specific to reducing likelihood and/or impact
- Action plans with assigned owners should be developed and monitored by a risk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

4. Risk Monitoring
- Continuously monitoring of key identified risks

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

Top seven risks



Key risks

1. **Macroeconomy** Economic growth and political instability

Risk description: During 2021 signs of increasing uncertainty in the global economy and the geopolitical landscape became more pronounced. Financial and/or geopolitical instability or political turmoil leading to changes in the volume of traded goods and of passengers may cause major fluctuations in revenue and earnings due to a strong correlation between economic development and the ferry and logistics sectors DFDS operates in. Impacts could come from e.g., shocks to the European economy and/or lower GDP growth across Europe causing decreased activity levels, lower investments, and increased unemployment, all of which in turn would impact demand and transported volumes.

Mitigation strategies: Monitoring the development in the global economic situation and key markets, export/import restrictions and specific country events is key for DFDS' preparedness and handling of potential impacts. Diversification of DFDS' country, industry and customer exposure help to mitigate the exposure to any particular risk. We regularly update our forecast of business results and cash flows and, if necessary, rebalance investment priorities. We have a constant focus on cash requirement needs and drawing rights, securing our ability to meet future financial obligations.

Risk assessment: The 2021 economic recovery post the 2020 Covid-19 economic slow-down has led to overall improved results for DFDS, despite the continued delay within the passenger-related business and supply chain challenges within the logistics business. The diversified regional exposure of DFDS has proven successful in 2021, as especially the Mediterranean business unit in the Ferry Division has improved performance. With the 2021 acquisition of HSF Logistics Group, industry exposure was further diversified.

2. **IT** Systems breakdown, cyber-attacks, and security breaches

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

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

Risk assessment: With the acquisition of HSF and the movement of HSF's operations onto the DFDS IT platform, detailed IT integration plans have been prepared but despite this, the overall risk level for IT risks has been slightly increased with the acquisition of HSF Logistics Group. During 2021, several measures have been implemented to improve the risk of cyber-attacks, including network separation, testing of recovery processes and external assessments of DFDS' capabilities and processes. Despite high internal focus on securing DFDS' IT risks, a cyber-attack causing operational disturbance could however still happen.

3. **Pandemic** Covid-19 outbreaks or other epidemics

Risk description: The Covid-19 outbreak has throughout 2020 and 2021 illustrated how a pandemic can affect nations, individuals, and companies. A resurgence of Covid-19 or a new pandemic could expose DFDS to operational and financial risks. DFDS is exposed to government decisions regarding lockdowns, travel restrictions and other pandemic-related restrictions. A pandemic could potentially also impact the health of our organisation, when it comes to retention and motivation of employees.

Mitigation strategies: Numerous mitigation initiatives were implemented during 2020 in response to the first waves of Covid-19, and again in 2021 when Covid-19 resurged. Initiatives included measures to keep operational sites and offices safe, staff transfers to other DFDS functions, and increased working-from-home capabilities. Other actions included route changes in the form of (temporary) closure of passenger routes, reduction of freight capacity through lay-up of ferries and fewer sailings, reduction of logistics capacity for certain sectors, and general cost adjustment-initiatives to changes in demand.

Risk assessment: In 2021, DFDS was impacted by Covid-19 related issues, especially passenger activities, due to national travel restrictions. Pandemic driven bottlenecks furthermore caused severe challenges for global trade that spread to intra-European trade. This resulted in production delays, which in some cases reduced demand for our services. Transport lead times became longer which in turn led to shortages of cargo-carrying equipment, such as trucks and trailers, and combined with shortages of truck drivers throughout Europe, resulted in congestion of cargo at terminals and warehouses.

4. **Environmental** Climate change

Risk description: Challenges related to climate changes are rising and focus on emission reduction is increasing year by year. Expectations of actions to limit and ultimately eliminate emissions are growing. DFDS is subject to expectations from stakeholders, including customers and regulators. Failure to live up to climate requirements could impact our licence to operate in certain markets and our reputation, and with it financial performance from lost business or fines. Further, new regulation from EU/IMO could require increased CO2 efficiency and a potential significant tax on CO2.

Mitigation strategies: We contribute to safeguard and develop the infrastructure to move goods and passengers. We are committed to reducing our environmental footprint and invest in innovative services and technologies. A key strategy is to be an active partner in the transition from fossil to green fuels. This is enforced through DFDS' Climate Action Plan. The Sustainable Fleet Project unit is working on projects to progress the transition. We focus on reducing greenhouse gasses (GHG) as well as local air pollution of SO2, NOx, and black carbon. We participate in local projects and group-wide actions to achieve incremental changes to daily operations as well as longer term initiatives to reduce emissions.

Risk assessment: In 2021, an ambition was launched to deploy a green ferry by 2025. A new department was established to focus on achieving this ambition. Furthermore, an extensive focus on the existing ferry fleet's energy efficiency is in place to reduce emissions. In 2021, an order for 125 electric trucks was placed with Volvo.

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Key risks continued

5. Compliance Reputational damage, claims, and fines

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

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

Risk assessment: DFDS has a structured approach to compliance risks with designated people across the organisation responsible for identifying, prioritizing, and managing existing or potential threats related to legal or policy noncompliance or ethical misconduct. An e-learning program for all relevant staff was rolled out in 2021.
With the acquisition of HSF and the addition of almost 1,800 new employees, overall compliance risk has slightly increased. Detailed integration plans including introduction to the Code of Conduct and other compliance processes have been put in place.

6. Employees Retention, attraction, and diversity

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

Mitigation strategies: Actions have been launched to attract key employees through increased employer branding activities. Several initiatives to ensure that DFDS is an attractive place to work are in place, including having a good and safe physical environment in offices, warehouses, port terminals, and ferries. We strive to have a healthy psychological work environment built on mutual respect, diversity, good leadership, and transparency, that together makes DFDS an attractive employer.
Internal leadership programmes have been implemented to ensure career advancing opportunities to talented employees.

Risk assessment: In 2021, it was challenging to attract key employees in certain areas, primarily truck drivers. This is a general industry issue throughout Europe which also significantly increases the cost of haulage. With the acquisition of HSF Logistics Group in 2021, access to additional talents and competencies was gained within certain areas, especially truck drivers and general cold chain logistics expertise. In other areas, both front-end and back-end, hiring and retaining the right people remains a challenge.

7. Technology Digitalisation and automation

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

Mitigation strategies: DFDS is closely monitoring changes in the business environment to protect activities and pursue business development opportunities. To compete with new platforms, digital solutions are being developing for freight customers as well as for ferry passenger bookings and other digital travel solutions.

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

The DFDS share and shareholders

27% share price increase in 2021

Dividend proposed for payment in 2022

Share capital
DFDS has one class of shares. The share capital at the end of 2021 was DKK 1,173m comprising 58,631,578 shares, each with a nominal value of DKK 20. There were no changes to the share capital during 2021.

Stock exchange trading
The DFDS share is listed on Nasdaq Copenhagen where 20.6m DFDS shares were traded in 2021 equal to an annual turnover of DKK 6.8bn compared to DKK 7.0bn in 2020. The average number of trades per day was 1,245 compared to 1,196 in 2020 and the average daily turnover was DKK 27m compared to DKK 28m in 2020. The DFDS share is part of Nasdaq's Large Cap index.

Share price development and yield
DFDS' share price was DKK 349 at year-end 2021, an increase of 27% compared to year-end 2020. The market value at the end of 2021 was DKK 20.5bn, excluding treasury shares. By comparison, the Danish stock market's all-share index increased 22% in 2021.

The total distribution yield of the DFDS share was 0% in 2021 as no capital was distributed to shareholders due to the general uncertainty caused by Covid-19 as well as its extraordinary negative impact on passenger earnings in 2021.

Distribution policy
The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage measured as the ratio between NIBD and EBITDA. Target leverage is a ratio between 2.0 and 3.0. NIBD/EBITDA was 3.7 at year-end 2021.

Capital is distributed through dividend and share buybacks. The latter instrument is preferred for distribution of excess capital while dividend is preferred to be ongoing and sustainable. Whether capital is in excess is assessed based on the leverage target as well as future earnings prospects and investment requirements.

It is preferred to pay dividend semi-annually to facilitate a faster return of capital to shareholders and to align payments with DFDS' seasonal cash flow that normally

Ownership structure, year-end 2021, %

Lauritzen Fonden Holding	41.7
Institutional shareholders	44.1
Other registered shareholders	7.8
Treasury shares	2.0
Non-registered shareholders	4.4
Total	100.0

With reference to §58 in the Danish Capital Markets Act, Lauritzen Foundation domiciled in Copenhagen, Denmark, has notified DFDS A/S that it holds more than 5% of the share capital and voting rights of the company.

Shareholder distribution, year-end 2021*

No. of shares	No. of share-holders	% of share capital
1-50	9,689	0.4
51-500	9,833	3.0
501-5,000	2,200	4.9
5001-50,000	222	5.3
50,001-	88	82.0
Total*	22,032	95.6

Investor relations
Søren Brøndholt Nielsen,
VP, Corporate
Communications & IR
T +45 3342 3359 /
udsbn@dfds.com

Shareholder's secretariat
shareholder@dfds.com

* Total of registered shareholders

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Share related key figures	2021	2020	2019	2018	2017
Share price, DKK					
Price at year-end	349	275	325	262	331
Price high	400	325	332	421	415
Price low	262	134	215	239	321
Market value year-end, DKK m	20,038	15,772	18,593	14,990	18,106
No. of shares year-end, m	59	59	59	59	57
No. of circulating shares year-end, m	57	57	57	57	55
Distribution to shareholders, DKK m					
Dividend paid per share, DKK	0	0	4.00	4.00	10.00
Total dividend paid ex. treasury shares	0	0	229	219	555
Buyback of shares	0	0	0	190	1,106
Total distribution to shareholders	0	0	229	409	1,661
FCFE yield, %	-4.9	1.2	-0.8	-15.2	6.1
Total distribution yield, %	0	0	1.2	2.7	9.2
Cash payout ratio, %	0	0	-151.7	-17.9	150.7
Shareholder return					
Share price change, %	26.8	-15.3	24.0	-20.9	24.1
Dividend return, %	0	0	1.5	1.2	3.7
Total shareholder return, %	26.8	-15.3	25.5	-19.6	27.8
Share valuation					
Equity per share, DKK	199.4	183.4	179.6	160.5	120.7
Price/book value, times	1.8	1.5	1.8	1.6	2.7

peaks during the third quarter, the high season for passenger travel.

Distribution to shareholders in 2021
Due to Covid-19's continued extraordinary negative impact on passenger earnings, it was decided to continue to safeguard the financial position in 2021. It was therefore decided by the annual general meeting (AGM) that no dividend was paid in 2021.

Dividend proposal for payment in 2022
The Board of Directors proposes to pay a dividend of DKK 4.00 per share in 2022. It is the intention of the Board of Directors according to the authority delegated to it to distribute an extraordinary dividend of DKK 4.00 per share by August 2022.

Shareholders
At the end of 2021, DFDS had 22,032 registered shareholders who owned 96% of the share capital. International shareholders owned 30% (2019: 34%) of the total registered share capital. Lauritzen Fonden Holding was the largest shareholder with a holding of 42% of the total share capital at the end of 2021 compared to 41% at the end of 2020.

Investor Relations
The aim of investor relations (IR) is to facilitate an ongoing dialogue with the financial community, primarily institutional investors, and analysts. Key events during the year are quarterly reports, conference calls and roadshows to present strategic and financial results. In addition, management and IR participate at investor conferences, roadshows and meetings with investors and analysts in between quarters. Due to Covid-19, roadshows and meetings were mostly virtual in 2021. There is a silent period of four weeks prior to the release of quarterly reports.

Analysts covering the DFDS share

ABG Sundal Collier – coverage suspended, to be resumed

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dan.togo@carnegie.dk

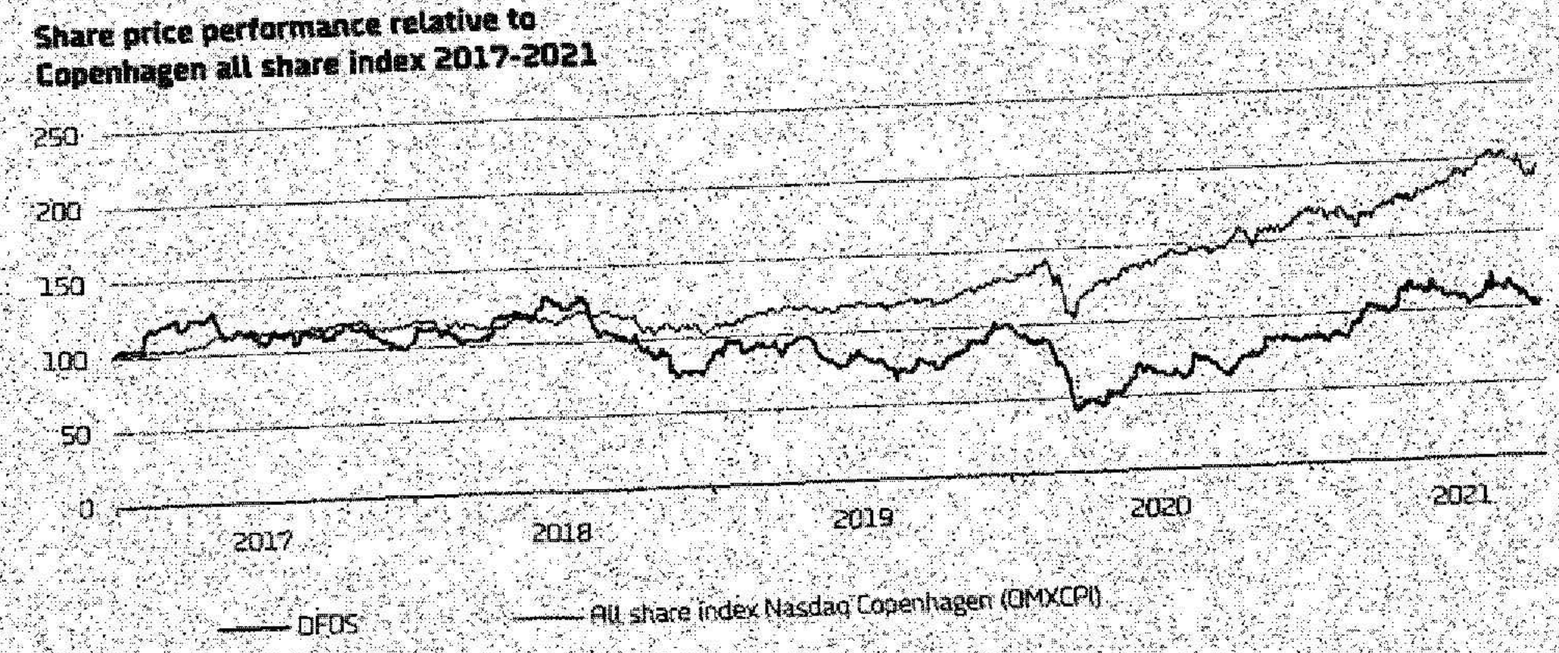
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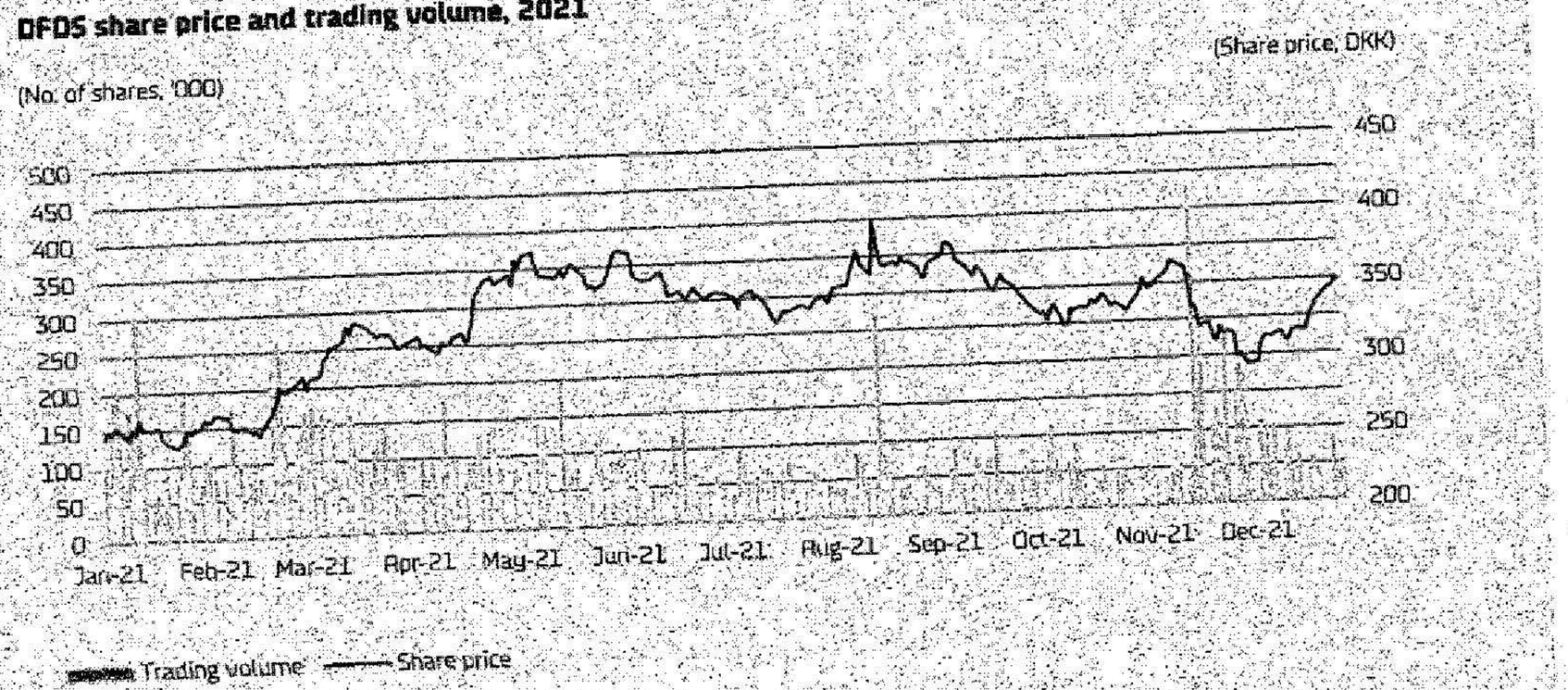
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Share price performance relative to Copenhagen all share index 2017-2021

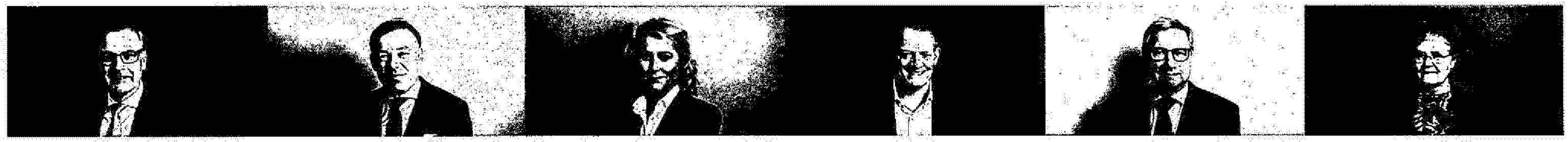


DFDS share price and trading volume, 2021



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Board of Directors *as per 24 February 2022*



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

Position: Managing director, CVH Consulting Aps
Joined the board: 29 March 2012
Re-elected: 2013-2021
Period of office ends: AGM 2022

Chair of the Nomination and Remuneration Committees
Board meeting participation: 9/9
Committee participation: 6/6
Chair: Maersk Drilling (The Drilling Company of 1972 A/S), HusCompagniet A/S, Innargi A/S
Board member: A.P Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til Almene Formaal, Den A.P. Møllerske Støttefond, Bacher A/S, Maersk Mc-Kinney Møller Center for Zero Carbon Shipping, Global Maritime Foundation, Det Forenede Dampskibs-Selskabs Jubilæumsfond

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

Klaus Nyborg (1963)
Vice Chair / 825 shares

Position: Managing director, Return ApS
Joined the Board: 31 March 2016
Re-elected: 2017-2021
Period of office ends: AGM 2022

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

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

Marianne Dahl (1974)
Board member / 1,817 shares

Position: Managing Director & Partner, Boston Consulting Group
Joined Board: 21 March 2017
Re-elected: 2018-2021
Period of office ends: AGM 2022

Member of the Nomination and Remuneration Committees
Board meeting participation: 9/9
Committee participation: 6/6
Board member: TDC (resigned December 2021)

The Board of Directors is of the opinion that Marianne Dahl possesses the following special competences: International management experience and expertise within strategy, digitalisation, product development, and sales.

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

Position: Executive Vice President and CFO, H. Lundbeck A/S
Joined Board: 19 March 2018
Re-elected: 2018-2021
Period of office ends: AGM 2022

Chair of the Audit Committee
Board meeting participation: 9/9
Committee participation: 6/6
Chair: Rosborg Møbler A/S
Board member and Chair of Audit Committee: Obsidian Therapeutics Inc

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

Jens Otto Knudsen (1958)
Board member (staff representative) / 130 shares

Joined Board: 13 April 2011
Re-elected: 2012-2019
Period of office ends: AGM 2022
Board meeting participation: 9/9

Jens Otto Knudsen has no managerial or executive positions in other companies.

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

Position: Team Leader Finance, BASF A/S
Joined Board: 18 April 2001
Re-elected: 2002-2021
Period of office ends: AGM 2022

Member of the Audit Committee
Board meeting participation: 9/9
Committee participation: 6/6

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

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

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

Board of Directors continued



Jesper Hartvig Nielsen (1975)
Board member (staff representative) / 230 shares

Joined Board: 19 March 2018
Re-elected: 2019
Period of office ends: AGM 2022
Board meeting participation: 9/9

Jesper Hartvig Nielsen has no managerial or executive positions in other companies.

Lars Skjold-Hansen (1965)
Board member (staff representative) / 530 shares

Joined Board: 22 March 2013
Re-elected: 2014-2019
Period of office ends: AGM 2022
Board meeting participation: 9/9

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

Dirk Reich (1963)
Board member / 0 shares

Joined Board: 1 July 2019
Re-elected: 2020-2021
Period of office ends: AGM 2022

Member of the Audit Committee
Board meeting participation: 9/9
Committee participation: 6/6
Chair: Instafreight GmbH, Log-hub AG, R+R Holding AG, R+R International Aviation AG
Board member: Skycell AG, Imperial Logistics Limited, Die Schweizerische Post AG, PrimaFrio S.L.

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

Executive Board



Torben Carlsen (1965)
President & CEO / 133,902 shares

Appointed: 1 May 2019 (previously CFO of DFDS since 1 June 2009)
Chair: Copenhagen Infrastructure Partners: CI II, CI III and CI IV K/S. Ore Capital Partners: Fund I and II K/S. Chair of the Investment Committees
Board member: Royal Unibrew A/S. Navigare Capital: Maritime Investment Fund I and II K/S, Member of the Investment Committees

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

Appointed: 1 January 2020
Board member and Chair of Audit Committee: Velux A/S

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Executive Management Team



Torben Carlsen (1965)
President & CEO

MSc (Finance)
Employed by DFDS since 2009

Karina Deacon (1969)
Executive Vice President & CFO

MSc (Aud)
Employed by DFDS since 2020

Peder Gellert Pedersen (1958)
Executive Vice President, Ferry Division

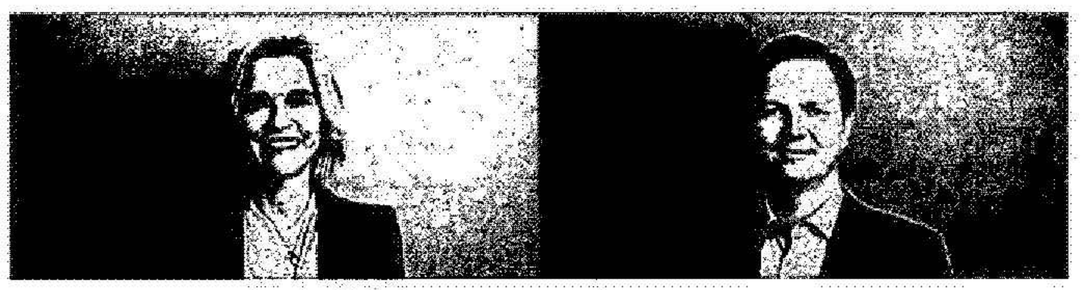
Ship broker, HD (O)
Employed by DFDS since 1994

Niklas Andersson (1973)
Executive Vice President, Logistics Division

Marketing, IHM Business School
Employed by DFDS since 2012

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

Freight forwarder
Employed by DFDS since 2021
(since 2001 employed by N&K Spedition that was acquired by DFDS as part of HSF Logistics Group)



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

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

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

MSc (IT)
Employed by DFDS since 2020

Remuneration Report summary

The purpose of the remuneration report is to give a transparent and comprehensive overview of the remuneration of DFDS' Executive Board and Board of Directors ('Board') in 2021. The report is Aligned with the approved remuneration policy for 2021. It is also aligned with the requirements of section 139b of the Danish Company Act and the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

Revised remuneration policy for 2021-24

In March 2021, a revised remuneration policy was approved by the AGM. The revised policy seeks to enable the Board to remunerate executives according to financial performance, but it also emphasises how swiftly executives react to profound and unforeseen market changes and their ability to define and make critical long-term investments even in financially challenging times.

By incorporating these principles into the policy for 2021, the policy contains a dedicated share of short-term incentives to be allocated to personal targets, including e.g. strategy and sustainability progress. The policy also contains a counter cyclical mechanism within the LTIs through a split between Restricted Share Units (RSUs) and Share Options.

Remuneration policy elements, Board of Directors – 2021

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

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The work of the Remuneration Committee
In accordance with the annual cycle of activities the Remuneration Committee ('Committee') had three ordinary meetings during 2021. In addition to revising the remuneration policy, the Committee updated the Executive Board benchmark analysis as additional input to determine the level of executive pay.

Further, the Committee conducted a gender pay gap analysis for DFDS' headquarter in order to identify potential structural gaps in salaries at comparable levels between gender. The analysis serves as a pilot for the rest of the organisation to be incorporated in the annual salary review process with the purpose of ensuring that any unexplainable variances are corrected.

The full Remuneration Report is available here.

Remuneration policy elements, Executive Board – 2021

Component	Purpose	Link to performance	Size/value of component
Base salary	Recognise market value, the nature of the role in terms of scale, complexity and responsibility and the Executive Board members' experience, sustained performance and contribution.	Indirectly linked to DFDS' performance through the Executive Board member's sustained performance level.	No pre-defined maximum salary level but determined according to 'Purpose' (ref. explanation to the left).
Short-term incentive	Reward the achievement of DFDS' annual goals guided by the long-term business strategy.	Divided between the following performance areas: 1. DFDS' financial performance (e.g. ROIC, Profit before Tax), at least 60% 2. DFDS' strategic and personal performance (e.g. sustainability, transformation).	Target: 40% of annual base salary. Maximum: 80% of annual base salary. Performance area 1 is evaluated based on meeting the financial targets, whereas 2 and 3 are based on a discretionary assessment by the Board. Information on measures in any given year will be outlined in the relevant annual remuneration report.
Long-term incentive	Reward the achievement of DFDS' long-term goals through share-based instruments and support executive retention.	Directly linked to the stock market performance of DFDS through the share price development.	40% of annual base salary. Maximum: 80% of annual base salary.
Pension	Provide for the Executive Board members' pension related needs.	N/A	Equal to level of contributions made for Danish DFDS salaried employees (currently 10% of the annual base salary).
Benefits	Provide for the Executive Board members' work-related equipment.	N/A	E.g. company car, free telephone/ other devices, domestic broadband access, relevant newspapers.
Termination	Apply termination conditions to the Executive Board member aligned with general market conditions for the role.	N/A	Executive Board member: Six months' notice in case of resignation. DFDS: Twelve months' notice in case of termination.

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Consolidated Financial Statements

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Income statement 1 January – 31 December

DKK million	Note	2021	2020
Revenue	2.1, 2.2	17,869	13,971
Costs:	2.3		
Ferry and other ship operation and maintenance		-3,880	-2,569
Freight handling		-2,598	-2,383
Transport solutions		-3,893	-2,905
Employee costs	2.4	-3,444	-2,862
Cost of sales and administration		-643	-520
Operating profit before depreciation (EBITDA) and special items		**3,411**	**2,732**
Share of profit/loss of associates and joint ventures		-13	-5
Profit on disposal of non-current assets, net	3.1.4	2	5
Amortisation, depreciation, and impairment losses on intangible and tangible assets and Right-of-use assets	2.5	-2,087	-1,873
Operating profit (EBIT) before special items		**1,313**	**858**
Special items, net	2.6	34	-117
Operating profit (EBIT)		**1,348**	**741**
Financial income	4.4	29	5
Financial costs	4.4	-307	-280
Profit before tax		**1,069**	**466**
Tax on profit	2.7	-94	-24
Profit for the year		**975**	**442**
Profit for the year is attributable to:			
Equity holders of DFDS A/S		958	433
Non-controlling interests		18	9
Profit for the year		**975**	**442**

DKK million	Note	2021	2020
Earnings per share	4.8		
Basic earnings per share (EPS) of DKK 20 in DKK		16.69	7.56
Diluted earnings per share (EPS-D) of DKK 20 in DKK		16.67	7.56
Proposed profit appropriation			
Proposed dividend DKK 4.00 per share[1] (2020: DKK 0.00 per share)			

[1] The Board of Directors proposes to the 2022 Annual General Meeting that a dividend of DKK 4.00 per share is paid in 2022. It is the intention of the Board of Directors according to the authority delegated to it to distribute an extraordinary dividend of DKK 4.00 per share by August 2022.

Statement of comprehensive income 1 January - 31 December

DKK million	Note	2021	2020
Profit for the year		**976**	**442**
Other comprehensive income			
Items that will not subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension obligations	3.2.4	140	-59
Tax on items that will not be reclassified to the income statement	2.7	-25	0
Items that will not subsequently be reclassified to the income statement		**115**	**-59**
Items that are or may subsequently be reclassified to the income statement:			
Value adjustments of hedging instruments for the year		42	-103
Value adjustment transferred to operating costs		-56	6
Value adjustment transferred to financial costs		1	17
Value adjustment transferred to non-current tangible assets		-139	-38
Tax on items that are or may be reclassified to the income statement	2.7	-1	9
Foreign exchange adjustments, subsidiaries		28	-37
Items that are or may subsequently be reclassified to the income statement		**-124**	**-147**
Total other comprehensive income after tax		**-9**	**-206**
Total comprehensive income		**966**	**236**
Total comprehensive income for the year is attributable to:			
Equity holders of DFDS A/S		950	227
Non-controlling interests		16	9
Total comprehensive income		**966**	**236**

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Balance sheet 31 December Assets

DKK million	Note	2021	2020
Goodwill		4,280	3,434
Port Concession rights		1,061	1,096
Other non-current intangible assets		599	77
Software		298	239
Development projects in progress		14	55
Non-current intangible assets	3.1.1	**6,252**	**4,901**
Land and buildings		427	183
Terminals		718	720
Ferries and other ships		11,460	11,220
Equipment, etc.		1,289	723
Assets under construction and prepayments		1,368	887
Non-current tangible assets	3.1.2	**15,263**	**13,734**
Right-of-use assets		3,926	3,133
Non-current Right-of-use assets	3.1.3	**3,926**	**3,133**
Investments in associates, joint ventures and securities		35	49
Receivables	3.2.1	16	17
Prepaid costs		222	337
Deferred tax	2.7	31	57
Pension assets	3.2.4	25	0
Derivative financial instruments	4.2	36	76
Other non-current assets		**366**	**536**
Non-current assets		**25,807**	**22,304**
Inventories	3.2.2	269	169
Receivables	3.2.1	3,423	2,631
Prepaid costs		299	309
Derivative financial instruments	4.2	22	149
Cash		902	1,261
Current assets		**4,914**	**4,520**
Assets classified as held for sale	3.1.6	0	182
Total current assets		**4,914**	**4,702**
Assets		**30,721**	**27,006**

Balance sheet 31 December Equity and Liabilities

DKK million	Note	2021	2020
Share capital		1,173	1,173
Reserves		-396	-273
Retained earnings		10,435	9,611
Proposed dividend		235	0
Equity attributable to equity holders of DFDS A/S		**11,446**	**10,511**
Non-controlling interests		108	89
Equity	4.6	**11,554**	**10,600**
Interest-bearing liabilities	4.5	11,825	11,720
Deferred tax	2.7	366	217
Pension and jubilee liabilities	3.2.4	76	197
Other provisions	3.2.5	117	46
Derivative financial instruments	4.2	6	149
Non-current liabilities		**12,390**	**12,329**
Interest-bearing liabilities	4.5	2,511	934
Trade payables		3,119	2,090
Other provisions	3.2.5	56	78
Corporation tax		113	61
Other payables	3.2.3	730	725
Derivative financial instruments	4.2	77	52
Prepayments from customers		171	136
Current liabilities		**6,778**	**4,077**
Liabilities		**19,167**	**16,406**
Equity and liabilities		**30,721**	**27,006**

Statement of changes in equity 1 January – 31 December 2021

		Reserves							
DKK million	Share capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Proposed dividend	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2021	**1,173**	**-394**	**147**	**-25**	**9,611**	**0**	**10,511**	**89**	**10,600**
Comprehensive income for the year									
Profit for the year					958		**958**	18	**976**
Other comprehensive income									
Items that will not subsequently be reclassified to the income statement:									
Remeasurement of defined benefit pension obligations					141		**141**	-1	**140**
Tax on items that will not be reclassified to the income statement					-25		**-25**		**-25**
Items that will not subsequently be reclassified to the income statement					**116**		**116**	**-1**	**115**
Items that are or may subsequently be reclassified to the income statement:									
Value adjustments of hedging instruments for the year			42				**42**		**42**
Value adjustment transferred to operating costs			-56				**-56**		**-56**
Value adjustment transferred to financial costs			1				**1**		**1**
Value adjustment transferred to non-current tangible assets			-139				**-139**		**-139**
Tax on items that are or may be reclassified to the income statement					-1		**-1**		**-1**
Foreign exchange adjustments, subsidiaries		28					**28**		**28**
Items that are or may subsequently be reclassified to the income statement	**0**	**28**	**-151**	**0**	**-1**	**0**	**-124**	**0**	**-124**
Total other comprehensive income after tax	**0**	**28**	**-151**	**0**	**115**	**0**	**-8**	**-1**	**-9**
Total comprehensive income	**0**	**28**	**-151**	**0**	**1,073**	**0**	**950**	**16**	**966**
Transactions with owners									
Proposed dividend at year-end					-235	235	**0**		**0**
Acquisition, non-controlling interests							**0**	2	**2**
Share-based payments					12		**12**		**12**
Purchase of treasury shares				-4	-71		**-75**		**-75**
Cash from sale of treasury shares related to exercise of share options				4	44		**48**		**48**
Total transactions with owners 2021	**0**	**0**	**0**	**0**	**-249**	**235**	**-15**	**2**	**-12**
Equity at 31 December 2021	**1,173**	**-366**	**-5**	**-25**	**10,435**	**235**	**11,446**	**108**	**11,554**

The Parent Company's share capital is divided into 58,631,578 shares of DKK 20 each. All shares have equal rights. There are no restrictions on voting rights. The shares are fully paid up.

The Board of Directors proposes to the 2022 Annual General Meeting that a dividend of DKK 4.0 per share is paid in 2022. It is the intention of the Board of Directors according to the authority delegated to it to distribute an extraordinary dividend of DKK 4.00 per share by August 2022.

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Statement of changes in equity 1 January – 31 December 2020

		Reserves							
DKK million	Share capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Proposed dividend	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2020	**1,173**	**-357**	**266**	**-28**	**8,988**	**235**	**10,276**	**80**	**10,356**
Comprehensive income for the year									
Profit for the year					433		433	9	442
Other comprehensive income									
Items that will not subsequently be reclassified to the income statement:									
Remeasurement of defined benefit pension obligations					-59		-59		-59
Items that will not subsequently be reclassified to the income statement	**0**	**0**	**0**	**0**	**-59**	**0**	**-59**	**0**	**-59**
Items that are or may subsequently be reclassified to the income statement:									
Value adjustments of hedging instruments for the year			-103				-103		-103
Value adjustment transferred to operating costs			6				6		6
Value adjustment transferred to financial costs			17				17		17
Value adjustment transferred to non-current tangible assets			-38				-38		-38
Tax on items that are or may be reclassified to the income statement					9		9		9
Foreign exchange adjustments, subsidiaries		-37					-37	0	-37
Items that are or may subsequently be reclassified to the income statement	**0**	**-37**	**-119**	**0**	**9**	**0**	**-147**	**0**	**-147**
Total other comprehensive income after tax	**0**	**-37**	**-119**	**0**	**-50**	**0**	**-206**	**0**	**-206**
Total comprehensive income	**0**	**-37**	**-119**	**0**	**383**	**0**	**227**	**9**	**236**
Transactions with owners									
Acquisition, non-controlling interests					0		0	-1	0
Cancellation of proposed dividend at year-end 2019[1]					235	-235	0		0
Share-based payments					5		5		5
Sale of treasury shares				0	2		2		2
Cash from sale of treasury shares related to exercise of share options				3	-2		1		1
Total transactions with owners 2020	**0**	**0**	**0**	**3**	**239**	**-235**	**8**	**-1**	**8**
Equity at 31 December 2020	**1,173**	**-394**	**147**	**-25**	**9,611**	**0**	**10,511**	**89**	**10,600**

The Parent Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

[1] Due to the reduced operational and financial visibility caused by Covid-19 the Annual General Meeting held on 4 June 2020 decided not to pay out the proposed dividend of DKK 4.0 for the financial year 2019.

Statement of cash flows 1 January – 31 December

DKK million	Note	2021	2020
Operating profit before depreciation (EBITDA) and special items		**3,411**	**2,732**
Cash flow effect from special items related to operating activities		-51	-125
Adjustments for non-cash operating items, etc.	5.4	62	45
Change in working capital	5.4	148	148
Payment of pension liabilities and other provisions		-33	-31
Cash flow from operating activities, gross		**3,536**	**2,769**
Interest received, etc.		26	3
Interest paid, etc.		-302	-276
Taxes paid		-52	3
Cash flow from operating activities, net		**3,208**	**2,499**
Investments in ferries and other ships including dockings, rebuildings and ferries under construction (incl. settlement of forward exchange contracts related thereto) [1]		-1,145	-1,422
Sale of ferries including prepayment received on ferry held for sale		99	202
Investments in other non-current tangible assets		-421	-195
Sale of other non-current tangible assets		64	27
Investments in non-current intangible assets		-62	-70
Acquisition of enterprises, associates, joint ventures and activities	5.5	-1,765	-14
Sale of shares in associated company		20	0
Other investing cash flows		1	-146
Cash flow to/from investing activities, net		**-3,210**	**-1,618**
Cash flow before financing activities, net		**-1**	**882**

DKK million	Note	2021	2020
Proceed from bank loans and loans secured by mortgage in ferries and other ships	4.3	1,762	1,992
Repayment and instalments on bank loans and loans secured by mortgage in ferries and other ships	4.3	-1,349	-1,791
Payment of lease liabilities	4.3	-834	-602
Settlement of forward exchange contracts related to leases		90	0
Proceeds from sale of treasury shares	4.7	0	2
Acquisition of treasury shares	4.7	-75	0
Cash received from exercise of share options		48	1
Other financing cash flows		0	-60
Cash flow to/from financing activities, net		**-359**	**-458**
Net increase/(decrease) in cash and cash equivalents		**-360**	**424**
Cash and cash equivalents at 1 January		1,261	840
Foreign exchange and value adjustments of cash and cash equivalents		1	-2
Cash and cash equivalents at 31 December [2]		**902**	**1,261**

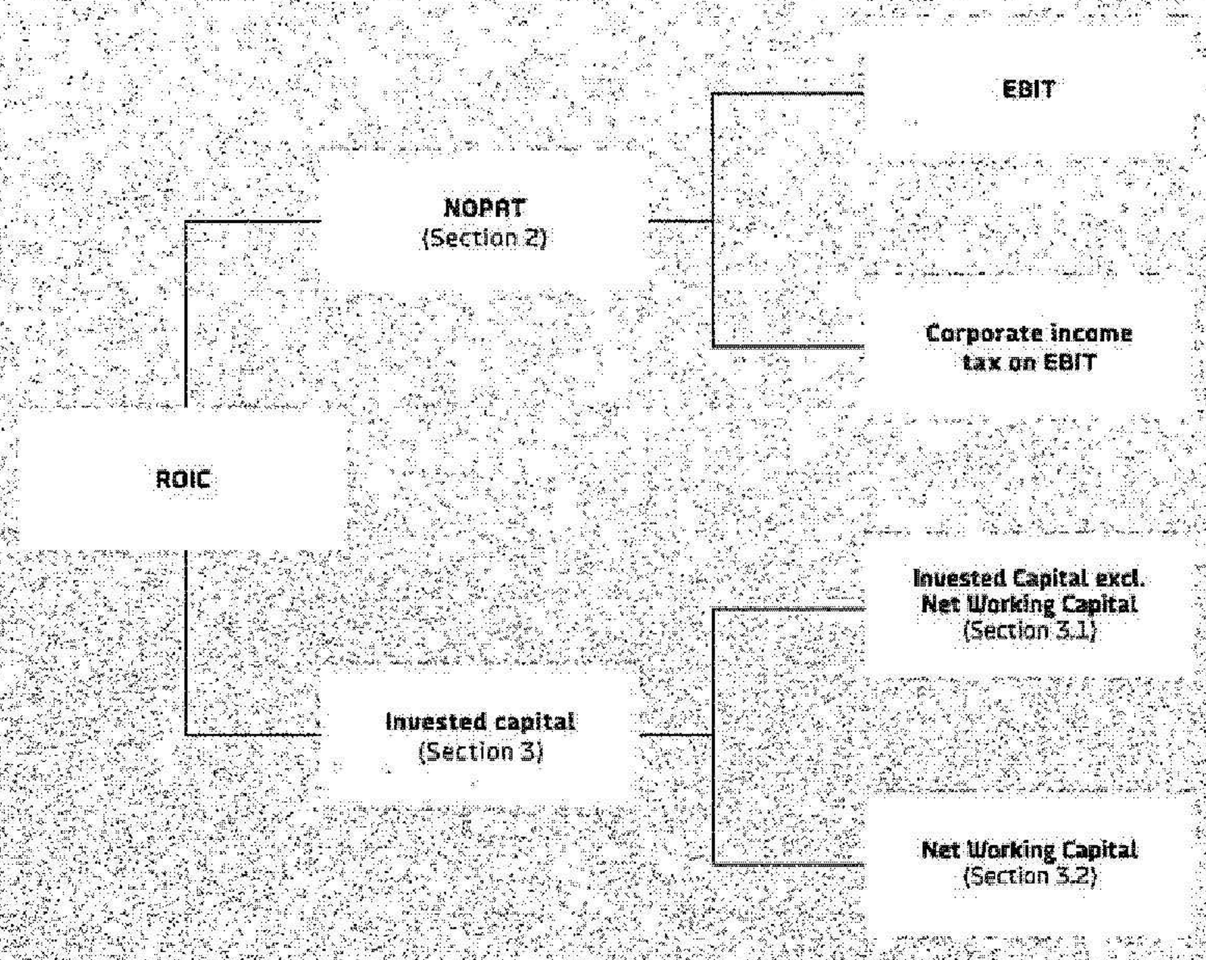
The statement of cash flows cannot directly be derived from the income statement and the Balance sheet.

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

[2] At 31 December 2021 DKK 167m (2020: DKK 147m) of the cash was deposited on restricted bank accounts.

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1. Basis of preparation of the Consolidated Financial Statements

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1. Basis of preparation of the Consolidated Financial Statements

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

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

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

Basis of reporting
The 2021 Consolidated Financial Statements and Parent Company Financial Statements of DFDS A/S have been prepared on a going concern basis and in accordance with the IFRS as adopted by the EU, and additional Danish disclosure requirements for listed companies. The consolidated financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

During 2021 Covid-19 had negative impact on passengers but the Covid-19 situation is not expected to have impact on DFDS's ability to continue as a going concern.

On 24 February 2022, the Board of Directors and the Executive Management Board considered and approved the 2021 Annual Report of DFDS A/S. The Annual Report will be presented to the shareholders of DFDS A/S for approval at the ordinary Annual General Meeting on 23 March 2022.

Basis for preparation
The Consolidated Financial Statements and the Parent Company Financial Statements are presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The Consolidated Financial Statements and the Parent Company Financial Statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as "Fair value through profit loss" (FVTPL) are measured at fair value.

Assets classified as held for sale are measured at the lower of the carrying amount before the changed presentation and the fair value less costs to sell.

The accounting policies, set out below and in the notes, have been used consistently in respect of the financial year and to comparative figures.

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

New International Financial Reporting Standards and Interpretations
In 2021, the Group has adopted all relevant new and updated accounting standards.

New standards and interpretations not yet adopted
The IASB has issued a number of new or amended standards and interpretations with effective date post 31 December 2021, some of which have not yet been endorsed by the EU. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2021. The Group expects to adopt the Standards and Interpretations when they become mandatory.

None of the standards and interpretations are expected to have a significant impact on recognition and measurement.

Application of materiality and relevance
DFDS' Annual report is based on the concept of materiality and relevance to ensure that the content is material and relevant to the user. This objective is pursued by providing relevant rather than generic descriptions and information.

When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

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

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

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

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

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

Management considers the accounting policies for the following areas as the most important for the Group: Consolidated Financial Statements; Special items (note 2.6); Non-current intangible assets (note 3.1.1); Ferries and other ships (note 3.1.2); Pension and jubilee liabilities (note 3.2.4); Right-of-use assets/Leases (note 3.1.3); Financial and operational risks (note 4.1); Business combinations (note 5.5); and Contractual commitments (note 5.7). Accounting policies for Basis of consolidation, Non-controlling interests and Translation of foreign currencies are described below, while accounting policies for the remaining areas are included in the notes to which they relate.

Significant estimates
In the preparation of the Consolidated Financial Statements, Management undertakes several accounting estimates and judgements and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These assumptions are based on historical experience and other factors such as Covid-19 which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions.

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

In the opinion of Management, the following accounting estimates and judgements are significant in the preparation of the Annual report:
- Impairment testing of goodwill, other non-current intangible assets, ferries and other ships, other non-current tangible assets, and Right-of-use assets. Reference is made to note 3.1.5.
- Assessment of useful life and scrap values. Reference is made to note 3.1.5.
- Purchase Price Allocation in connection with acquisitions. Reference is made to note 5.5.
- Pension and jubilee liabilities. Reference is made to note 3.2.4.
- Deferred tax assets. Reference is made to note 2.7.
- Leasing arrangements. Reference is made to note 3.1.3.

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

Description of accounting policies

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

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

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

The Consolidated Financial Statements are based on the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances, and inter-company gains and losses. The Consolidated Financial Statements are prepared by applying the Group's accounting policies.

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

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

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

Translation of foreign currencies

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

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

Currency gains and losses on non-monetary items recognised at fair value, such as securities measured at FVTPL, are recognised in the same line item as the fair value gain or loss.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset at its initial recognition.

Translation of subsidiaries
In the Consolidated Financial Statements, the income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, while the balance sheet items are translated at the exchange rates at the end of the reporting period.
Foreign exchange differences arising on translation of such subsidiaries' equity at the beginning of the reporting period to the exchange rates at the end of the reporting period and on translation of the income statements from average exchange rates to the exchange rates at the end of the reporting period are recognised in Other Comprehensive Income and attributed to a separate translation reserve under equity. The exchange rate adjustment is allocated between the Parent Company's and the non-controlling interests' shares of equity.

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

Report under the ESEF regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets. The Group's IXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file DFDS-2021-12-31-en.zip.

Key figures

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

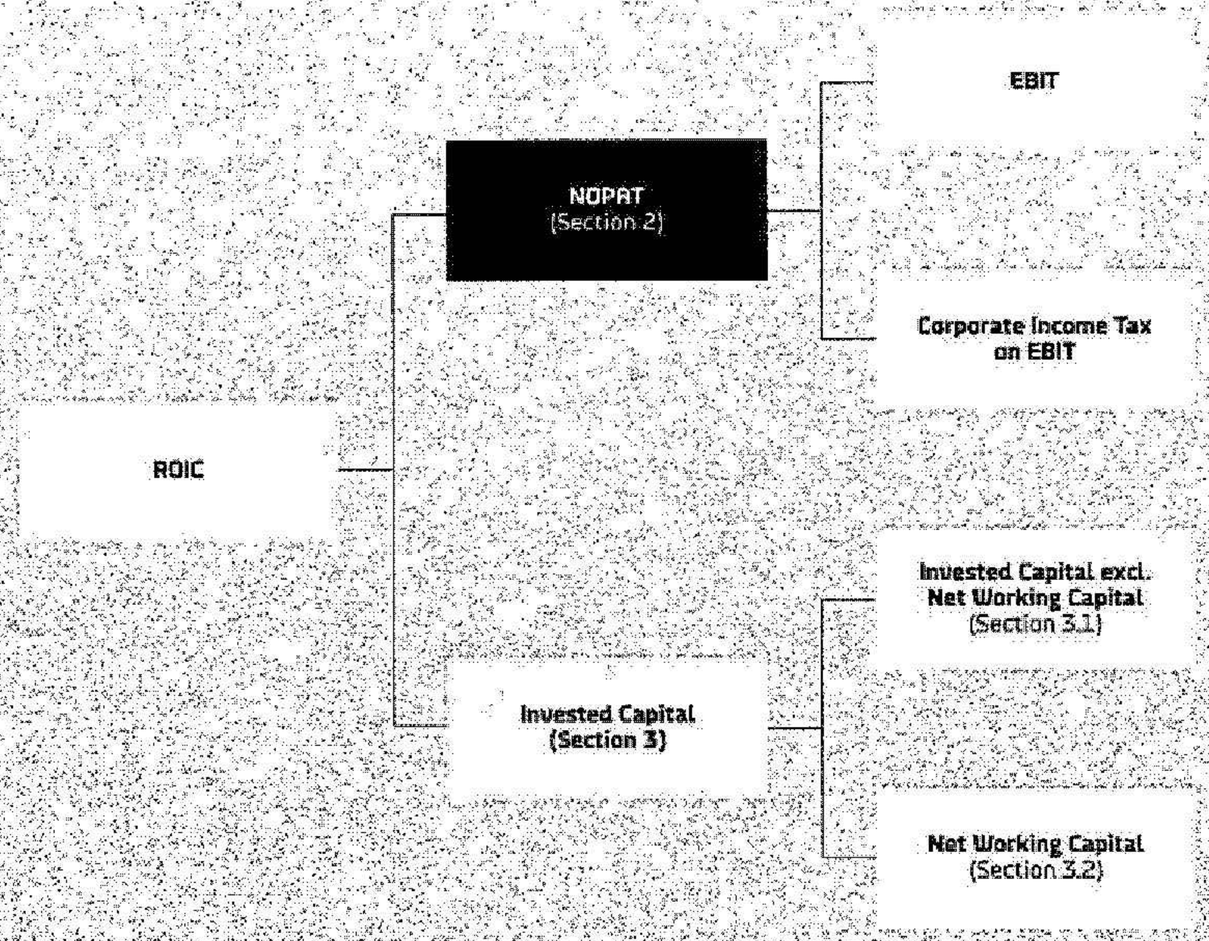
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2. Net Operating Profit After Tax (NOPAT)

Return on invested capital (ROIC) is a strategic key ratio to DFDS when measuring the financial performance of our business. DFDS' minimum return target goal is a ROIC of at least 8.0%. The financial ambition of Win23 is to reach a return on invested capital (ROIC) towards 10% in 2023.

This section provides the notes of the main components that forms the basis of Net operating profit after tax (NOPAT) which is a measure of profit that excludes the costs and tax benefit of debt financing by measuring the earnings before interest and taxes (EBIT) adjusted for corporate income tax on EBIT.

Together with invested capital, NOPAT forms the basis of the ROIC calculation. Reference is made to section 3.



DKK million	Note	2021	2020
Revenue	2.1, 2.2	17,869	13,971
Costs:			
Ferry and other ship operation and maintenance	2.3	-3,880	-2,569
Freight handling		-2,598	-2,383
Transport solutions		-3,893	-2,905
Employee cost	2.4	-3,444	-2,862
Cost of sales and administration	2.3	-643	-520
Operating profit before depreciation (EBITDA) and special items		**3,411**	**2,732**
Share of profit/loss from associates and joint ventures		-13	-5
Profit on disposal of non-current assets, net	3.1.4	2	5
Amortisation, depreciation and impairment losses on intangible assets and tangible assets and Right-of-use assets	2.5	-2,087	-1,873
Operating profit (EBIT) before special items		**1,313**	**858**
Special items, net	2.6	34	-117
Operating profit (EBIT)		**1,348**	**741**
Corporate income tax on EBIT [1]		-107	-60
Net Operating Profit After Tax (NOPAT)		**1,240**	**680**
Net Operating Profit After Tax (NOPAT) before special items		**1,206**	**798**
Return on invested capital (ROIC) [2]		**5.3%**	**3.0%**
Return on invested capital (ROIC) before special items [2]		**5.2%**	**3.5%**

[1] Corporate income tax is calculated for each entity within the Group following the tax legislation and current tax rate in each tax jurisdiction adjusted by the tax effect from financial items. The amounts per entity are then consolidated.

[2] The increase in ROIC compared to 2020 is primarily related to a increase in Net Operating Profit After Tax (NOPAT) as 2020 was impacted by the Covid-19 situation.

2.1 Segment information

The segments together with allocation of operating profit, assets and liabilities etc. are identical with the internal reporting structure of the Group. Management has defined the Groups' business segments based on the reporting regularly presented to the Group Executive Management, which also forms the basis for management decisions. Segment performance is evaluated by management based on EBITDA before special items and EBIT before special items.

The costs of the segments are the directly recorded costs including a few systematically allocated indirect costs, primarily concerning Group functions.

Non-allocated costs reflect the general functions which cannot reasonably be allocated to the segments. The costs consist primarily of costs concerning the Executive Board and Board of Directors but also Group functions such as Treasury, Investor Relations, Legal, Procurement, Communication, and Finance etc. In addition, the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length terms.

Segment assets include assets which are directly related to the segment such as non-current intangible, non-current tangible, other non-current and Right-of-use assets, inventories, receivables, prepayments, and cash. Segment liabilities include current and non-current liabilities.

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

Ferry Division operates ferry routes in and around Europe transporting freight units, mainly trailers, and passengers. The routes deploy a mix of freight ferries, freight and passenger ferries as well as passenger cruise ferries. In addition, port terminals are owned and/or operated at strategic hubs of the route network. The freight customers are mainly forwarders and hauliers as well as manufacturers of heavy industrial goods. The main passenger customer groups are passengers travelling with own cars, mini cruise passengers, tour operators, and business conferences.

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

Logistics Division provides transport solutions for full- and part loads as well as contract logistics solutions, including warehousing. In addition, container ships, including vessel sharing agreements with other container operators, are operated. The customers are primarily manufacturers of industrial goods and consumables as well as retailers.

DKK million				2021
	Ferry Division	Logistics Division	Non-allocated	Total
External revenue	10,770	7,081	18	17,869
Intragroup revenue	1,036	74	508	1,618
Revenue	11,806	7,155	526	19,487
Operating costs, external	-8,411	-5,516	-531	-14,458
Intragroup operating costs	-542	-1,047	-30	-1,618
Operating profit before depreciation (EBITDA) and special items	**2,852**	**593**	**-34**	**3,411**
Share of profit/loss of associates and joint ventures	-13	0	0	-13
Profit on disposal of non-current assets, net	4	-1	0	2
Depreciation, amortisation and impairment losses on other non-current assets	-1,684	-322	-81	-2,087
Operating profit (EBIT) before special items	**1,160**	**269**	**-116**	**1,313**
Special items, net	12	2	20	34
Operating profit (EBIT)	**1,172**	**271**	**-96**	**1,348**
Financial items, net				-278
Profit before tax				**1,069**
Tax on profit				-94
Profit for the year				**976**
Capital expenditures of the year	1,644	2,400[1]	71	4,115
Investments in associates and joint ventures	23	3	0	26
Total assets excluding assets held for sale	23,556	5,899	1,266	30,721
Liabilities	11,897	2,519	4,751	19,167

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

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2.1 Segment information (continued)

DKK million				2020
	Ferry Division[1]	Logistics Division[1]	Non-allocated	Total
External revenue	8,690	5,263	18	13,971
Intragroup revenue	755	39	474	1,269
Revenue	9,445	5,301	491	15,238
Operating costs, external	-6,732	-3,999	-508	-11,239
Intragroup operating costs	-398	-840	-29	-1,268
Operating profit before depreciation (EBITDA) and special items	**2,315**	**462**	**-45**	**2,732**
Share of profit/loss of associates and joint ventures	-5	0	0	-5
Profit on disposal of non-current assets, net	0	4	0	5
Depreciation, amortisation and impairment losses on other non-current assets	-1,509	-292	-72	-1,873
Operating profit (EBIT) before special items	**802**	**173**	**-117**	**858**
Special items, net	-98	-12	-7	-117
Operating profit (EBIT)	**703**	**161**	**-124**	**741**
Financial items, net				-275
Profit before tax				**466**
Tax on profit				-24
Profit for the year				**442**
Capital expenditures of the year	1,518	82	75	1,675
Investments in associates and joint ventures	35	0	4	39
Assets held for sale, reference is made to note 3.1.6	182	0	0	182
Total assets excluding assets held for sale	22,480	2,500	1,843	26,824
Liabilities	11,577	1,025	3,804	16,406

Geographical breakdown
The Group does not have a natural geographic split on countries since the Group, mainly Ferry Division, is based on a connected route network in primarily Northern Europe and Mediterranean. The routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. Consequently, it is not possible to present a meaningful split of revenues and non-current assets by country. The split is therefore presented by the sea and geographical areas in which DFDS operates. The geographical split of revenue is shown in the revenue note. Reference is made to note 2.2.

The applied split results in seven geographical areas: North Sea, Baltic Sea, English Channel, Continent, Nordic, UK/Ireland and Mediterranean. As a consequence of the Group's business model, the routes do not directly own the ferries, but charter the ferries from a Group internal vessel pool. The ferries are frequently moved within the Group's routes. Furthermore, certain non-current assets such as IT-software and headquarter owned corporate assets are for the benefit for the entire Group. It is therefore not possible to meaningfully estimate the exact value of the non-current assets per geographical area. Instead an adjusted allocation has been used.

DKK million	North Sea	Baltic Sea	English Channel	Continent	Mediterranean	Nordic	UK/Ireland	Total
2021								
Non-current assets	8,375	1,777	2,402	2,323	1,412	477	9,041	25,807
2020								
Non-current assets	7,784	1,627	1,967	798	9,330	338	460	22,304

Accounting policies

The segment information has been compiled in conformity with the Group's accounting policies, and is in accordance with the internal management reports.

[1] North Sea port logistics activities have been transferred from the Ferry Division to the Logistics Division per 1 January 2021. 2020 comparative figures have been restated accordingly.

Ferry Division
Revenue before restatement amounts to DKK 9,687m and after restatement DKK 9,445m EBITDA before restatement amounts DKK 2,332m and after restatement 2,315m.

Logistics Division
Revenue before restatement amounts to DKK 5,059m and after restatement DKK 5,301m EBITDA before restatement amounts DKK 445m and after restatement DKK 462m.

The restatement did not impact Non-allocated segment.

2.2 Revenue

DKK million				2021
	Ferry Division	Logistics Division	Non-allocated	Total
Geographical markets				
North Sea	3,849	-	0	3,849
Mediterranean	2,968	-	0	2,968
Baltic Sea	1,350	-	0	1,350
English Channel	2,603	-	0	2,603
Continent	-	3,156	0	3,156
Nordic	-	2,327	0	2,327
UK/Ireland	-	1,598	0	1,598
Other	0	0	18	18
Total	**10,770**	**7,081**	**18**	**17,869**
Product and services				
Seafreight and shipping logistics solutions	8,432	98	0	8,530
Transport solutions	24	6,778	0	6,802
Passenger seafare and on board sales	976	0	-1	975
Terminal services	851	6	0	856
Charters including related income	311	0	0	311
Agency and other revenue	176	199	18	393
Total	**10,770**	**7,081**	**18**	**17,868**

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities). Revenue from leasing activities amounts to DKK 336m (2020: DKK 348m).

On board sales amounts to DKK 449m (2020: DKK 313m) and is recognised at "a point in time".

DKK million					2020
		Ferry Division	Logistics Division	Non-allocated	Total
Geographical markets					
North Sea	1)	3,459	-	0	3,459
Mediterranean		2,052	-	0	2,052
Baltic Sea		1,207	-	0	1,207
English Channel		1,972	-	0	1,972
Continent	1)	-	2,312	0	2,312
Nordic	1)	-	1,540	0	1,540
UK/Ireland	1)	-	1,410	0	1,410
Other		0	0	18	18
Total		**8,690**	**5,263**	**18**	**13,971**
Product and services					
Seafreight and shipping logistics solutions		6,749	1	0	6,750
Transport solutions		7	4,998	0	5,005
Passenger seafare and on board sales		968	0	0	968
Terminal services		550	116	0	667
Charters including related income		317	0	0	317
Agency and other revenue		99	147	17	264
Total		**8,690**	**5,263**	**18**	**13,971**

1) North Sea port logistics activities have been transferred from the Ferry Division to the Logistics Division as per 1 January 2021. 2020 comparative figures have been restated accordingly.

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2.2 Revenue (continued)

Accounting policies

Revenue from transport of passengers, freight and from rendering terminal and warehouse services etc, is recognised in the income statement at the time of delivery of the service to the customer, which is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". Some of the ferry and freight transports have a series of performance obligations, but as the duration of these transports are short term the impact from splitting these contracts into "distinct services" will not have material impact.

Most transports carried out by the Ferry Division are characterised by short delivery time (Most sailings are less than 30 hours while sailings to/from Turkey are up to 72 hours). Transports carried out by the Logistics Division can take delivery over a longer period.

Revenue from chartering out ferries is recognised straightline over the duration of the agreement.

On board sales is recognised at a "point in time".

Revenue is measured at fair value excluding value added tax and after deduction of trade discounts.

Trade receivables are not adjusted for any financing component when recognised. The general credit terms are overall short and are following market terms.

Accounting estimates and judgements are made in order to determine time of delivery and accrue for relevant income along with evaluation of pricing. These accounting estimates and judgements are based on experience and historical sales figures along with a continuous follow-up on service delivered.

2.3 Costs

DKK million	2021	2020
Ferry and other ship operation and maintenance		
Ferry and other ship cost including charter related cost	1,583	1,255
Bunker	2,297	1,314
Total ferry and other ship operation and maintenance	**3,880**	**2,569**

Accounting policies

Ferry and other ship cost comprise costs of sales related to catering as well as maintenance and daily running costs of ferries and other ships. Bunker consumption includes hedging. Impairments and realised losses on trade receivables are included in ferry and other ship operation and maintenance.

Freight handling and Transport solutions are cost related to land-based activities such as stevedoring, terminal, and haulage costs.

Costs of sales and administration comprise costs of sales, marketing, and administration.

2.4 Employee cost

DKK million	2021	2020
Wages, salaries and remuneration	2,839	2,442
Hereof capitalised employee costs	-33	-46
Defined contribution pension plans	139	119
Defined benefit pension plans	7	7
Other social security costs	284	256
Share based payment	37	7
Other employee costs	226	199
Government grants (Covid-19)	-55	-122
Total employee costs	**3,444**	**2,862**
Full time equivalents (FTE)	8,874	8,213

Reference is made to note 3.2.4 for detailed information on pension plans, note 5.1 for detailed information on remuneration of Management and note 5.3 for detailed information on the Group's share option schemes and shares held by the Management.

Accounting policies

Wages, salaries, social security contributions, pension contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees.

2.5 Amortisation, depreciation and impairment losses for the year

DKK million	2021	2020
Amortisation and depreciation for the year:		
Software	44	40
Other non-current intangible assets	55	54
Land & Buildings	9	8
Terminals	49	49
Ferries and other ships	850	909
Equipment etc.	206	174
Right-of-use assets	874	639
Total amortisation, depreciation and impairment losses for the year	**2,087**	**1,873**

Accounting policies

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets. Reference is made to note 3.1.1, 3.1.2 and 3.1.3.

2.6 Special items, net

DKK million	2021	2020
Acquisition and integration costs relating to HSF Logistics Group	-29	0
Accounting gain on sale of Liverpool Seaways	0	110
Accounting gain on sale of Gothia Seaways	20	0
Accounting gain on sale of Calais Seaways	26	0
Accounting gain on sale of office and warehousing building in Belgium	31	0
Accounting gain related to disposal of an associated company	16	0
Reversal of accrued cost related to Jubilee shares	4	4
Restructuring costs etc.	-63	-102
Impairment of a passenger ferry and a terminal in the business unit Passenger	0	-100
Reversal of impairment of a freight ferry made in connection with reclassification to asset held for sale (2020: impairment of a freight ferry made in connection with reclassification to assets held for sale)	29	-29
Special items, net	**34**	**-117**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Operating costs	-89	0
Employee costs	0	-99
Operating profit before depreciation (EBITDA) and special items	**-89**	**-99**
Profit on disposal of non-current assets and associates, net	94	110
Amortisation, depreciation, and impairment losses on intangible and tangible assets	29	-128
Operating profit (EBIT) before special items	**34**	**-117**

Accounting policies

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

These items are classified separately in the income statement in order to provide a more transparent view of income and costs that are considered not to have recurring nature.

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2.7 Tax

DKK million	2021	2020
Tax in the income statement:		
Current tax	-104	-46
Current joint tax contributions	0	-4
Movement in deferred tax for the year	-28	11
Adjustment to corporation tax in respect of prior years	14	19
Adjustment to deferred tax in respect of prior years	0	1
Effect of change in corporate income tax rate	-2	2
Write-down of deferred tax assets	-1	0
Reversal of write-down of deferred tax assets	1	3
Tax for the year	**-120**	**-14**
Tax for the year is recognised as follows:		
Tax in the income statement	-94	-24
Tax in Other comprehensive income	-26	9
Tax for the year	**-120**	**-14**
Tax in the income statement can be specified as follows:		
Profit before tax	1,059	466
Adjustment regarding income subject to tonnage tax	-640	-329
Profit before tax subject to corporate income tax	**430**	**137**
22% tax of profit before tax	-95	-30
Adjustment of calculated tax in foreign subsidiaries compared to 22%	3	-2
Tax effect of:		
Non-taxable/-deductible items	-41	-10
Tax asset for the year, not recognised	-10	-10
Utilisation of non-capitalised tax assets	39	8
Adjustments of tax in respect of prior years	13	24
Corporate income tax	**-91**	**-21**
Tonnage tax	-3	-3
Tax in the income statement	**-94**	**-24**
Effective tax rate (%)	8.7	5.1
Effective tax rate before adjustment of prior years' tax (%)	10.0	10.3
Tax in Other comprehensive income can be specified as follows:		
Corporate income tax	-25	11
Movement deferred tax	-1	-2
Total tax in Other comprehensive income	**-26**	**9**

The majority of the ferry activities performed in the Danish, Turkish, French, Lithuanian, Norwegian, and Dutch enterprises in the Group are included in local tonnage tax schemes where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year and not the actual profits generated. Taxable income related to other activities is taxed according to the normal corporate income tax rules and at the standard corporate tax rates.

In 2021, the Group realised an effective tax rate adjusted for prior years' tax of 10.0% (2020: 10.3%) combined and 24.1% (2020: 32.8%) on income subject to normal corporate income tax.

Addition on acquisition of enterprises relates to the acquisition of the HSF group in 2021. The movement in deferred tax recognised in other comprehensive income primarily relates to value adjustments of defined benefit pension schemes in UK.

DFDS A/S and its Danish subsidiaries are subject to compulsory joint taxation with Lauritzen Fonden Holding ApS and its Danish controlled enterprises. Lauritzen Fonden Holding ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, DFDS A/S and its Danish subsidiaries are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

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

2.7 Tax (continued)

DKK million	Ferries and other ships	Land and buildings, terminals and other equipment	Provisions	Tax loss carried forward	Other	Total
Deferred tax						2020
Deferred tax at 1 January	172	27	-21	-10	-3	166
Foreign exchange adjustments	6	1	1	0	0	8
Impact from change in corporate income tax rate	-1	1	-2	0	0	-2
Addition on acquisition of enterprises	0	2	0	0	0	2
Recognised in the income statement	-3	-2	4	0	1	0
Recognised in other comprehensive income	0	0	-11	0	0	-11
Adjustment regarding prior years recognised in the income statement	0	0	0	1	-1	-1
Reversal of write-down of deferred tax assets	0	0	0	-3	0	-3
Deferred tax at 31 December	**174**	**28**	**-28**	**-11**	**-2**	**160**

DKK million	2021	2020
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	-31	-57
Deferred tax liabilities	366	217
Deferred tax at 31 December, net	**334**	**160**

The Group has unrecognised tax losses carried forward of DKK 591m with a tax value of DKK 144m (2020: tax losses of DKK 593m, tax value of DKK 130m). Of the unrecognised tax losses carried forward of DKK 591m (2020: DKK 593m) an amount of DKK 489m expires within the next five years (2020: DKK 486m) and DKK 102m expires after more than five years (2020: DKK 107m). The tax losses of DKK 591m (2020: DKK 593m) have not been recognised as it has been assessed that the losses cannot be utilised in the foreseeable future.

The majority of the ferry activities performed in the Danish, Turkish, French, Lithuanian, Norwegian and Dutch enterprises in the Group are included in local tonnage tax schemes. If the companies under tonnage taxation schemes draw from the tonnage taxation schemes, a deferred tax liability in the amount of maximum DKK 942m may be recognised (2020: DKK 786m).

The companies are not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised.

Significant accounting estimates and assessments

Deferred tax assets, including the tax value of tax losses carried forward, are recognised to the extent that Management assesses that the tax asset can be utilised through positive taxable income in the foreseeable future which usually is within 3-5 years. Assessment is performed annually based on forecasts, business initiatives and likely structural changes for the coming years.

Accounting policies

Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. Additionally, the tax for the year comprises adjustments to prior years taxes and changes in the assessment of provisions for uncertain tax positions. The tax for the year is recognised in the income statement or in the equity in correlation to the underlying transaction.

The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to utilise the tax losses to reduce their own taxable profit.

Tax computed on the taxable income and tonnage tax for the year is recognised in the balance sheet as payable or receivable corporate tax considering on-account/advance payments.

Deferred tax is provided using the liability method on temporary differences between the carrying amount and the tax base of the assets and liabilities at the reporting date. However, deferred tax is not recognised on temporary differences relating to non-tax-deductible goodwill that arose on acquisition date without impacting the result or taxable income.

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to crystallise. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses, can be utilised in the foreseeable future. The carrying amount is reviewed at each reporting date.

Deferred tax is measured on the basis of the expected use and settlement of the individual assets and liabilities and according to the tax rules and at the known tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Uncertain tax positions are measured, depending on the type, either as a probability-weighted average of possible outcomes or as the most likely outcome. Uncertain tax positions are recognised either as payable/receivable tax and/or as deferred tax assets/liabilities.

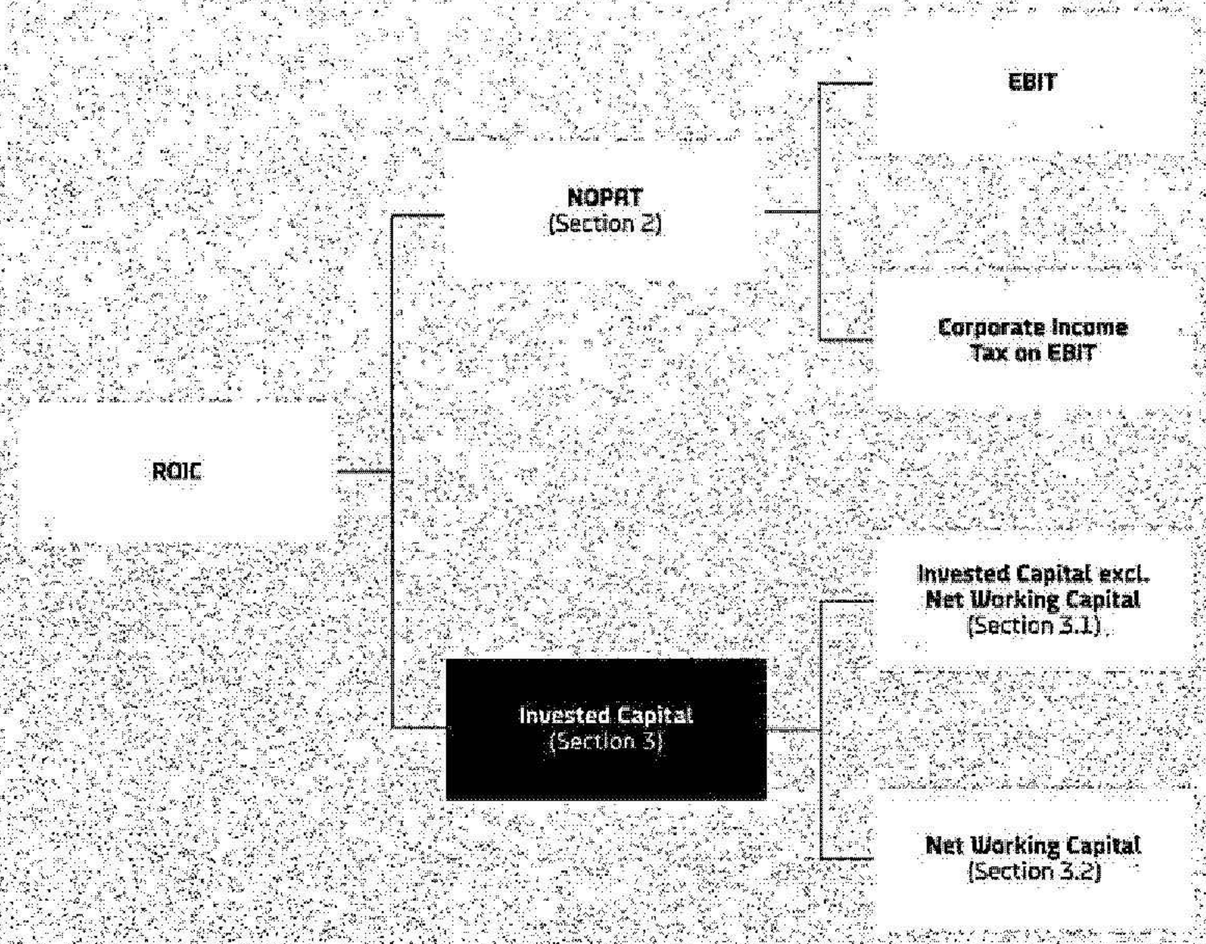
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3 Invested Capital

Invested capital is a key component when calculating ROIC. Reference is made to section 2 for more details about ROIC.

The following section provides the notes of the main components that forms basis of the Invested capital being Non-current intangible, tangible assets and Right-of-use assets and Net Working Capital being Net current assets (Non interest-bearing current assets minus Non interest-bearing current liabilities) plus non-current prepaid costs minus Pension and Jubilee liabilities and Other provisions.

Furthermore, notes that are closely related to the Non-current intangible, tangible assets and Right-of use assets such as Impairment testing and Profit on disposal of non-current assets are also included in this section.



DKK million	Note	2021	2020
Invested capital excl. Net Working Capital:			
Non-current intangible assets	3.1.1	6,252	4,901
Non-current tangible assets	3.1.2	15,263	13,734
Right-of-use assets	3.1.3	3,926	3,133
Investments in associates and joint ventures		26	39
Assets classified as held for sale	3.1.6	0	182
Invested capital excl. Net Working Capital		**25,467**	**21,989**
Net Working Capital:			
Receivables (excluding interest-bearing receivables)	3.2.1	3,437	2,489
Inventories	3.2.2	269	169
Prepaid costs		521	646
Derivatives, related to operating activities, financial assets measured at fair value	4.2	36	214
Derivatives, related to operating activities, financial liabilities measured at fair value	4.2	-2	-53
Pension assets	3.2.4	25	0
Pension and jubilee liabilities	3.2.4	-76	-197
Other provisions	3.2.5	-173	-124
Trade payables		-3,119	-2,090
Corporation tax		-113	-61
Other payables	3.2.3	-730	-725
Prepayments from customers		-171	-136
Net Working Capital		**-98**	**132**
Invested capital		**25,369**	**22,121**
Average invested capital		**23,324**	**22,500**

3.1 Invested Capital excl. Net Working Capital

3.1.1 Non-current intangible assets

DKK million

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

The carrying amount of completed software and development projects in progress primarily relates to a Passenger booking system, a Transport Management System to the Logistics Division, an onboard sales system, a new ERP system, and various digital products.

For further information regarding the impairment tests reference is made to note 3.1.5.

DKK million

	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2020	3,561	1,218	109	525	25	5,439
Foreign exchange adjustments	-20	-5	-2	0	0	-26
Addition on acquisition of enterprises	11[4]	0	6[5]	0	0	16
Additions	0	0	0	2	68[6]	70
Disposals	0	0	0	-1	0	-1
Transfers	0	0	0	37	-38	-1
Cost at 31 December 2020	**3,552**	**1,214**	**113**	**562**	**55**	**5,496**
Amortisation and impairment losses at 1 January 2020	121	75	25	284	0	505
Foreign exchange adjustments	-2	0	-1	0	0	-3
Amortisation charge	0	43	11	40	0	94
Disposals	0	0	0	-1	0	-1
Transfers	0	0	0	-1	0	1
Amortisation and impairment losses at 31 December 2020	**119**	**117**	**36**	**323**	**0**	**595**
Carrying amount at 31 December 2020	**3,434**	**1,096**	**77**	**239**	**55**	**4,901**

[1] Addition of goodwill relates to the acquisition of HSF Logistics Group DKK 756m, acquired existing goodwill in HSF Logistics Group DKK 81m and GR Åkerierna DKK 3m. Reference is made to note 5.5.

[2] Relates to the acquisition of HSF Logistics Group DKK 538m and GR Åkerierna AB DKK 2m. Reference is made to note 5.5.

[3] Primarily relate to the implementation of a new ERP system, which went live in 2021.

[4] Addition of goodwill primarily relates to the acquisition of Colley Brothers DKK 10m. Reference is made to note 5.5.

[5] Relates to the acquisition of Colley Brothers DKK 6m. Reference is made to note 5.5.

[6] Primarily relate to implementation of a new ERP system.

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3.1.1 Non-current intangible assets (continued)

Recognised goodwill is attributable to the following cash generating units:		
DKK million	2021	2020
Ferry:		
North Sea, Baltic Sea and Mediterranean	2,990	2,991
Logistics:		
Dry Goods	346	343
Cold Chain	944	99
Total	**4,280**	**3,434**

Accounting policies

Non-current intangible assets - Other than goodwill
Generally the following applies unless otherwise stated:

- Assets are measured at cost less accumulated amortisation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries and interests paid as from the time of payment until the date when the asset is available for use.
- The assets are amortised on a straight-line basis over the estimated useful life.
- The effect from changes in amortisation period or the residual value is recognised prospectively as a change in the accounting estimate.

ACCOUNTING POLICIES

Goodwill
At initial recognition goodwill is recognised in the balance sheet at cost, as described in note 5.5 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

An impairment test is performed at least once a year together with other non-current assets of the Group. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition.

Development projects in progress
Development projects in progress, primarily development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- the projects are clearly defined and identifiable;
- the Group intends to use the projects once completed;
- the future earnings from the projects are expected to cover the development and administrative costs; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, but in certain cases up to 10 years (where the latter goes for significant internally developed commercial and operational systems).

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar, identified as part of business combinations, and which has definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, except from customer portfolio which is up to 15 years.

Port concession rights
Port concession rights comprise the value of access to strategically placed ports which are recognised at their fair value at the acquisition date. Acquired port concession rights are amortised over the concession period.

Software & Cloud based systems
Purchased or internally developed IT software which is controlled by the Group is measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life which normally is 5-10 years. Cloud-based costs related to specified upgrades and enhancements are only capitalised if the upgrade or enhancement will result in additional functionality.

3.1.2 Non-current tangible assets

DKK million

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

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2020	252	1,158	18,579	1,669	1,034	22,692
Foreign exchange adjustments	-10	-21	-37	-19	-1	-88
Addition on acquisition of enterprises	0	0	0	1	0	1
Additions	0	10	44	66	1,467	1,586
Disposals	-3	-1	-211	-89	-1	-306
Transfers	-9	28	1,480[7]	159	-1,613	45
Transfers to assets classified as held for sale	0	0	-486[8]	0	0	-486
Cost at 31 December 2020	**230**	**1,174**	**19,368**	**1,787**	**887**	**23,446**
Depreciation and impairment losses at 1 January 2020	51	417	7,629	927	0	9,023
Foreign exchange adjustments	-1	-12	-12	-10	0	-35
Depreciation charge	8	49	909	174	0	1,140
Impairment charge	0	0	101[9]	0	0	101
Disposals	-3	0	-211	-70	0	-284
Transfers	-9	-1	0	43	0	34
Transferred to assets classified as held for sale	-0	0	-266[8]	0	0	-266
Depreciation and impairment losses at 31 December 2020	**46**	**454**	**8,149**	**1,064**	**0**	**9,713**
Carrying amount at 31 December 2020	**183**	**720**	**11,220**	**723**	**887**	**13,734**

For further information regarding the impairment tests reference is made to note 3.1.5.

[1] Relates to the acquisition of HSF Logistics Group and GR Åkerierna AB.

[2] Primarily relates to vessel swap. DFDS Group buys a vessel DKK 332m.

[3] Primarily relates to a new-building DKK 388m, which was deployed in February 2021. One freight and passenger ferry (ro-pax) is on order for delivery in 2022.

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

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

[6] At year-end 2021 Ferries and other ships do not include temporarily idle assets (2020: DKK 206m).

[7] Primarily relates to the large new-buildings program. Two freight ferries were deployed in February and October 2020 respectively. The last one is scheduled for delivery in Q1 2021.

[8] Ark Futura and Gothia Seaways have been reclassified to asset held for sale during 2020.

[9] An impairment of DKK 29m on Ark Futura and DKK 72m on Crown Seaways have been recognised in Special items.

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3.1.2 Non-current tangible assets (continued)

Accounting policies

Generally the following applies unless otherwise stated:

- Assets are measured at cost less accumulated depreciation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries and interests paid as from the time of payment until the date when the asset is available for use. The cost price also comprises gains and losses on transactions designated as hedges.
- The basis for depreciation is determined as the cost less estimated residual value.
- The assets are depreciated on a straight line basis over the estimated useful life to the estimated residual value.
- Estimated useful life and estimated residual values are reassessed at least once a year. In estimating the estimated useful life for ferries and other ships it is taken into consideration that DFDS continuously is spending substantial funds on ongoing maintenance.
- The effect from changes in depreciation period or the residual value is recognised prospectively as a change in the accounting estimate.

Ferries and other ships
The rebuilding/upgrade of ferries and other ships is capitalised if the rebuilding/upgrade can be attributed to:

- Safety measures.
- Measures to extend the useful life of the ferries and other ships.
- Measures to reduce climate impact.
- Measures to improve earnings.
- Docking.

Maintenance and daily running costs for the ferries and other ships are expensed in the income statement as incurred.

Docking costs are capitalised and depreciated on a straight line basis until the ferry's or ship's next docking. In most cases, the docking interval is 2 years for passenger cruise ferries and 2½ years for freight and passenger ferries as well as freight ferries.

Gains or losses on the disposal of ferries and other ships are calculated as the difference between sales price less sales costs and the book value at disposal date. Gains or losses on the disposal of ferries and other ships are recognised when substantially all risks and rewards incident to ownership have transferred to the buyer and are presented in the Income Statement as 'Profit on disposal of non-current assets, net' or 'Special items' if the gain/loss is significant.

Accounting policies (continued)

Passenger cruise ferries and freight and passenger (ro-pax) ferries
Due to differences in the wear of certain components of passenger cruise ferries and ro-pax ferries, the cost of these ferries is divided into components with low wear, such as hull and engine, and components with high wear, such as parts of the hotel, catering/restaurants and shop areas.

Freight ferries (ro-ro)
The cost of freight ferries is not divided into components as there is no material difference in the wear of the various components of freight ferries.

Depreciation – expected useful life and residual value
The depreciation period for components with low wear is 35 years for freight and passenger and freight ferries from the year in which the ferry was built. The depreciation period for passenger cruise ferries is 45 years.

The residual value is calculated as the value of the ferry's steel less estimated costs of disposal.
Components with high wear are normally depreciated over 5-15 years down to a residual value of DKK 0.

Other non-current tangible assets
Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment, and leasehold improvements.

The estimated useful lifetimes are as follows:

Buildings	25-50 years
Terminals etc.	10-40 years
Equipment etc.	4-10 years
Leasehold improvements	Max. depreciated over the term of the lease

Gains or losses arising from the disposal of other non-current tangible assets are calculated as the difference between the disposal price less disposal costs and the book value at the date of disposal. Gains or losses on the disposal of these non-current assets are recognised in the income statement as 'Profit on disposal of non-current assets, net' unless they qualify to be a special item, reference is made to note 2.6.

3.1.3 Leases

The Group has lease contracts for various items of Land & buildings, terminals, ferries, equipment etc. in its operations. The Group's obligations under the leases are secured by the lessors title to the leased assets. Several lease contracts include extension and termination options and variable lease payments, which are further described below.

Set out below are the carrying amounts of Right-of-use assets recognised and the movements during the period.

DKK million

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

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2020	281	2,352	875	474	3,983
Additions/Remeasurement	146	365	40	41	592
Disposals	-6	-9	-172	-144	-331
Transfer	0	0	0	-16	-16
Foreign exchange adjustments	3	-77	-8	-10	-92
Cost at 31 December 2020	**424**	**2,632**	**735**	**345**	**4,136**
Depreciation and impairment losses at 1 January 2020	70	165	257	155	646
Depreciation charge	83	179	244	134	639
Disposals	-4	-6	-172	-108	-290
Impairment charges	0	28[3]	0	0	28
Transfer	0	0	0	-6	-6
Foreign exchange adjustments	1	-8	-3	-6	-15
Depreciation and impairment losses 31 December 2020	**150**	**358**	**326**	**170**	**1,003**
Carrying amount at 31 December 2020	**274**	**2,274**	**410**	**175**	**3,133**

[1] Addition on acquisition of enterprises relates to HSF Logistics Group.

[2] Addition/remeasurement primarily relates to a 10 year charter contract for a freight and passenger ferry as well as other new charter contracts for ferries.

[3] An impairment of DKK 28m on a terminal in business unit Passenger has been recognised in Special items.

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3.1.3 Leases (continued)

Set out in the following are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	2021	2020
As at 1 January	2,926	3,109
Addition on acquisition of enterprises	340	0
Additions/Remeasurement	1,432	544
Payments	-834	-602
Disposals	-153	-39
Foreign exchange adjustments	127	-86
Total lease liabilities at 31 December	**3,839**	**2,926**

In 2021 the Group has paid DKK 929m (2020: DKK 680m) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 95m (2020: DKK 78m), and repayment of lease liability amounts to DKK 834m (2020: DKK 602m).

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

DKK million	2021	2020
Within 1 year	816	586
1-3 years	1,115	787
3-5 years	737	509
After 5 years	1,757	1,515
Total Lease liability, non-discounted	**4,425**	**3,398**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	2021	2020
Non-current liabilities	3,118	2,407
Current liabilities	721	519
Total Lease liabilities	**3,839**	**2,926**

The following amounts are recognised in the income statement:

DKK million	2021	2020
Expense relating to short-term leases (included in costs)	-1	0
Expense relating to low-value assets (included in costs)	-26	-7
Variable lease payments (included in costs)	-72	-58
Interest expense on lease liabilities	-95	-78
Depreciation, ships	-472	-244
Depreciation, other non-current assets	-403	-395
Total amount recognised in the income statement	**-1,069**	**-782**

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

DKK million	2021	2020
Cash flows from operating activities, gross	-100	-65
Interest paid, etc	-95	-78
Cash flows from operating activities, net	-195	-143
Cash flows from financing activities, net	-834	-602
Total cash outflows from leases	**-1,029**	**-745**

At 31 December 2021 the Group was committed to short-term and low value leases for an amount of DKK 27m (2020: DKK 7m).

3.1.3 Leases (continued)

The Group has two terminal lease contracts that contains variable payments based on the number of transferred units. The terms align the lease expense with the units transferred and revenue earned. The following provides information on the Group's variable lease payments in relation to fixed payments:

	Fixed payments	Variable payments	2021	Fixed payments	Variable payments	2020
Fixed rent	93	-	93	86	-	86
Variable lease payment	30	37	67	30	27	57
Variable rent only	-	35	35	-	31	31
Total 31 December	**123**	**72**	**195**	**116**	**58**	**174**

A 10% increase in units transferred would increase total lease payments by 7%.

The Group has lease contracts for ferries and terminals that include extension and termination options. These options provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Group as a lessor

Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating lease commitments (lessor)	2021	2020
DKK million		
Minimum lease payments (income)		
Ferries	386	309
Within 1 year	625	144
1-3 years	442	145
3-5 years	-	14
After 5 years	**1,453**	**613**
Total ferries		

The specified minimum payments are not discounted. Operating lease and rental income recognised in the income statement amount to DKK 336m in 2021 (2020: DKK 348m). The contracts are entered into on normal conditions.

Significant accounting estimates and assessments

Leases (extension options)
The Group has entered into lease/charter agreements for ferries with extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised and in that connection considers all relevant factors that create an economic and strategic incentive for it to exercise the extention option.

Leases (lease out)
The Group has entered into operating lease/charter agreements for ferries under usual terms and conditions for such agreements. At inception of each individual agreement, Management assesses and determines whether the agreement is a finance or an operating leasing agreement.

Accounting policies

The Right-of-use asset and corresponding lease liability is recognised at the commencement date, i.e. the date the underlying asset is ready for use. Right-of-use assets are measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments including dismantling and restoration costs. The lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using DFDS' incremental borrowing rate.

Depreciation follows the straight-line method over the lease term or the useful life of the Right-of-use assets, whichever is shortest. However, for one terminal the depreciation is based on volumes handled in the terminal.

The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. If the contract holds an option to purchase, extend or terminate a lease and it is reasonably certain to be exercised by the Group, the lease payment will include those. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group applies the short-term lease recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets except for terminals and ferries and other ships, and the exemption for lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

For all classes of assets, except for terminals, non-lease components, i.e. the service element, is separated from the lease components and thereby form part of the Right-of-use asset and lease liability recognised in the balance sheet.

The Group has lease contracts for various items of Land & buildings, terminals, ferries and other ships, equipment, and other assets used in its operations. Leases normally have the following lease terms:

Land & Buildings	3 - 7 years
Terminals	10 - 40 years
Ferries and other ships	up to 10 years
Equipment	3 - 7 years
Other assets	1 - 3 years

Rental and lease matters (lease out)
For accounting purposes, assets leased out are divided into finance and operating leases.

In respect of assets leased out on a finance lease, an amount equal to the net present value of the future lease payments is recognised in the balance sheet as a lease receivable from lessee. The asset leased out is reclassified from non-current asset to leases receivables and any gain or loss arising from this is recognised in the income statement.

Lease income from assets leased out on an operating lease is recognised in the income statement on a straight line basis over the lease term.

3.1.4 Profit on disposal of non-current assets, net

DKK million	2021	2020
Profit and losses (net) on disposal of intangible assets, property, plant and equipment and Right-of-use assets	2	5
Gain on disposal of enterprises, associates and joint ventures	0	0
Total profit on disposal of non-current assets, net	**2**	**5**

Accounting policies

Profit/loss on disposal of non-current intangible, tangible and Right-of-use assets is calculated as the difference between the disposal price and the carrying amount of net assets at the date of disposal, including disposal costs.

3.1.5 Impairment testing

Introduction
DFDS impairment tests all non-current assets at least once every year and in case of indication of impairment. Due to Covid-19 quarterly impairment assessments have been made in 2021.

Definition of cash-generating units
The breakdown into cash-generating units takes its starting point in the internal structure of the two segments, Ferry and Logistics, and their business areas, including the strategic, operational and commercial management and control of these, both separately and across business areas, and the nature of the customer services provided.

Based on this the following six cash-generating units have been identified:

Ferry CGU:
- The business areas North Sea, Baltic Sea and Mediterranean
- The business area English Channel
- The Oslo – Frederikshavn - Copenhagen route which is part of the Passenger business area
- The Amsterdam – Newcastle route which is part of the Passenger business area

Logistics CGU:
- Dry Goods
- Cold Chain

These CGUs reflect the reorganisation of the Logistics Divisions that took place during 2021 as a consequence of the acquisition of the HSF Logistics Group.

Non-current intangible and tangible assets as well as Right-of-use assets are assigned to the above mentioned cash-generating units, unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot with reasonable certainty be assigned to one or more of the above cash-generating units are tested for impairment as a non-allocated Group asset, i.e. on the basis of Group earnings.

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

Basis for impairment testing and calculation of recoverable amount
In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its carrying amount. The recoverable amount is the higher value of its value-in-use and its fair value less costs of disposal. If the recoverable amount is less than the carrying amount, the latter is written down to the lower value.

The value-in-use is calculated as the discounted value of the estimated future net cash flows per cash-generating unit. Impairment testing (value-in-use) is performed based on management approved forecasts for 2022 and business plans beyond 2022. Key parameters for the forecast periods are trends in revenue, EBIT, EBIT margin, future investments, and growth expectations. These parameters are determined specifically for each individual cash-generating unit. Growth is incorporated in forecasts for periods beyond 2022 and in the terminal period with reference to the growth rate and cash flow section below.

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

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

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

Determination of estimated growth rates and cash flow
The expected net cash flows are assessed at CGU level on basis of approved forecasts for 2022 and management business plans beyond 2022. These projections are performed on basis of assumptions on when the specific CGU will reach normal activity levels after Covid-19. The projections also include the estimated impact of long-term strategic decisions such as WIN23 and assessment of opportunities for future growth and required investments. For Ferry and Logistics division CGUs which include a terminal period, OECD's prediction for EU long-term consumer price index growth rate of 1.8% has been applied (2020: 1.0%). Further, the consequences from Covid-19 outbreak have been incorporated in the forecast for 2022 and onwards. It is management expectations that a full recovery will take place during 2022 and 2023 for those CGUs which are still impacted by Covid-19. The following assumptions for growth rates have been applied to each CGU.

Ferry (CGUs):
North Sea, Baltic Sea and Mediterranean: After 2022 a growth in EBIT for 2023-2026 in the range of 3.3% - 7.7% is expected and growth in terminal period of 1.8% (2020: 1.0%).

The business area English Channel: The passenger activity is expected to fully recover from Covid-19 in 2023. A growth in EBIT for 2024-2026 of 2.0% and growth in terminal period of 1.8% is expected (2020: 1.0%).

The Oslo – Frederikshavn - Copenhagen route:
The extensive travel restrictions continued in 2021 leading to significantly reduced passenger traffic. The expectation for 2022 is a negative EBIT. During 2022, management expects a partial recovery to take place. Varying growth rates have been incorporated in the forecast years beyond 2022 leading to an overall positive EBIT. The growth rates in EBIT vary from year to year and depend to a large extent on when planned maintenance costs, improvements etc. are taking place. From 2023, growth rates represent a normalised average of 0.7% (2020: 1.0%).

The Amsterdam – Newcastle route: The expectation for 2022 is a negative EBIT. During 2022, management expects a partial recovery will take place. Varying growth rates have been incorporated in the forecast years beyond 2022, and expects to provide an overall positive EBIT. The growth rates in EBIT vary from year to year and depend to a large extent on when planned maintenance costs, improvements etc. are taking place. After 2023, growth rates represent a normalised average of 2.2% over the forecast period (2020: 3.5%).

Logistics (CGUs):
The Business area Dry Goods: Growth in EBIT for 2023-2026 of 5% and growth in terminal period of 1.8%
The Business area Cold Chain: Growth in EBIT for 2023-2026 of 5% and growth in terminal period of 1.8%

Determination of discount rate
The discount rate for year-end 2021 impairment testing purposes is based on a calculation of DFDS' weighted average cost of capital (WACC) taking into account both debt and equity. The cost of equity is based on a risk-free rate plus a market risk premium. The risk-free interest rate is based on a 10-year Danish risk-free rate which at the end of 2021 is around zero percent (2020: negative). Accordingly, DFDS has decided to use a normalised risk-

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3.1.5 Impairment testing (continued)

free rate of 1.0% (2020: 1.0%). The market risk premium is calculated as a general equity market risk premium of 5.9% (2020: 6.0%) multiplied by the leveraged beta value for DFDS of 1.57 (2020: 1.65). The leveraged beta value applied at year-end 2021 is calculated by obtaining the unlevered beta value of peer group companies via the Capital IQ database. This beta value is then relevered in accordance with the Groups' current capital structure. The cost of debt is based on the interest-bearing borrowings for the Group plus the risk-free interest. Further, risk premium may be added for the individual cash-generating unit if special conditions and/or uncertainties indicate a need hereto. Conversely, if the risk level for the individual cash-generating unit is considered to be lower than the general risk level, then the risk premium is reduced if special conditions indicate a need hereto.

The impact of Covid-19 on the cash-generating units is uncertain and the expected impact is built into the forecasts where relevant. For the CGU, Oslo – Frederikshavn - Copenhagen a specific risk premium of 1.0 percentage point has been added to determined discount rate to reflect the increased uncertainty. The discount rates used in determining the carrying amounts of Right-of-use assets/lease liabilities are based on borrowing rates which are lower than the discount rates used in the impairment test, which all things being equal, will have a negative impact on the results of the impairment test as the carrying amount of the cash-generating units will increase more than the value-in-use of the cash-generating-units.

For cash-generating units where the recoverable amount is based on value-in-use, the pre-tax discount rates applied have been within the following ranges in the two segments:

	2021	2020
Ferry Division	6.0% - 7.0%	6.4% - 7.4%
Logistics Division	6.0%	6.4%

The applied discount rates in cash-generating units for which the carrying amount of goodwill forms a significant part of the Group's total goodwill are 6.0% (2020: 6.4%) in 'North Sea, Baltic Sea and Mediterranean', 6.0% (2020: 6.4%) in 'Dry Goods' and 6.0% (2020: 6.4%) in 'Cold Chain'.

Sensitivity analysis
As part of the preparation of impairment tests, sensitivity analysis are prepared on the basis of relevant risk factors and scenarios that Management can determine with reasonable reliability. Sensitivity analysis are prepared by altering the estimates within the range of probable outcomes. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the discount rate of 0.5%-points.
- A decrease in EBIT of 10%.
- A decrease in broker valuations of 10%.

None of these calculations have given rise to adjustments of the results of the impairment tests prepared.

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

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

Impairment tests 2020
Based on the impairment tests prepared at year end 2020 the cash generating unit: "Oslo - Frederikshavn - Copenhagen" has been impaired by DKK 100m. The impairment is applied to the non-current tangible assets. No goodwill is allocated to the CGU. The recoverable amount of the cash generating unit is based on value in use method. The impairment loss of DKK 100m is recognised under special items. Reference is made to note 2.6. Further an impairment of DKK 29m has been recognised in relation to reclassification of a ferry to assets classified as held for sale. Reference is made to note 2.6 and note 3.1.6.

⚠ Significant accounting estimates and assessments

Covid-19 and Brexit considerations
Management has taken the risk and uncertainty relating to Covid-19 and Brexit into consideration when preparing the forecasts and cash flows.

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

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

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

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

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

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

Accounting policies

The carrying amount of Goodwill, non-current intangible, tangible and Right-of-use assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such indication exists the recoverable amount of the asset is assessed. The recoverable amount is the higher of the fair value less costs of disposal and the value-in-use. The value-in-use is calculated as the present value of the future net cash flow, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

3.1.6 Assets classified as held for sale

2021
During 2021 the Group has sold the freight ferry (ro-ro) Gothia Seaways.

ARK Futura has ceased to be classified as assets held for sale. As part of this an impairment loss of DKK 29m made in 2020 has been reversed as Special items. Reference is made to note 2.6.

2020
During 2020 the Group has decided to dispose the freight ferries (ro-ro) Gothia Seaways and ARK Futura and consequently classified these to assets held for sale. As part of the reclassification, one of the freight ferries has been written down to its expected sales price less cost of disposal. An impairment loss of DKK 29m has been recognised as special items. Reference is made to note 2.6.

3.2 Net Working Capital

3.2.1 Receivables

DKK million	2021	2020
Other non-current receivables [1]	16	17
Total non-current receivables	**16**	**17**
Trade receivables	2,650	1,896
Work in progress services	122	118
Receivables from associates and joint ventures	26	28
Corporation tax and joint taxation contribution, receivable, reference is made to note 2.7	53	27
Other receivables and current assets [2]	571	562
Total current receivables	**3,423**	**2,631**
Total current and non-current receivables	**3,439**	**2,648**

[1] Hereof interest bearing part of non-current receivables of DKK 0m (2020: DKK 0m).

[2] Hereof interest bearing part of other receivables of DKK 2m (2020: DKK 159m).

The carrying amount of receivables is in all material respects equal to the fair value. None of the trade receivables with collateral are overdue at 31 December 2021 (2020: none). The collateral consists of bank guarantees with a fair value of DKK 26m (2020: DKK 21m).

DKK million	2021	2020
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	386	267
31-60 days	53	66
61-90 days	13	37
91-120 days	10	6
More than 120 days	54	14
Past due, but not impaired	**517**	**389**

DKK million	2021	2020
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	63	69
Foreign exchange adjustment	1	-1
Addition on acquisition of enterprises	3	0
Write-downs	18	16
Realised losses	-1	-6
Reversed write-downs	-23	-15
Write-downs at 31 December	**60**	**63**

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3.2.1 Receivables (continued)

DKK million	2021	2020
Age distribution of write-downs:		
Days past due:		
Up to 30 days	0	1
31-60 days	0	1
61-90 days	1	2
91-120 days	2	2
More than 120 days	57	58
Write-downs at 31 December	**60**	**63**

The last five years DFDS' realised credit losses on trade receivables have been insignificant and the loss rate has not exceeded 0.1% (2020: 0.2%) of the revenue in any of the respective years. The changes in payment pattern continue to be insignificant and at the same level as previous years.

Accordingly, at year-end 2021 the expected credit losses on trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate on revenue for the last five years of 0.0% (2020: 0.1%) plus adjustments for forward-looking factors where considered relevant.

Accounting policies

Receivables are recognised at amortised cost less expected credit losses.

DFDS' risks regarding trade receivables are not considered unusual and no material risk is attributable to a single customer or group of customers. According to the Group's policy of undertaking credit risks, assessment of significant customers are performed.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occurs such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Contract assets comprise work in progress services where the customer has not been invoiced yet. Work in progress services is measured based on the value of the of the work performed as of the balance sheet date.

Write-downs and realised losses on trade receivables and work in progress services are recognised in ferry and other ship operation and maintenance costs in the income statement.

Other receivables comprise other trade receivables; insurance receivables on loss or damage of ferries and other ships; financial lease receivables; outstanding balances for chartered ferries; interest receivable, etc.

3.2.2 Inventories

DKK million	2021	2020
Bunker	173	102
Goods for sale	113	77
Write-down of inventories end of year	-18	-10
Total inventories	**269**	**169**

Write-down of inventories expensed during the year amounts to DKK 8m (2020: DKK 16m).

Accounting policies

Bunker are measured at cost based on the FIFO method or the net realisable value where this is lower. Catering supplies are measured at cost based on the weighted average cost method or the net realisable value where this is lower. Other inventories are measured at cost based on the weighted average cost method or the net realisable value where this is lower.

3.2.3 Other payables

DKK million	2021	2020
Holiday pay obligations, etc.	436	388
Public authorities (VAT, duty, etc.)	55	83
Payables to associates and joint ventures	51	51
Other payables	173	189
Accrued interests	13	14
Total other payables	**730**	**725**

Accounting policies

Other payables comprise amounts owed to staff, including wages, salaries holiday pay, salary/wages related items, etc.; amounts owed to the public authorities, VAT, excise duties, real property taxes, etc.; amounts owed in connection with the purchase/disposal of ferries and other ships, buildings and terminals; accrued interest expenses; payables to associates and joint ventures; amounts owed in relation to defined contribution pension plans etc.

3.2.4 Pension and jubilee liabilities

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of contributions to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the financial situation of these insurance companies. Pension costs from such plans are expensed in the income statement when incurred.

In primarily the United Kingdom the Group has defined benefit plans. In addition there are minor defined benefit plans in Norway, Belgium, Italy, Turkey, Lithuania, France, Germany, Denmark, and Sweden. The United Kingdom account for minus 90.3% [1] (2020: 73.3%) of the total net liability and 94.8% (2020: 95.3%) of the funded and unfunded obligation. The majority of the defined benefit plans are pension plans that yearly pay out a certain percentage of the employee's final salary upon retirement. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employee except for certain closed plans in the United Kingdom and some of the other minor plans. The defined benefit plans typically include a spouse pension and disability insurance.

Some of the pension plans in Sweden are multi-employer plans, which cover a large number of enterprises. The plans are collective and are covered through contributions paid to the pension company Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to apportionate assets and liabilities of the plans to the participating employers. Consequently, the pension plans are similarly to prior years treated as defined contribution plans. The contributions are DKK 4m in 2021 (2020: DKK 4m). The collective funding ratio at Alecta amounts to 169% as per September 2021 (September 2020: 144%). For 2022, the contributions are expected to be DKK 4m. DFDS' share of the multi-employer plan is around 0.0043% and the liability follows the share of the total plan.

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

DKK million	2021	2020
Present value of funded defined benefit obligations	1,031	1,010
Fair value of plan assets	-1,054	-879
Funded defined benefit obligations, net	**-23**	**131**
Present value of unfunded defined benefit obligations	51	45
Recognised liabilities for defined benefit obligations	**28**	**176**
Provision for jubilee liabilities	23	21
Total actuarial liabilities, net	**51**	**197**
Total actuarial liabilities, net are classified as follows		
Pension assets	25	0
Pension and jubilee liabilities	76	197
Total actuarial liabilities, net	**51**	**197**

DKK million	2021	2020
Movements in the net present value of funded and unfunded defined benefit obligations		
Funded and unfunded obligations at 1 January	1,055	1,031
Foreign exchange adjustments	76	-60
Current service costs	7	8
Interest costs	13	18
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	9	12
Actuarial gain(-)/loss(+) arising from changes in financial assumptions	-42	90
Past service costs	0	1
Benefits paid	-35	-42
Settlements and curtailments	-2	-2
Funded and unfunded obligations at 31 December	**1,082**	**1,055**
Movements in the fair value of the defined benefit plan assets		
Plan assets at 1 January	-879	-893
Foreign exchange adjustments	-66	54
Calculated interest income	-11	-16
Return on plan assets excluding calculated interest income	-111	-46
Costs of managing the assets	5	4
Employer contributions	-23	-21
Benefits paid	32	38
Plan assets at 31 December	**-1,054**	**-879**
Plan assets consist of the following:		
Cash and cash equivalents	-30	-1
Blended investment funds	-1,020	-875
Other assets (primarily insured plans)	-3	-3
Total plan assets	**-1,054**	**-879**

[1] The United Kingdom defined benefit plans are at accounting basis overfunded by DKK 25m as per end of 2021.

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3.2.4 Pension and jubilee liabilities (continued)

DKK million	2021	2020
Expenses recognised as employee costs in the income statement:		
Current service costs	7	8
Past service costs	0	1
Gain (-)/loss(+) on settlements and curtailments	0	-1
Total included in employee costs regarding defined benefit plans	**7**	**7**
Expenses recognised as financial costs in the income statement:		
Interest costs	13	18
Interest income	-11	-16
Total included in financial costs regarding defined benefit plans	**2**	**2**
Total expenses for defined benefit plans recognised in the income statement	**9**	**9**
Expenses recognised in Other comprehensive income, gain(-)/loss(+):		
Remeasurements of plan obligations	-34	101
Remeasurements of plan assets	-106	-42
Total included in Other comprehensive income regarding defined benefit plans	**-140**	**59**

Actuarial calculations or roll forward calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. The following significant assumptions have been used for the actuarial calculations:

Assumptions:

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

2020	United Kingdom	Others	Weighted average [1]
Discount rate	1.2%	-0.1%-3.9%	1.2%
Social security rate [2]	0.0%	0.0%-1.8%	0.0%
Future salary increase [2]	0.0%	0.0%-2.5%	0.1%
Future pension increase	2.9%	0.0%-3.4%	2.8%
Inflation	2.3%	0.0%-9.0%	2.3%

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected future remuneration increases, and expected mortality. The sensitivity analysis below has been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK million	2021	2020
Sensitivity analysis		
Reported obligation 31 December	1,082	1,055
Discount rate -0.5% point compared to assumptions	1,176	1,157
Discount rate +0.5% point compared to assumptions	993	965
Salary increase -0.5% point compared to assumptions	1,080	1,053
Salary increase +0.5% point compared to assumptions	1,084	1,057
Mortality -1 year compared with used mortality tables	1,045	1,022
Mortality +1 year compared with used mortality tables	1,124	1,103

The mortality table used for the two defined benefit schemes in the United Kingdom is the public S3PxA table with annual improvement of 1.25% (2020: S3NxA table with 1.2% annual improvement). Average remaining life expectanty for a 65 year old is 23.4 year (2020: 23.3 year).

Weighted average duration on the liabilities end of 2021 is 17.0 years (2020: 18.9 years).

The Group expects to make a contribution of DKK 26m to the defined benefit plans in 2022. The expected contribution for 2021 was DKK 28m, which turned out to be DKK 26m.

Maturity analysis of the obligations	2021	2020
0-1 year	36	27
1-5 years	167	113
After 5 years	879	915
Total obligations	**1,082**	**1,055**

Significant accounting estimates and assessments

The Group's defined benefit pension plans are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated returns on the plans' assets, the anticipated development in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can result in significant changes in pension liabilities.

The value of the Group's defined pension benefit plans is based on calculations undertaken by external actuaries.

[1] All factors are weighted at the pro rata share of the individual actuarial obligation.

[2] Schemes closed for new members will have a social security rate and future salary increase of 0%.

3.2.4 Pension and jubilee liabilities (continued)

Accounting policies

Contributions to defined contribution pension plans are recognised in the income statement in the period in which they relate, and any payable contributions are accrued in the balance sheet as other payables.

As regards defined benefit pension plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on assumptions of future development in wage/salary levels, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. If a defined benefit pension plan constitutes a net asset, the asset is recognised only if it offsets future refunds from the plan or will lead to reduced future payments to the plan. Pension costs of the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the year. The difference between the calculated development in pension assets and liabilities and the realised values are recognised in Other comprehensive income as actuarial gains and losses.

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

Other non-current employee obligations include jubilee benefits, etc.

3.2.5 Other provisions

DKK million	2021	2020
Other provisions at 1 January	124	85
Foreign exchange adjustments	-1	-1
Addition from acquisition of enterprises[1]	3	0
Provisions made during the year	112	151
Used during the year	-55	-78
Reversal of unused provisions	-14	-34
Other provisions at 31 December	**173**	**124**
Other provisions are expected to be payable in:		
0-1 year	56	78
1-5 years	107	37
After 5 years	10	9
Other provisions at 31 December	**173**	**124**

[1] 2021: Relates to acquisition of HSF Logistics Group.

Of the Group's provision of DKK 173m (2020: DKK 124m), DKK 28m (2020: DKK 28m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 86m is restructuring provision (2020: DKK 44m); DKK 24m (2020: DKK 24m) is redelivery provision on leases and DKK 35m (2020: DKK 28m) is other provisions.

Accounting policies

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation and that the obligation can be reliably estimated. Provisions are recognised based on Management's best estimate of the anticipated expenditure for settling the relevant obligation and are discounted if deemed material.

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4. Capital structure and finances

This section shows how the activities of DFDS are financed. DFDS targets a financial leverage ratio between 2.0 and 3.0, where the ratio is measured as Net Interest-Bearing Debt to Operating profit before depreciation (EBITDA) and special items.

The following section provides the notes of the main components that form basis of the Net Interest-Bearing Debt. Furthermore, the section includes information on Financial and operational risks, Financial instruments, Treasury shares, and Earnings per share.

DKK million	Note	2021	2020
Interest-bearing liabilities [1]	4.5	14,337	12,654
Derivative financial instruments, related to interest-bearing activities, net	4.2	58	137
Receivables, interest-bearing	3.2.1	-2	-159
Securities	4.2	-10	-10
Cash		-902	-1,261
Net Interest-Bearing Debt (NIBD)		**13,481**	**11,361**
Operating profit before depreciation (EBITDA) and special items		**3,411**	**2,732**
Financial leverage ratio (NIBD/EBITDA, times) [2]		**3.7**	**4.2**

[1] Hereof DKK 3,839m (2020: DKK 2,925m) relating to lease liabilities that have different characteristics than other liabilities included in interest-bearing liabilities.

[2] The ratio includes a pro forma EBITDA for the last twelve months for HSF Logistics Group.

4.1 Financial and operational risks

DFDS' risk management policy
DFDS' risk management policy is governed by the DFDS Financial Policy, which is approved by the Board of Directors on an annual basis. The Financial Policy sets out policies, targets and strategies for the financial risk management of DFDS. DFDS does not enter into speculation. The most important financial risk factors are 1) bunker price, 2) interest rate, 3) currency exchange, 4) liquidity and 5) credit exposure.

Bunker risk
In 2021 DFDS' total bunker cost was DKK 2,297m or 13% of Group revenue (DKK 1,314m or 9% in 2020). Therefore, the fluctuations in the bunker price constitute a significant risk. Bunker is denominated in USD. The corresponding USD/DKK risk is described separately below.

In the freight industry it is customary to pass through the risk of fluctuations in the bunker price and the corresponding currency exchange rate risk to freight customers via a bunker adjustment factor (BAF). In the passenger industry, fluctuations in the cost of bunker are reflected in the ticket price to the extent possible.

On group level approximately 94% (93% in 2020) of DFDS' bunker price exposure and corresponding currency risk was passed through to freight customers via BAF agreements. The remaining bunker price exposure may be financially hedged up to six quarters ahead in accordance with the DFDS Financial Policy.

An increase in the bunker price of 10% compared to the actual bunker price during 2021 would have increased bunker cost by DKK 5m for the Group in 2021 all else equal (2020: DKK 7m). A decrease in the bunker price would have had a similar but positive effect.

An increase in the bunker price of 10% compared to the actual bunker price at balance sheet date would have had a positive effect on the Group's equity reserve for hedging of DKK 0m all else equal (2020: DKK 10m). A decrease in the bunker price would have had a similar but negative effect.

Interest rate risk
DFDS is primarily exposed to interest rate risk through funding. According to DFDS' Financial Policy the interest rate on 40-70% of the loan portfolio including long-term charter agreements must be fixed with a weighted average duration of 9-36 months. DFDS enters into interest rate swaps and caps to comply with this policy.

The total net interest-bearing debt (including currency swaps on bonds and lease liabilities) amounts to DKK 13,481m at year end 2021 (2020: DKK 11,361m). The Group's total interest-bearing debt primarily consists of partly secured credit facilities, unsecured corporate bonds and floating rate mortgages with security in ferries and other ships. The debt portfolio had an average time to maturity of 3.8 years (2020: 4.2 years).

In accordance with the Financial Policy, interest rate swaps and caps with a principal amount of DKK 3,364m (2020: DKK 3,056m) have been established to reduce interest rate risk. The share of fixed-rate debt including interest rate derivatives was 40% at year-end 2021 (2020: 39%). Including long term charter agreements, the share of fixed-rate debt is 44% (2020: 42%). The duration of the Group's debt portfolio (including charter liabilities) was 11 months (2020: 12 months).

An increase in the interest rate of 1%-point compared to the actual interest rates in 2021 would have increased net interest payments incl. hedging by DKK 36m for the Group all else equal (2020: DKK 42m). A decrease in the interest rates of 1%-point would have reduced the net interest payment by DKK 4m in 2021 (2020: DKK 7m).

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would have had a positive effect on the Group's equity reserve for hedging of DKK 44m all else equal (2020: DKK 53m). A decrease would have had a negative effect of DKK 32m (2020: DKK 41m).

Currency risk
Currency exchange risk is monitored continuously and actively hedged in accordance with DFDS Financial Policy. The aim is to actively reduce currency exposure using forward exchange contracts and currency swaps. Approximately 94% of DFDS' revenues in 2021 were invoiced in foreign currencies (2020: 95%) with the most substantial revenue generated in EUR which accounted for 67% of total revenue (2020: 66%). Apart from DKK and EUR, the most revenue is generated in SEK, GBP and NOK. However, SEK, GBP and NOK risks are to a large extent offset by costs. USD risk primarily comes from future bunker consumption, charter agreements and payments under shipbuilding contracts.

EUR is considered a minor risk due to Denmark's fixed exchange rate policy towards EUR and is, accordingly, not hedged. USD risk is reduced by the BAF as described above and by entering forward exchange contracts in connection with hedging of future bunker consumption, charter agreements and payments under shipbuilding contracts. For other currencies than EUR and USD, DFDS has chosen not to cash flow hedge. Part of the asset and liabilities recognised at the balance sheet are hedged in certain currencies.

The operational currency cash flow is defined as the Group's consolidated net currency cash flows from revenues and operational costs. The table on the following page shows the impact on the Group's Operating profit before depreciation (EBITDA) and special items from changes in the foreign exchange rate.

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4.1 Financial and operational risks (continued)

Operational currency cash flow risk

DKK million	2021	2020
SEK, income statement effect, 10% strengthening	34	32
NOK, income statement effect, 10% strengthening	24	2
GBP, income statement effect, 10% strengthening	5	-31
TRY, income statement effect, 10% strengthening	-24	-19
USD, income statement effect, 10% strengthening	-13	-6

The Group's most significant currency balance positions are in EUR, SEK, GBP, NOK, TRY, and USD relating to cash, committed investments and trade payable and receivables. All else equal a strengthening of SEK, GBP, NOK, TRY, and USD against DKK at balance sheet date would have increased/decreased balance sheet items by the amounts presented below.

Currency balance risk

DKK million	2021	2020
SEK, equity and income statement effect, 10% strengthening	1	5
GBP, equity and income statement effect, 10% strengthening	-3	4
NOK, equity and income statement effect, 10% strengthening	2	3
TRY, equity and income statement effect, 10% strengthening	-3	1
USD, equity and income statement effect, 10% strengthening	5	-1
USD, equity effect, 10% strengthening [1]	50	191

Liquidity risks

DFDS Financial Policy is to secure adequate liquidity to meet financial and operational payment obligations by maintaining a minimum cash resource of DKK 1bn in 2021 and from 2022 a minimum cash resource of DKK 2,000m. The year-end cash resource was DKK 2,401m (2020: DKK 4,932m), of which undrawn committed and uncommitted credit facilities amounts to DKK 1,499m (2020: DKK 3,671m).

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

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

[1] Change in fair value of FX forwards related to committed investments and future bunker consumption only affects equity.

4.1 Financial and operational risks (continued)

DKK million				2020
	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	1,261	0	0	0
Trade receivables including work in progress services	2,014	0	0	0
Receivables from associates and joint ventures	28	0	0	0
Other receivables and current assets	586	15	2	0
Non-derivative financial liabilities				
Bank loans and mortgage on ferries and other ships	-575	-6,410	-560	-1,537
Issued corporate bonds	-18	-901	-284	0
Other interest-bearing debt	0	0	0	0
Lease liabilities (undiscounted)	-586	-787	-509	-1,515
Trade payables	-2,090	0	0	0
Payables to associates and joint ventures	-51	0	0	0
Other payables	-189	0	0	0
Derivative financial assets				
Bunker contracts	17	0	0	0
Interest swaps & caps	0	0	0	0
Forward exchange contracts and currency swaps	128	14	14	40
Derivative financial liabilities				
Bunker contracts	0	0	0	0
Interest swaps & caps	0	-8	-1	0
Cross currency interest rate swaps	-5	-112	-23	0
Forward exchange contracts and currency swaps	-52	0	0	0
Total	**467**	**-8,189**	**-1,361**	**-3,011**

Assumptions for the maturity table:
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Credit risk
DFDS' credit risk is primarily attributable to trade- and other receivables and cash. The receivables including work in progress services are stated in the balance net of write-downs. Reference is made to note 3.2.1 for a further information on write-downs on trade receivables and work in progress services.

According to the Group's policy of undertaking credit risks, assesments of all customers and other partners are performed. Customers have provided bank guarantees for payments for the benefit of DFDS for DKK 26m in 2021 (2020: DKK 21m). Prepayment guarantees regarding DFDS' newbuilding program amount to DKK 325m (2020: DKK 747m).

DFDS' credit risk towards financial counterparties primarily relates to cash on bank accounts and positive market values of derivatives. Credit limits on financial counterparties are calculated in accordance with DFDS' Financial Policy based on credit ratings from international credit rating agencies. Credit ratings and resulting credit limits are monitored continuously.

Capital structure
Capital distribution to shareholders is based on a target leverage of a NIBD/EBITDA multiple between 2.0 and 3.0. The target can be suspended in connection with large investments, acquisitions, and other strategic initiatives. At year-end 2021 the NIBD/EBITDA multiple was 3.7 (2020: 4.2) including pro forma EBITDA for HSF Logistics Group.

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4.1 Financial and operational risks (continued)

DKK million

2021						Expected timing of recycling to income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	Hedge instrument	Time to maturity	Notional principal amount	Fair value assets	Fair value liabilities	0-1 year	1-3 years	3-5 years	After 5 years	Fair value recognised on hedging reserve in equity
Interest	Interest swaps	0-3 years	1,876	5	-4	-2	2	1	0	1
Interest	Caps	0-4 years	1,190	7	0	0	0	0	0	0
Goods purchased	Oil contracts for forward delivery (tons)	0-1 years	0	0	0	0	0	0	0	0
Bond loans	Currency swaps	0-3 years	932	0	-71	-4	0	0	0	-4
Bond loans	Cross currency interest rate swaps	0-5 years	298	0	-6	0	1	0	0	1
Ferry investments & ferry charter[1]	Forward exchange contracts	0-11 years	1,229	29	-2	-2	0	0	0	-2
Sales and goods purchased	Forward exchange contracts	0-1 years	944	17	-1	0	0	0	0	0
Total				**58**	**-83**	**-9**	**3**	**1**	**0**	**-5**

DKK million

2020						Expected timing of recycling to income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	Hedge instrument	Time to maturity	Notional principal amount	Fair value assets	Fair value liabilities	0-1 year	1-3 years	3-5 years	After 5 years	Fair value recognised on hedging reserve in equity
Interest	Interest swaps	0-3 years	1,866	0	-9	-6	-3	-1	0	-9
Interest	Caps	0-4 years	1,190	11	0	0	0	0	0	0
Goods purchased	Oil contracts for forward delivery (tons)	0-1 years	79	17	0	17	0	0	0	17
Bond loans	Currency swaps	0-3 years	882	0	-113	0	0	0	0	0
Bond loans	Cross currency interest rate swaps	0-5 years	282	0	-27	0	0	-4	0	-4
Ferry investments & ferry charter[1]	Forward exchange contracts	0-11 years	1,802	188	-45	73	14	14	40	141
Sales and goods purchased	Forward exchange contracts	0-1 years	699	10	-7	2	0	0	0	2
Total				**225**	**-201**	**87**	**11**	**10**	**40**	**147**

In 2021 no financial hedges were deemed inefficient hence no gain or loss was recognised in the income statement in 2021.

The fair value of the interest swaps has been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on market interest rates.

The fair value of forward exchange contracts and bunker contracts is calculated based on actual forward curves in DFDS' Treasury system.

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

4.2 Information on financial instruments

DKK million	2021	2020
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	36	214
Derivatives, related to interest-bearing activities	23	12
Financial assets measured at amortised cost:		
Trade receivables, receivables from associates and joint ventures, other receivables and cash	4,183	3,827
Financial assets measured at fair value through profit or loss:		
Securities	10	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-2	-53
Derivatives, related to interest-bearing activities	-81	-148
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, trade payables, payables to associates and joint ventures, and other payables	-17,707	-15,003
Total	**-13,538**	**-11,141**

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

DKK million

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

2020	Level 1	Level 2	Level 3
Derivatives, financial assets	0	226	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-201	0
Total	**0**	**25**	**10**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4.1 for description of the valuation method.

Securities, financial assets measured at fair value through the income statement comprise other shares and equity investments as well as other investments of DKK 10m (2020: DKK 10m). These are some minor unlisted shares and investments.

Transfers between levels of the fair value hierarchy are considered to have occurred at the date of the event or change in circumstances that caused the transfer. There were no transfers between the levels in the fair value hierarchy in 2021 (2020: No transfers).

⚠ Significant accounting estimates and assessments

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

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4.2 Information on financial instruments (continued)

Accounting policies

Derivatives financial instruments
Derivatives financial instruments are measured in the balance sheet at fair value as from the date where the derivatives financial instrument is concluded. The fair values of derivatives financial instruments are presented as derivatives financial instruments under asssets if positive or under liabilities if negative. Netting of positive and negative derivatives financial instruments is only performed if the Group is entitled to and has the intention to settle more derivatives financial instruments as a net. Fair values of derivatives financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedge
Changes in the fair value of financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability based on the hedged proportion. Hedging of future cash flows according to agreements (firm commitments), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge
Changes in the fair value of financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in Other comprehensive income.

The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the income statement. At this point in time the related gains or losses previously recognised in Other comprehensive income are transferred to the income statement into the same line item as the hedged item is recognised.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains or losses previously recognised in Other comprehensive income are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the income statement into the same line item as the hedged item is recognised.

Other financial instruments
For financial instruments that do not fulfil the requirements of being treated as hedge instruments, the changes in fair value are recognised successively in the income statement as Financial income and cost.

4.3 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in interest-bearing liabilities and derivative financial instruments related to issued corporate bonds.

The changes arising from cash flows form part of the cash flows from financing activities in the Statement of cash flows.

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

4.3 Changes in liabilities arising from financing activities (continued)

DKK million			Non-cash changes					
	1 Jan. 2020	Cash flows	Additions from acquisitions	Foreign exchange movements	New/ disposed/ remeasured leases	Fair value changes	Other changes	31 Dec. 2020
Changes in 2020								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries and other ships	8,381	202	0	-30	0	0	5	8,557
Issued corporate bonds	1,249	0	0	-88	0	0	1	1,162
Lease liabilities	3,109	-602	0	-86	505	0	0	2,926
Other liabilities	35	0	0	0	0	0	-26	9
	12,774	-400	0	-205	505	0	-20	12,654
Derivatives financial instruments:								
Derivatives related to issued corporate bonds	55	0	0	0	0	84	0	140
Total liabilities from financing activities	**12,830**	**-400**	**0**	**-205**	**505**	**84**	**-20**	**12,794**

4.4 Financial income and costs

DKK million	2021	2020
Financial income		
Interest income from banks, etc.[1]	1	4
Other dividends	0	0
Foreign exchange gain, net[2]	27	0
Total financial income	*29*	*5*
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.[1]	-202	-194
Interest expense on lease liabilities, reference is made to note 3.1.3	-95	-78
Foreign exchange loss, net[2]	0	0
Defined benefit pension plans, reference is made to note 3.2.4	-2	-2
Other financial costs[3]	-17	-16
Transfer to assets under construction[4]	8	10
Total financial costs	*-307*	*-280*
Financial income and costs, net	**-278**	**-275**

Accounting policies

Financial income and costs comprise interest income and costs; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on leasing agreements; bank charges and fees etc. Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

[1] Primarily relates to financial assets/liabilities measured at amortised cost. Income (net) from interest swaps is DKK 4m (2020: DKK 4m) and is included under interest expense to banks, credit institutions, corporate bonds, etc.

[2] Foreign exchange gains in 2021 amounts to DKK 219m (2020: DKK 266m) and foreign exchange losses amounts to DKK 192m (2020: DKK 266m) for the Group.

[3] Other financial costs contains bank charges, fees, early repayment fees, commitment fees and creditline fee.

[4] Interest capitalised on two newbuildings (2020: three newbuildings). The interest was calculated by using a general interest rate of 1.30% p.a. (2020: 1.30% p.a.).

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4.5 Interest-bearing liabilities

DKK million	2021	2020
Bank loans and mortgage on ferries and other ships	8,409	8,151
Issued corporate bonds[1]	298	1,162
Lease liability	3,118	2,407
Total interest-bearing non-current liabilities	**11,825**	**11,720**
Bank loans and mortgage on ferries and other ships	858	407
Issued corporate bonds[1]	932	0
Lease liability	721	519
Other current liabilities	1	8
Total interest-bearing current liabilities	**2,511**	**934**
Total interest-bearing liabilities	**14,337**	**12,654**

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

In connection with the delivery of two new freight ferries in 2020 DFDS' obtained two new mortgage loans; one loan of DKK 364m with a maturity of 12 years and a repayment profile of 15 years and one loan of DKK 352m with a maturity of 12 years and a repayment profile of 15 years. Both mortgage loans are CIBOR based.

The fair value of the interest-bearing liabilities amounts to DKK 14,331m (2020: DKK 12,692m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to issued corporate bonds of nominal NOK 1,250m for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds nominal NOK 1,250m has been calculated based on the quoted bond price in May 2020 which is the latest quoted price (2020: quoted bond price in May 2020). The fair value of the issued corporate bonds nominal NOK 400m has been calculated based on the quoted bond price in June 2019 which is the latest quoted price (2020: quoted bond price in June 2019).

DKK 3,109m of the interest-bearing liabilities fall due after five years (2020: DKK 2,778m). No unusual conditions in connection with the borrowings are made. The loan agreements can be settled at fair value plus a small surcharge, whereas premature settlement of the corporate bonds requires a repurchase of the bonds.

The covenants of a loan agreement – entered into in June 2018 in connection with the acquisition of U. N. Ro-Ro – were adapted in June 2020 to reflect the uncertainty caused by Covid-19. During 2021 these adoptions were revoked and the original covenants re-installed. No other loan agreements contain relevant covenant risk.

Reference is made to note 4.1 for financial risks, etc.

DKK million	2021	2020
Allocation of currency, principal nominal amount:		
DKK	2,664	2,126
EUR	8,226	7,836
NOK[2]	1,271	1,200
GBP	1,144	1,130
USD	809	188
SEK	193	142
Other	31	32
Total interest-bearing liabilities	**14,337**	**12,654**

Accounting policies

Interest-bearing liabilities comprise amounts owed to mortgage/credit institutions and banks as well as amounts owed to owners of issued corporate bonds including liabilities arising from derivatives relating to issued corporate bonds. The amounts are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement under 'financial costs' over the term of the loan.

Interest-bearing liabilities also include capitalised residual lease obligations on finance leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

[1] The Group has issued two 5 year corporate bond loans: one in 2019 of nominal NOK 400m and one in 2017 of nominal NOK 1,250m respectively.

[2] In 2017 DFDS issued a five-year corporate bond of NOK 1,250m, which runs for the period 28 September 2017 until 28 September 2022. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three month NIBOR + 1.32% margin in NOK, but swapped to CIBOR + 0.99% margin in DKK. In 2019 DFDS issued a five-year corporate bond of NOK 400m, which runs for the period 7 June 2019 until 7 June 2024. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three month NIBOR + 1.50% margin in NOK, but swapped to CIBOR + 1.00% margin in DKK.

4.6 Equity

Accounting policies

Dividends
Proposed dividend is recognised as liabilities at the date on which they are adopted at the annual general meeting (time of declaration). The expected dividend payment for the year is disclosed as a separate item in the equity.

Reserve for treasury shares
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value as well as dividend on treasury shares are recognised directly in equity under retained earnings. The reserve is a distributable reserve.

Currency translation reserve
The reserve comprises DFDS A/S shareholders' share of currency translation adjustments arising on the translation of net investments in enterprises with a functional currency other than DKK. The reserve is dissolved upon disposal of the entity.

Reserve for hedging
The hedging reserve comprises the fair value of hedging transactions that qualify for recognition as cash-flow hedges and where the hedged transactions have not been realised. Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

4.7 Treasury shares

Number of shares	2021	2020
Treasury shares at 1 January	1,255,892	1,421,256
Acquisition of treasury shares	200,000	0
Disposal of treasury shares due to exercise of share options, and jubilee shares	-183,574	-158,364
Disposal of treasury shares	0	-7,000
Treasury shares at 31 December	**1,272,318**	**1,255,892**
Market value of treasury shares based on quoted share price at 31 December, DKK million	444	346

4.7 Treasury shares (continued)

In accordance with the Annual General Meeting in March 2021 the Board of Directors is authorised - until 23 March 2025 - to acquire treasury shares up to 5,850,000 shares corresponding to a nominal share value of DKK 117,200,000. However, DFDS' total number of treasury shares cannot at any time exceed 10% of DFDS A/S' share capital. The price cannot deviate by more than 10% from the listed acquisition price on NASDAQ Copenhagen at the time of acquisition.

DFDS A/S has during 2021 acquired treasury shares for a total payment of DKK 75m (2020: no treasury shares acquired). Furthermore, during 2021 DFDS A/S has disposed treasury shares for a total consideration of DKK 48m (2020: DKK 3m) in connection with employees' exercise of share options/jubilee shares.

The Parent Company's holding of treasury shares at 31 December 2021 is 1,272,318 shares of DKK 20 each (2020: 1,255,892 shares), corresponding to 2.17% (2020: 2.14%) of the Parent Company's share capital. Treasury shares are held to cover the share option scheme and restricted stock unit plan for employees.

4.8 Earnings per share

	2021	2020
Profit for the year (DKK million)	976	442
Attributable to non-controlling interests (DKK million)	-18	-9
Attributable to DFDS Group	**958**	**433**
Weighted average number of issued ordinary shares	58,631,578	58,631,578
Weighted average number of treasury shares	-1,251,616	-1,321,240
Weighted average number of circulating ordinary shares	57,415,962	57,310,338
Weighted average number of share options issued	84,363	306
Weighted average number of circulating ordinary shares (diluted)	**57,500,325**	**57,310,644**
Basic earnings per share (EPS) of DKK 20 in DKK	16.69	7.56
Diluted earnings per share (EPS-D) of DKK 20 in DKK	16.67	7.56

When calculating diluted earnings per share for 2021, 339,833 share options (2020: 1,190,564 share options) have been omitted as they are out-of-the-money, but potentially the share options might dilute earnings per share in the future.

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5. Other notes

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5.1 Remuneration to the Executive Board and Board of Directors

Remuneration to the Executive Board	Torben Carlsen, CEO		Karina Deacon, CFO		Executive Board, total	
DKK '000	2021	2020	2021	2020	2021	2020
Wages and salaries	7,900	5,800	4,200	4,000	12,100	10,900
Bonus	5,000	2,208	2,500	1,335	7,500	3,543
Defined contribution pension plans	790	690	420	400	1,210	1,090
Share based payment	2,381	1,866	1,005	434	3,386	2,300
Other employee costs	250	333	175	192	425	525
Total remuneration to Executive Board	**16,321**	**11,997**	**8,300**	**6,361**	**24,621**	**18,358**

The termination period for the Executive Board is 12 months. Further, the CEO has additional 12 months redundancy payment. In connection with a change of control of the Group, the members of the Executive Board can – within the first 3 months of the event – terminate their employment with the same effect as if the Company had given notice of termination of employment to the Executive Board. Key management personnel is defined as CEO Torben Carlsen and CFO Karina Deacon

(Continued)

DKK '000	2021	2020
Board:		
Claus V. Hemmingsen, Chair	1,125	1,125
Klaus Nyborg, Deputy Chair	750	750
Marianne Dahl	375	375
Anders Götzsche	375	375
Jens Otto Knudsen	375	375
Jill Lauritzen Melby	375	375
Jesper Hartvig Nielsen	375	375
Lars Skjold-Hansen	375	375
Dirk Reich	375	375
Total remuneration to the Board (continue to the right)	**4,500**	**4,500**

DKK '000	2021	2020
Audit Committee:		
Anders Götzsche, Chair	250	250
Dirk Reich[a]	500	125
Jill Lauritzen Melby	125	125
Total remuneration to the Audit Committee	**875**	**500**
Remuneration & Nomination Committee:		
Claus V. Hemmingsen	100	100
Klaus Nyborg	100	100
Marianne Dahl	100	100
Total remuneration to the Nomination Committee	**300**	**300**
Total remuneration to the Board of Directors	**5,675**	**5,300**
Total remuneration to the Executive Board and Board of Directors	**30,296**	**23,658**

Remuneration to the chair of the Audit Committee is DKK 250k (2020: DKK 250k) and remuneration to other members of the Audit Committee is DKK 125k (2020: DKK 125k) each. Remuneration to each of the three members of the Remuneration and Nomination Committee is DKK 100k in total (2020: DKK 100k). No remuneration is paid to members of other committees.

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

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5.2 Fees to Auditors appointed at the Annual General Meeting

DKK million	2021	2020
Audit fees	10	7
Other assurance engagements[1]	0	0
Tax and VAT advice[2]	1	0
Non-audit services[3]	0	0
Total fees	**11**	**8**

Fees for services other than the statutory audit of the financial statements provided by Pricewaterhousecoopers, Statsautoriseret Revisionspartnerselskab, Denmark amounted to DKK 0.4m (2020 ERNST & YOUNG Godkendt Revisionspartnerselskab, Denmark: DKK 0.8m) including other assurance opinions and agreed-upon procedures, as well as tax and accounting advice.

5.3 Share based payments

Long-term incentives
The decision to grant long-term incentives is made by the Board of Directors. With effect from 2021 the long-term incentives for the Executive Board and leading employees consist of two components, Share options and Restricted Share Units (RSUs) where the award is split 50/50 between them based on value as per grant date. Both components vest on a straight-line basis over three years from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent Company is changed. Share options and RSUs granted can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options and RSUs.

Share options
Share options have been granted to the Executive Board and leading employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent Company of nominal DKK 20. The share option schemes equal a right to acquire 2.0% of the share capital (2020: 2.0%) if the remaining share options are exercised.

Share options were granted in 2016-2020 at an exercise price equal to the average share price of the Parent Company's shares 20 days before the grant with an addition of 10%. Share options are granted in 2021 at an exercise price equal to the average share price of the Parent Company's shares five days after the release of the Q4 report with an addition of 10%.

The share options can be exercised when a minimum of three years and a maximum of five years have elapsed since the grant dates.

2021	Executive Board Number	Leading employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	360,629	604,141	225,794	1,190,564	338.55
Granted during the year	56,728	97,898	0	154,626	301.00
Exercised during the year	-42,052	-70,214	-70,368	-182,634	262.00
Expired during the year	0	-5,463	0	-5,463	262.00
Outstanding at 31 December	**375,305**	**626,362**	**155,426**	**1,157,093**	**337.63**
Of this exercisable at the end of the year	76,991	146,230	116,612	339,833	385.67

5.3 Share based payment (continued)

2020	Executive Board Number	Leading employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	182,693	412,973	167,540	763,206	337.63
Transferred between categories	0	-89,447	89,447	0	339.74
Granted during the year	177,936	286,040	0	463,976	314.00
Exercised during the year	0	-5,425	0	-5,425	136.00
Forfeited during the year	0	0	-31,193	-31,193	331.65
Outstanding at 31 December	**360,629**	**604,141**	**225,794**	**1,190,564**	**338.55**
Of this exercisable at the end of the year	69,830	126,732	121,359	317,921	314.27

The stock options granted in 2021 had a fair value of DKK 6.6m (2020: DKK 9.1m), equal to an average fair value per option of DKK 42.66 (2020: DKK 19.67).

182,634 stock options have been exercised during 2021 (2020: 5,425). The average weighted market price per share exercised in 2021 is DKK 289.75 (2020: DKK 280.90).

Vesting of stock options is expensed in the income statement for 2021 with DKK 7m (2020: DKK 7m). The calculated fair values are based on the Black-Scholes formula for measuring stock options. The outstanding options on 31 December 2021 have an average weighted remaining contractual time 2.3 years (2020: 2.7 years).

Assumptions concerning the calculation of fair value at time of grant:

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per option at time of granting
2021	301.00	271.00	34.81%	-0.55%	6.33	3 years	42.66
2020	314.00	262.40	27.27%	-0.72%	9.00	3 years	19.67
2019, November	291.00	273.40	26.86%	-0.72%	11.00	27 months	25.28
2019, February	335.00	306.60	27.99%	-0.51%	9.00	3 years	34.19
2018	383.00	331.60	27.87%	-0.20%	11.00	3 years	30.48
2017	390.00	377.40	28.66%	-0.56%	8.00	3 years	54.00

The expected volatility for 2017 to 2021 is based on the historical volatility for the past three years. The risk-free interest rate is for 2017 to 2021 is based on three-year Danish government bonds.

Restricted Stock Units (RSUs)
RSUs have been granted to the Executive Board and leading employees. Each RSU gives the holder a right to receive one existing share in the Parent Company of nominal DKK 20 when the three-year vesting period has elapsed. The RSUs equal a right to receive 0.04% of the share capital if the remaining RSUs are transferred. Vesting of RSUs is expensed in the income statement for 2021 with DKK 2m.

The number of RSUs granted in 2021 is based on the average share price of the Parent Company's shares five days after the release of the Q4 report.

[1] Other assurance engagements amounts to DKK 0.0m (2020: DKK 0.4m). Include review of regulatory financial statements.

[2] Tax and VAT advice amounts to DKK 0.6m (2020: DKK 0.2m) and comprises advice in relation to acquisition of enterprises, review of tax return and employee tax assistance and compliance.

[3] Non-audit services amounts to DKK 0.3m (2020: DKK 0.1m) and comprises advice in relation to acquisition of enterprises and fees for other services.

5.3 Share based payment (continued)

2021	Executive Board Number	Leading employees Number	Total
Outstanding at 1 January	0	0	0
Granted during the year	8,844	15,260	24,104
Outstanding at 31 December	**8,844**	**15,260**	**24,104**
Of this exercisable at the end of the year	0	0	0

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
2021	0.00	271.00	34.81%	-0.55%	6.33	3 years	273.65

Employee recognition
In recognition of the contribution made by DFDS' employees in a year with exceptional challenges, the Board of Directors has 22 December 2020 awarded up to 50 shares free of charge to each employee. The shares will vest over a three-year period from January 2021 to December 2023 on a straight-line basis. Only employees working through the full vesting period will be entitled to the shares. Employees working more than 24 hours per week will get 50 shares, if they work more than 12 hours and up to 24 hours per week, they get 30 shares and if they work up to 12 hours per week, they get 10 shares. If an employee retires or leaves his job because of disability during the period until December 2023 he/she is entitled to the full number of shares when he/she leaves. The shares are in most countries awarded as a phantom share programme whereby the entitled employees will receive a cash payment in December 2023 equal to the value of 50 DFDS shares.

In total 8,289 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 282,723 of which 168,176 are phantom shares (cash) and 114,547 are shares.

150 shares have been transferred during 2021. Vesting of shares for 2021 is an expense of DKK 29m.

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
2020 Special Reward	0.00	267.0	34.87%	-0.55%	6.33	3 years	247.87

5.3 Share based payment (continued)

Jubilee shares
In recognition of the contribution made by DFDS' employees in recent years to the company's growth and to celebrate the company's 150-year anniversary, the Board of Directors has in 2016 awarded 30 shares free of charge to each full-time employee.

The shares are awarded as a Restricted Stock Unit Plan, which contains certain conditions to be eligible for the shares. Only employees that are employed as per 1 December 2016 and continuously work until 1 February 2020 will receive the shares. Employees working more than 24 hours per week will get 30 shares, if they work more than 12 hours and up to 24 hours per week, they get 20 shares and if they work up to 12 hours per week, they get 10 shares. If an employee retires or must leave his job because of disability during the period until 1 February 2020 he/she is entitled to the full number of shares when he/she leaves.

In total 7,751 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 187,235 with a total fair value of DKK 55m, which is expensed under Special items over the vesting period.

The last 940 Jubilee shares have been transferred during 2021 (2020: 159,939). The average weighted market price per share exercised in 2021 is DKK 355.80 (2020: DKK 237.31).

Accounting policies

The Group has set up equity-settled share option plans and RSUs. Part of the Parent Company's holding of treasury shares is used for the share option plans and the RSUs.

The value of services received in exchange for granted share based payment is measured at the fair value of the share based payment granted.

The equity-settled share options and RSUs are measured at the fair value at grant date and recognised in the income statement under staff costs over the vesting period. The counter posting is recognised directly in equity as a shareholder transaction.

At initial recognition of the share options, an estimate is made over the number of share based payment that the employees will vest of the service conditions described above in this note. Subsequent to initial recognition, the estimate of share based payments to be vested is adjusted whereby the total recognition is based on the actual number of vested share based payments.

The fair value of the granted share options is calculated using the Black-Scholes option-pricing model. Terms and conditions for each grant are taken into account when calculating the fair value.

The share award programmes are recognised at fair value over the vesting period and expensed as staff cost. The accrual is recorded under Other payables or on equity depending on whether settlement is done in cash or shares, respectively.

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5.4 Cash flow

DKK million	2021	2020
Non-cash operating items		
Change in provisions	7	15
Change in write-down of inventories for the year	8	16
Change in provision for defined benefit plans and jubilee obligations	10	8
Vesting of share option plans and employee shares expensed in the income statement	37	7
Non-cash operating items	**62**	**45**
Change in working capital		
Change in inventories	-91	34
Change in receivables, such as trade receivables, prepaid costs, etc.	-359	196
Change in current liabilities, such as trade payables, current account with joint ventures, etc.	597	-82
Change in working capital	**148**	**148**

Accounting policies

The Cash flow statement has been prepared using the indirect method, and shows the consolidated cash flow from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows to/from investing activities.

Cash flows from acquisitions of enterprises are recognised in the Cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation (EBITDA) and special items adjusted for the cash flow effect of special items, non-cash operating items, changes in working capital (such as trade payables, current account payables to joint ventures, trade receivables, prepaid costs, etc.), payments related to pensions and other provisions, payments relating to financial items and corporation tax paid.

Cash flow from investing activities includes payments in connection with the acquisition and disposal of enterprises and activities and of non-current intangible assets, tangible assets and investments.

Cash flow from financing activities includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders, purchase of treasury shares, cash received from exercise of share options and the obtaining and repayment of bank loans and mortgage loans and other long-term and short-term debt. Payment of lease liabilities is included under financing activities and the related interest is included as a financial item under operating activities.

Cash and cash equivalents comprise cash at banks and on hand.

5.5 Acquisitions and sale of enterprises, activities and non-controlling interests

Acquisitions 2021

On 14th September 2021, the acquisition of the HSF Logistics Group was completed. HSF Logistics Group is one of Europe's leading cold chain logistics providers to meat producers and other food producers that operate temperature-controlled supply chains. The acquisition significantly strengthens DFDS' cold chain activities and the offering to cold chain logistics customers.

DFDS also acquired most of the existing minority shareholders and thus holds more than 99% of the ownership of the HSF Logistics Group as of 31 December 2021.

The total acquisition price was DKK 1,755m (including DKK 58m related to minority shareholders) of which DKK 966m was paid in cash in September and DKK 789m paid during 4th quarter of 2021. Cash in the acquired company amounted to DKK 4m. Accordingly the liquidity effect was DKK 1,751m. Trade receivables have been recognised at the acquisition date at a fair value of DKK 403m which is DKK 2m less than their gross value.

HSF Logistics Group revenue included in the 2021 reporting is DKK 1.0bn and EBITDA of DKK 120m. If the transaction had been completed as of 1st January 2021 revenue from 1 January to 31 December 2021 is estimated to have been DKK 3.3bn and EBITDA of DKK 368m. The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquired net assets. Transaction and acquisition costs amounts to DKK 29m which are recognised as special items. The preliminary purchase price allocation shows the following:

5.5 Acquisitions and sale of enterprises, activities and non-controlling interests (continued)

DKK million	Preliminary Fair value at acquisition date
Non-current intangible assets	619
Land and buildings	281
Equipment etc.	884
Deferred tax	2
Non-current assets	**1,786**
Inventories	17
Trade receivables including work in progress services	403
Other receivables	74
Cash at hand and in bank	4
Current assets	**498**
Total assets	**2,285**
Deferred tax	155
Interest bearing debt	413
Non-current liabilities	**568**
Trade payables	322
Interest bearing debt	297
Other current liabilities	97
Current liabilities	**716**
Total liabilities	**1,284**
Non-controlling interests' share of acquired net assets	2
Fair value of acquired net assets	**999**
Total purchase price	
Cash consideration	1,755
Total purchase price	**1,755**
Goodwill at acquisition	**756**

The above purchase price allocation is preliminary and is subject to adjustments.

In connection with the acquisition DFDS has measured identifiable intangible assets i.e., customer relationships etc. which are recognised in the acquisition balance sheet at their fair value. The fair value is calculated to DKK 538m at acquisition date.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is measured at DKK 756m. The goodwill represents primarily the value of the staff and know-how taken over and expected synergies from combining the acquired Group with the existing DFDS activities and network. The goodwill is not deductible for tax purposes. Goodwill taken over with acquisition amounted DKK 81m.

2021 Insignificant acquisitions
In October 2021 the acquisition of the Swedish haulier GA Åkerierna AB headquartered in Hjälteby, Sweden, was completed in an asset transfer agreement and DFDS Group obtained control. DFDS paid DKK 14m for the acquired activity. The acquisition is not expected to significantly affect the financial statements of DFDS Group.

2022 ICT Logistics
On 15 September 2021 DFDS entered into an agreement to acquire 80.1% of the share capital of the Danish freight forwarder ICT Logistics. DFDS has owned 19.9% of the shares in ICT Logistics since 2006. Closing of the transaction took place 19 January 2022. DFDS paid DKK 69m for the acquired Group.

At the date of this report, it is impractical to disclose the provisional fair values of the acquired assets, liabilities, contingent liabilities, as well as the expected goodwill, due to the timing of this acquisition. In addition, the acquisition is not expected to significantly affect the financial statements of DFDS Group.

2020 Insignificant acquisitions
In March 2020 the acquisition of the UK logistics company Colley Brothers Ltd. headquartered in Grimsby was completed and the DFDS Group obtained control. DFDS paid DKK 18m for the acquired company. Cash in the acquired company amounted to DKK 3m and accordingly the liquidity effect was DKK 14m.

Acquisition of non-controlling interests
Acquisition of shares by DFDS A/S in AB DFDS Seaways during 2021 amounts to less than DKK 1m (2020: less than DKK 1m), equivalent to an ownership of 0.01% (2020: 0.03%) after which the company is owned 97.1% (2020: 97.1%). Badwill of less than DKK 1m (2020: Badwill of less than DKK 1m) is recognised directly in equity.

⚠ Significant accounting estimates and assessments

In applying the acquisition method of accounting, estimates are an integrated part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Significant estimates are typically applied in accounting for property, plant and equipment and customer relationships. As a result of the uncertainties in fair value estimation, measurement period adjustments may be applied.

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Accounting policies

Enterprises acquired or formed during the year are recognised in the Consolidated Financial Statements from the date of acquisition or formation. Enterprises disposed are recognised in the Consolidated Financial Statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Business combinations where control is obtained by the DFDS Group are recognised using the acquisition method. The identifiable assets, liabilities and contingent liabilities of newly-acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date on which the DFDS Group obtains actual control over the acquired enterprise.

Positive differences (goodwill), between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under non-current intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Allocation of goodwill to cash-generating units is described in sections 3.1.1 and 3.1.5.

Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a different functional currency than the DFDS Group's presentation currency are treated as assets and liabilities of the foreign enterprise, and are translated and converted at first recognition to the functional currency of the foreign enterprise at the exchange rate on the transaction date.

The purchase consideration of an enterprise is the fair value of the agreed payment in the form of assets transferred, liabilities assumed, and equity instruments issued to seller. If part of the consideration is contingent on future events or fulfilment of agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in the income statement when incurred.

If, at acquisition date, uncertainty exist regarding the identification and measurement of acquired assets, liabilities or contingent liabilities, or determination of the purchase price, initial recognition and measurement is done based on preliminary values. The preliminary values may be adjusted until 12 months from the acquisition date, provided the initial recognition was preliminary or incorrect. Changes in estimates regarding contingent considerations are recognised in the income statement as Special items.

Incremental acquisitions after control has been obtained, i.e. purchase of minority interests, are recognised directly in equity. Disposal of minority interests not resulting in loss of control is likewise recognised directly in equity.

Gains or losses on disposal of subsidiaries, associates and joint ventures are calculated as the difference between the disposal consideration and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity as well as anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which previously were recognised directly in equity, are included in the calculation of the gain/loss. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

5.6 Guarantees, collateral and contingent liabilities

Guarantees amount to DKK 619m (2020: DKK 481m) for the Group. The Group has issued a guarantee for a terminal agreement. In addition, the Group has issued two guarantees in relation to defined benefit pension schemes in the UK of an amount up to DKK 255m (2020: DKK 389m) and a few guarantees on behalf of subsidiaries without a specific capped amount. The Group has also issued letters of support, particularly for certain Group companies and associated companies with negative equity.

The Group is in 2021 as well as in 2020 part in various legal disputes. The outcome of these disputes is not considered likely to influence DFDS' financial position significantly, besides what is already recognised in the balance sheet.

Certain ferries with a total carrying amount of DKK 7,062m (2020: DKK 6,946m) have been pledged as security for mortgage on ferries and bank loans with a total carrying amount of DKK 5,024m (2020: DKK 4,203m).

At year end 2021 DKK 167m (2020: DKK 147m) of the cash was deposited on restricted bank accounts.

Significant accounting estimates and assessments

Provisions and contingencies
Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. Such outcome depends on future events which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., Management uses external legal advisers as well as relevant case law.

5.7 Contractual commitments

DKK million	2021	2020
Contractual commitments, term 0-1 year	625	1,417
Contractual commitments, term 1-5 years	86	402
Contractual commitments, term after 5 years	91	527
Contractual commitments (undiscounted)	**802**	**2,346**

5.7 Contractual commitments (continued)

Contractual commitments in 2021 mainly relates to one new buildings on order for a freight and passenger ferry (ro-pax) to be delivered in 2022.

The Group has a contractual commitment for a concession agreement in France regarding the Dieppe-Newhaven route for two chartered freight and passenger ferry (ro-pax). Further, contractual commitments includes a Vessel Share Agreement in Holland and a new headquarter in Denmark.

5.8 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 41.73%, through Lauritzen Fonden Holding Aps, exercises de facto control over DFDS A/S. Accordingly, the members of the Board of Directors and the Executive Board at Lauritzen Fonden as well as all companies owned by Lauritzen Fonden are related parties. Furthermore, related parties comprise DFDS' Executive Board and Board of Directors, leading employees and close members of the family of those, DFDS' subsidiaries, associates and joint ventures, reference is made to note 5.11.

Apart from intra-group balances and transactions (primarily charter hire, financing and commissions etc.), which are eliminated on consolidation, usual Executive Board and Board of Directors remuneration (reference is made to note 2.4 and 5.1), share options to the Executive Board and leading employees (reference is made to note 5.3) and the below transactions, no related-party transactions have been carried out during the year.

DKK million

2021	Sale of services	Purchase of services	Sale of assets	Receivables	Liabilities	Impairment loss of receivables
Associates and joint ventures	35	189	0	26	51	0
2020						
Associates and joint ventures	21	175	0	28	51	0

5.9 Covid-19 impact

Information about judgements made in relation to Covid-19 and the effects on the amounts recognised in the financial statement is included in the note.

DKK million		2021	2020
Note	**Text**		
2.4 Employee cost	Government grants (Covid-19)[1]	55	122
2.4 Employee cost	Wages, salaries and remuneration	0	11
Total impact on EBITDA		**55**	**133**
2.6. Special Items	Termination cost in connection with restructuring	0	-102[2]
2.6 Special Items	Impairment of a passenger ferry and terminal	0	-100[3]
Total impact on EBIT		**55**	**-69**

Government grants
DFDS has taken part in various government compensation schemes following Covid-19. Wage compensation DKK 55m (2020: DKK 122m) is reducing the staff costs in the income statement and contributions from voluntary salary reduction of DKK 0m (2020: DKK 11m) is deducted in wages, salaries and remuneration.

Impairment testing
In 2020 and in relation to the underlying assumptions for impairment testing in note 3.1.5, the outbreak of Covid-19 has been taken into consideration and lead to an impairment of a passenger ferry and terminal of DKK 100m. In 2021 no impairment nor reversals due to Covid-19 impact.

Leases
The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases) as of 28 May 2020, amending the standard to provide DFDS with an exemption from assessing whether a Covid-19 related rent concession is a lease modification. DFDS did not adopt the Covid-19 amendment and no reassessment nor renegotiations of rent concessions have taken place.

[1] Contributions from Government for wage subsidy are included in employee costs. DFDS took part in local schemes during 2021 and 2020.

[2] Restructuring costs related to Covid-19 are included in special items and consist of termination costs related to employees made redundant.

[3] Due to continued travel restrictions an impairment loss of DKK 100m has been recognised in 2020 under special items relating to the business unit "Passenger"

5.10 Events after the balance sheet date

On 15 February 2022, DFDS awarded 23,350 restricted stock units and 176,706 share options to the Executive Board and a number of key employees. The theoretical value is DKK 14.6m calculated according to the Black-Scholes-model

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5.11 Company overview

Company	Ownership share 2021[1]	Country	City	Currency	Share Capital
Parent Company					
DFDS A/S		Denmark	Copenhagen	DKK	1,172,631,560
Subsidiaries:					
DFDS Seaways NV[2]		Belgium	Gent	EUR	2,355,976
NGK Cold Chain Logistics (Shanghai) Co., Ltd.		China	Shanghai	CNY	2,901,420
DFDS Logistics s.r.o.[3]		Czech Republic	Prague	CZK	1,100,000
DFDS Germany ApS[2]		Denmark	Copenhagen	DKK	50,000
DFDS Stevedoring A/S[2]		Denmark	Esbjerg	DKK	502,000
NGK Spedition A/S		Denmark	Esbjerg	DKK	600,000
NGK Spedition Skandinavien Holding A/S		Denmark	Esbjerg	DKK	7,500,000
Skive Køletransport A/S		Denmark	Hobro	DKK	1,500,000
Thadaeus Shipping & Transport ApS		Denmark	Padborg	DKK	312,500
DFDS Seaways Plc.[2]		England	Immingham	GBP	40,250,000
DFDS Logistics Ltd.[3]		England	Immingham	GBP	150,000
DFDS Logistics Services Ltd.[2]		England	Immingham	GBP	100
DFDS Seaways (Holdings) Ltd.[2]		England	Immingham	GBP	250,000
DFDS Logistics Contracts Ltd.		England	Immingham	GBP	2,571,495
DFDS Logistics Grimsby Holdings Ltd.		England	Immingham	GBP	1,166
DFDS Logistics Property Ltd.		England	Immingham	GBP	250,000
HSF Logistics UK Ltd.		England	Suffolk	GBP	1,000
HSF Fresh Logistics Ltd.		England	Suffolk	GBP	1,000
Huisman International (UK) Ltd.		England	Corby	GBP	100
DFDS Logistics OÜ (Formerly named: Freeco OÜ)[4]		Estonia	Tallinn	EUR	3,000
DFDS Logistics OY (Formerly named: Freeco Logistics OY)[2]		Finland	Turku	EUR	2,520
DFDS Logistics SARL		France	Boulogne sur Mer	EUR	30,000
DFDS Seaways S.A.S.[2]		France	Dieppe	EUR	37,000
Dunes Bail SNC[3]		France	Paris	EUR	1,000
Flandres Bail SNC[3]		France	Paris	EUR	1,000
DFDS Germany ApS & Co. KG[2,5]		Germany	Cuxhaven	EUR	25,000
HSF Logistics Deutschland GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
HSF Beteiligungs GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
Eurofresh Logistics GmbH		Germany	Neuenkirchen-Vörden	EUR	25,000
HSF Grundstücksverwaltungs GmbH & co KG.		Germany	Neuenkirchen-Vörden	EUR	20,000
DFDS Logistics Kft. (Formerly named: Alphatrans-Szállitás Kft)		Hungary	Gyula	HUF	3,000,000
DFDS Logistics Contracts (Ireland) Ltd.[3]		Ireland	Dublin	EUR	200
DFDS Seaways Ireland Limited[2]		Ireland	Dublin	EUR	100
Samer seaports & terminals SRL	60.00	Italy	Trieste	EUR	2,800,000
DFDS SIA (Formerly named: DFDS Logistics Baltic SIA)		Latvia	Liepaja	EUR	113,886
DFDS Seaways SIA[2]		Latvia	Riga	EUR	99,645
AB DFDS Seaways[3]	97.03	Lithuania	Klaipeda	EUR	96,438,756
NorthSea Terminal AS		Norway	Brevik	NOK	1,000,000
DFDS Logistics AS[3]		Norway	Lysaker	NOK	20,538,000
DFDS Logstics Rederi AS[3]		Norway	Oslo	NOK	49,980,000
DFDS Seaways AS[3]		Norway	Oslo	NOK	12,000,000
NGK Air Solution AS		Norway	Oslo	NOK	500,000
NGK Trucking Norway AS		Norway	Oslo	NOK	1,000,000
DFDS Polska Sp. Z.o.o.[3]		Poland	Poznan	PLN	10,005,000
HSF Logistics Sp. Z o.o.	80,00	Poland	Szubin	PLN	5,000
HSF Logistics Polska Sp. Z o.o.	80,00	Poland	Szubin	PLN	50,000
GD Investments Sp. z o.o.	80,00	Poland	Szubin	PLN	5,000
DFDS Special Cargo Unipessoal LDA		Portugal	Porto	EUR	125,000
Romania Transport Group SRL		Romania	Tibod	RON	1,000
DFDS Logistics East		Russia	Kaliningrad	RUB	48,000
DFDS Seaways Ltd.[3]		Russia	St. Petersburg	RUB	6,134,121
DFDS Seaways Hispania SL[3]		Spain	Valencia	EUR	3,000
NGK Spedition Spain S.L.		Spain	Tarragona	EUR	60,000
DFDS Seaways AB		Sweden	Gothenburg	SEK	25,000,000
DFDS Logistics AB		Sweden	Gothenburg	SEK	500,000
DFDS Logistics Contracts AB		Sweden	Gothenburg	SEK	50,000
DFDS Seaways Holding AB[3]		Sweden	Gothenburg	SEK	100,000
DFDS Logistics Services AB[3]		Sweden	Gothenburg	SEK	1,100,000
DFDS Logistics Karlshamn AB		Sweden	Karlshamn	SEK	1,800,000
DFDS Logistics Partners AB	85,00	Sweden	Gothenburg	SEK	1,000,000
DFDS Professionals AB	87,50	Sweden	Gothenburg	SEK	25,000
NGK Spedition Sverige AB		Sweden	Helsingborg	SEK	50,000
NGK Walking Floor Transport AB		Sweden	Helsingborg	SEK	50,000
DFDS Logistics BV		the Netherlands	Vlaardingen	EUR	454,780
DFDS Seaways BV		the Netherlands	Vlaardingen	EUR	18,400
DFDS Holding BV		the Netherlands	Vlaardingen	EUR	40,000,000
DFDS NewCo B.V.		the Netherlands	Vlaardingen	EUR	1
DFDS Logistics France B.V.		the Netherlands	Nijmegen	EUR	22,689
DFDS Logistics Nijmegen B.V.		the Netherlands	Nijmegen	EUR	18,151
DFDS Transport B.V.		the Netherlands	Nijmegen	EUR	22,689
DFDS Seaways IJmuiden BV[2]		the Netherlands	IJmuiden	EUR	18,000
Alphatrans International Trucking BV		the Netherlands	Brielle	EUR	18,000
Maxibas B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Group B.V.		the Netherlands	Wijchen	EUR	20,000
Huisman International B.V.		the Netherlands	Wijchen	EUR	15,882
Huisman International Transport B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Warehousing B.V.		the Netherlands	Wijchen	EUR	18,152

[1] Unless otherwise indicated, the companies are 100% owned by DFDS Group.

[2] The company is directly owned by the Parent Company DFDS A/S.

[3] The company is controlled by DFDS Group, but DFDS Group has no ownership in the company.

[4] Due to minority protection in the shareholders' agreements the DFDS Group does not have a controlling interest.

[5] Relief in accordance with Sec. 264b German Commercial Code (HGB).

5.11 Company overview (continued)

Company	Ownership share 2021[1]	Country	City	Currency	Share Capital
Huisman Network Logistics		the Netherlands	Wijchen	EUR	18,000
DFDS Distri Holding B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Bedrijfswagen Service Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Distri Coldstores Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Expeditie & Emballage B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Logistics Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,150
DFDS Packaging Pool B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Logistics Transport Winterswijk B.V.		the Netherlands	Winterswijk	EUR	18,150
HSF Expeditie Holding B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Property and Equipment B.V.		the Netherlands	Winterswijk	EUR	20,000
DFDS Property Nijmegen B.V.		the Netherlands	Winterswijk	EUR	18,000
DFDS Property and Equipment Winterswijk B.V.		the Netherlands	Winterswijk	EUR	77,140
DFDS Turkey Denizcilik ve Tasi Yati AS		Turkey	Istanbul	EUR	342,000,000
DFDS Denizcilik ve Taslmacilik A.S.	98.80	Turkey	Istanbul	EUR	369,967,159
Trieste Newholdco Denizcilik ve Tasimaciluk A.S.		Turkey	Istanbul	EUR	461,635,380
Trieste Holdco Denizcilik ve Tasimaciluk A.S.		Turkey	Istanbul	EUR	464,440,121
Trieste Midco Denizcilik ve Tasimaciluk A.S.		Turkey	Istanbul	EUR	475,242,795
Associates and Joint Ventures:					
Bohus Terminal Holding AB[4]	65.00	Sweden	Gothenburg	SEK	50,000
Gothenburg Ro/Ro Terminal AB	65.00	Sweden	Gothenburg	SEK	5,000,000
DeaL Energy A/S[2]	50.00	Denmark	Hellerup	DKK	500,000
Euro Asia cold Chain Logistic.	52.04	China	Shanghai	CNY	22,100,000
15 Dormant companies					

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Parent Financial Statements

Income statement 1 January – 31 December

DKK million	Note	2021	2020
Revenue	1	8,250	7,385
Costs:			
Ferry and other ship operation and maintenance	2	-2,029	-1,594
Freight handling		-2,313	-2,104
Transport solutions		-321	-304
Employee costs	3	-1,162	-1,027
Cost of sales and administration	4	-654	-598
Operating profit before depreciation (EBITDA) and special items		**1,771**	**1,758**
Profit on disposal of non-current assets, net		1	2
Amortisation, depreciation and impairment losses on intangible and tangible assets and Right-of-use assets	5	-1,695	-1,656
Operating profit (EBIT) before special items		**77**	**104**
Special items, net	6	-55	-172
Operating profit (EBIT)		**22**	**-68**
Financial income	7	259	421
Financial costs	7	-175	-218
Profit before tax		**106**	**135**
Tax on profit	8	24	5
Profit for the year		**131**	**140**
Proposed profit appropriation			
Proposed dividend, DKK 4.0 per share[1] (2020: DKK 0.0 per share)		235	0
Retained earnings		-104	140
Profit for the year		**131**	**140**

[1] The Board of Directors proposes to the 2022 Annual General Meeting that a dividend of DKK 4.0 per share is paid in 2022. It is the intention of the Board of Directors according to the authority delegated to it to distribute an extraordinary dividend of DKK 4.00 per share by August 2022.

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Statement of comprehensive income 1 January – 31 December

DKK million	Note	2021	2020
Profit for the year		**131**	**140**
Other comprehensive income			
Items that are or may subsequently be reclassified to the income statement:			
Value adjustment of hedging instruments for the year		43	-103
Value adjustment transferred to operating costs		-56	6
Value adjustment transferred to financial costs		-73	17
Value adjustment transferred to non-current tangible assets		-64	-38
Foreign exchange adjustments, goodwill		0	1
Foreign exchange adjustments, foreign branches		2	-6
Tax on items that are or may be reclassified to the income statement	8	-1	-2
Items that are or may subsequently be reclassified to the income statement		**-150**	**-127**
Total other comprehensive income after tax		**-150**	**-127**
Total comprehensive income		**-19**	**13**

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Balance sheet 31 December Assets

DKK million	Note	2021	2020
Goodwill		116	116
Software		292	229
Development projects in progress		14	55
Non-current intangible assets	9	**423**	**400**
Land and buildings		1	1
Terminals		23	19
Ferries and other ships		4,734	4,445
Equipment, etc.		138	160
Assets under construction and prepayments		1,192	834
Non-current tangible assets	10	**6,088**	**5,458**
Right-of-use assets	11	1,209	1,404
Non-current Right-of-use assets		**1,209**	**1,404**
Investments in subsidiaries	12	8,387	6,756
Investments in associates, joint ventures and securities		10	14
Receivables	13	62	276
Prepaid costs		8	16
Derivative financial instruments	24	34	70
Deferred tax assets	16	3	0
Other non-current assets		**8,504**	**7,131**
Non-current assets		**16,224**	**14,393**
Inventories	14	162	104
Receivables	13	1,682	1,753
Prepaid costs		79	88
Derivative financial instruments	24	6	144
Cash		475	735
Current assets		**2,405**	**2,806**
Assets classified as held for sale		0	37
Total current assets		**2,405**	**2,842**
Assets		**18,629**	**17,236**

Balance sheet 31 December Equity and liabilities

DKK million	Note	2021	2020
Share capital		1,173	1,173
Reserves		275	402
Retained earnings		7,673	7,808
Proposed dividend		235	0
Equity		**9,355**	**9,382**
Interest-bearing liabilities	20	3,041	2,898
Deferred tax	16	0	5
Pension and jubilee liabilities	18	8	7
Other provisions	19	109	34
Derivative financial instruments	24	36	149
Non-current liabilities		**3,193**	**3,093**
Interest-bearing liabilities	20	4,194	3,320
Trade payables		1,284	740
Other provisions	19	3	3
Corporation tax		4	0
Other payables	22	394	540
Derivative financial instruments	24	77	52
Prepayments from customers		126	105
Current liabilities		**6,082**	**4,762**
Liabilities		**9,275**	**7,854**
Equity and liabilities		**18,629**	**17,236**

Statement of changes in equity 1 January – 31 December 2021

		Reserves						
DKK million	Share capital	Translation reserve	Hedging reserve	Reserve for development costs	Treasury shares	Retained earnings	Proposed dividend	Total
Equity at 1 January 2021	**1,173**	**-5**	**147**	**285**	**-25**	**7,808**	**0**	**9,382**
Comprehensive income for the year								
Profit for the year						131		**131**
Other comprehensive income								
Items that are or may subsequently be reclassified to the Income Statement:								
Value adjustment of hedging instruments for the year			43					**43**
Value adjustment transferred to operating costs			-56					**-56**
Value adjustment transferred to financial costs			-73					**-73**
Value adjustment transferred to non-current assets			-64					**-64**
Tax on items that are or may be reclassified to the income statement						-1		**-1**
Foreign exchange adjustments, foreign branches		2						**2**
Items that are or may subsequently be reclassified to the income statement		**2**	**-151**	**0**	**0**	**-1**	**0**	**-150**
Total other comprehensive income after tax		2	-151	0	0	-1	0	-150
Total comprehensive income		**2**	**-151**	**0**	**0**	**130**	**0**	**-19**
Transactions with owners								
Proposed dividend at year-end						-235	235	**0**
Share-based payments						13		**13**
Purchase of treasury shares					-4	-71		**-75**
Sale of treasury shares						6		**6**
Cash from sale of treasury shares related to exercise of share options					4	44		**48**
Capitalised development costs, additions				22		-22		**0**
Total transactions with owners 2021	**0**	**0**	**0**	**22**	**0**	**-265**	**235**	**-8**
Equity at 31 December 2021	**1,173**	**-3**	**-4**	**307**	**-25**	**7,673**	**235**	**9,355**

The Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

The Board of Directors proposes to the 2022 Annual General Meeting that a dividends of DKK 4.0 per share is paid in 2022. It is the intention of the Board of Directors according to the authority delegated to it to distribute an extraordinary dividend of DKK 4.00 per share by August 2022.

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Statement of changes in equity 1 January – 31 December 2020

		Reserves						
DKK million	Share capital	Translation reserve	Hedging reserve	Reserve for development costs	Treasury shares	Retained earnings	Proposed dividend	Total
Equity at 1 January 2020	**1,173**	**1**	**266**	**254**	**-28**	**7,440**	**235**	**9,339**
Comprehensive income for the year								
Profit for the year						140		**140**
Other comprehensive income								
Items that are or may subsequently be reclassified to the Income Statement:								
Value adjustment of hedging instruments for the year			-103					**-103**
Value adjustment transferred to operating costs			6					**6**
Value adjustment transferred to financial costs			17					**17**
Value adjustment transferred to non-current assets			-38					**-38**
Tax on items that are or may be reclassified to the income statement						-2		**-2**
Foreign exchange adjustments, goodwill						1		**1**
Foreign exchange adjustments, foreign branches		-6						**-6**
Items that are or may subsequently be reclassified to the income statement	**0**	**-6**	**-119**	**0**	**0**	**-1**	**0**	**-127**
Total other comprehensive income after tax	**0**	**-6**	**-119**	**0**	**0**	**-1**	**0**	**-127**
Total comprehensive income	**0**	**-6**	**-119**	**0**	**0**	**-1**	**0**	**-127**
Transactions with owners								
Cancellation of proposed dividend at year-end 2019 [1]						235	-235	**0**
Share-based payments						8		**8**
Sale of treasury shares					1	19		**20**
Cash from sale of treasury shares related to exercise of share options					2	-1		**1**
Capitalised development costs, additions				32		-32		**0**
Total transactions with owners 2020	**0**	**0**	**0**	**32**	**3**	**229**	**-235**	**29**
Equity at 31 December 2020	**1,173**	**-5**	**147**	**285**	**-25**	**7,808**	**0**	**9,382**

The Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

[1] Due to the reduced operational and financial visability caused by Covid-19 the Annual General Meeting held on 4 June 2020 decided not to pay out the proposed dividend of DKK 4.0 for the financial year 2019.

Statement of cash flows 1 January – 31 December

DKK million	Note	2021	2020
Operating profit before depreciation (EBITDA) and special items		**1,771**	**1,758**
Cash flow effect from special items related to operating activities		-31	-44
Adjustments for non-cash operating items, etc.	25	27	23
Change in working capital	26	313	-132
Payment of pension liabilities and other provisions		-1	-1
Cash flow from operating activities, gross		**2,079**	**1,603**
Interest received, etc.		117	39
Interest paid, etc.		-75	-72
Taxes paid		20	0
Cash flow from operating activities, net		**2,141**	**1,570**
Investments in ferries and other ships including dockings, rebuildings and ferries under construction (incl. settlement of forward exchange contracts related thereto)		-952	-1,178
Sale of ferries including payments received from sale of ferries last year		0	678
Investments in other non-current tangible assets		-41	-37
Sale of other non-current tangible assets		1	2
Investments in non-current intangible assets		-62	-67
Other investing cash flows		153	-146
Sale of shares in associated company		20	0
Group internal acquisition of enterprises	12	-41	0
Capital contributions to subsidiaries, etc.	12	-1,701	-846
Dividends received from subsidiaries		148	243
Cash flow to/from investing activities, net		**-2,476**	**-1,350**
Cash flow before financing activities, net		**-335**	**219**

DKK million	Note	2021	2020
Proceed from bank loans and loans secured by mortgage in ferries and other ships	21	1,758	1,016
Repayment and instalments on bank loans and loans secured by mortgage in ferries and other ships	21	-569	-482
Payment of lease liabilities	21	-1,227	-1,131
Change in Group internal financing, net	21	134	496
Proceeds from sale of treasury shares		6	20
Acquisition of treasury shares		-75	0
Cash received from exercise of share options		48	1
Other financing cash flows		0	-60
Dividends paid		0	0
Cash flow to/from financing activities, net		**-75**	**-140**
Net increase/(decrease) in cash and cash equivalents		**-260**	**79**
Cash and cash equivalents at 1 January		735	656
Cash and cash equivalents at 31 December		**475**	**735**

At 31 December 2021 no cash (2020: no cash) was deposited on restricted bank accounts.

The statement of cash flows cannot directly be derived from the income statement and the Balance sheet.

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Note 1 Revenue

DKK million	Ferry Division	Logistics Division	Non-allocated	2021 Total
Geographical markets				
North Sea	4,351	-	0	4,351
Baltic Sea	1,370	-	0	1,370
English Channel	1,911	-	0	1,911
Continent	-	319	0	319
Nordic	-	254	0	254
UK/Ireland	-	17	0	17
Other	0	0	28	28
Total	**7,632**	**590**	**28**	**8,250**
Product and services				
Seafreight and shipping logistics solutions	5,924	0	0	5,924
Transport solutions	26	454	0	480
Passenger seafare and on board sales	936	0	-1	935
Terminal services	86	0	0	86
Charters including related income	431	0	0	431
Agency and other revenue	230	136	28	394
Total	**7,632**	**590**	**28**	**8,250**

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities).

Revenue from leasing activities amounts to DKK 484m (2020: DKK 379m). On board sales DKK 445m of total revenue (2020: DKK 311m) is recognised at "a point in time".

DKK million	Ferry Division	Logistics Division	Non-allocated	2020 Total
Geographical markets				
North Sea	3,815	-	0	3,815
Baltic Sea	1,246	-	0	1,246
English Channel	1,762	-	0	1,762
Continent	-	290	0	290
Nordic	-	232	0	232
Other	0	0	41	41
Total	**6,823**	**521**	**41**	**7,385**
Product and services				
Seafreight and shipping logistics solutions	5,307	0	0	5,306
Transport solutions	15	422	0	437
Passenger seafare and on board sales	925	0	0	925
Terminal services	93	0	0	94
Charters including related income	335	0	0	335
Agency and other revenue	148	100	41	289
Total	**6,823**	**521**	**41**	**7,385**

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Note 2 Costs

DKK million	2021	2020
Ferry and other ship cost including charters related cost	695	724
Bunker	1,335	870
Total ferry and other ship operation and maintenance	**2,029**	**1,594**

Note 3 Employee costs

DKK million	2021	2020
Wages, salaries and remuneration	1,029	960
Hereof capitalised employee costs	-33	-46
Defined contribution pension plans	72	56
Other social security costs	55	48
Share based payments, reference is made to note 17	17	6
Other employee costs	71	62
Government grants (Covid-19)	-49	-69
Total employee costs	**1,162**	**1,027**
Full time equivalents (FTE)	2,377	2,476

Reference is made to note 5.1 of the Consolidated Financial Statements for a description of the Parent Company's remuneration, etc. to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent Company and the Group.

Note 4 Fees to auditors appointed at the Annual General Meeting

DKK million	2021	2020
Audit fees	2	1
Other assurance engagements	0	0
Tax and VAT advice	0	0
Non-audit services	0	0
Total fees	**2**	**2**

In relation to fees for services other than statutory audit of the Financial Statements provided by Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab, Denmark reference is made to the Consolidated Financial Statements note 5.2.

Note 5 Amortisation and depreciation for the year

DKK million	2021	2020
Software	39	35
Terminals	3	3
Ferries and other ships	401	455
Equipment etc.	36	32
Right-of-use assets	1,215	1,129
Total amortisation and depreciation for the year	**1,695**	**1,655**

Note 6 Special items, net

DKK million	2021	2020
Acquisition and integration costs relating to HSF Logistics Group	-29	0
Impairment of a passenger ferry and a terminal in the business unit Passenger	0	-100
Restructuring costs etc.	-74	-39
Reversal of impairment of a freight ferry made in connection with reclassification to asset held for sale (2020: Impairment of a freight ferry made in connection with reclassification to assets held for sale)	33	-33
Accounting gain related to disposal of an associated company	16	0
Special items, net	**-55**	**-172**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Operating costs	-104	0
Employee costs	0	-39
Operating profit before depreciation (EBITDA) and special items	**-104**	**-39**
Profit on disposal of non-current assets and associates, net	16	0
Amortisation, depreciation, and impairment losses/reversal on intangible and tangible assets	33	-133
Operating profit (EBIT) before special items	**-55**	**-172**

Note 7 Financial income and costs

DKK million	2021	2020
Financial income		
Interest income from banks, etc.	1	4
Interest income from subsidiaries	15	26
Foreign exchange gains, net[1]	6	3
Reversal of impairment of investments in subsidiaries[2]	0	145
Dividends received from subsidiaries	148	243
Other dividends	0	0
Ineffectiveness on derivative contracts	89	0
Other financial income	0	0
Total financial income	**259**	**421**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.	-52	-43
Interest expense on lease liabilities[4]	-13	-20
Interest expense to subsidiaries	0	0
Impairment of investments in subsidiaries[2]	-110	-156
Other financial costs	-9	-9
Transfer to assets under construction[3]	8	10
Total financial costs	**-175**	**-218**
Financial income and costs, net	**85**	**203**

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in DFDS A/S also consist of the Group's gross transactions. Transactions entered into, on behalf of subsidiaries, are transferred to the subsidiaries on back-to-back terms.

Except for interest income (net) relating to interest swap agreements of DKK 4m (2020: DKK 4m) interest income and interest expenses relate to financial instruments measured at amortised cost. Ineffectiveness on derivative contracts of DKK 89m relates to a forward exchange contract related to a lease. The lease agreement has been entered into by a subsidiary of the Parent Company and the forward exchange contract is legally placed in the Parent Company.

Other financial costs contain bank charges, fees, early repayment fees, commitment fees and creditline fee.

Note 8 Tax

DKK million	2021	2020
Current joint tax contributions	0	-4
Movement in deferred tax for the year	5	-1
Adjustment to corporation tax in respect of prior years	15	8
Adjustment to deferred tax in respect of prior years	3	0
Tax for the year	**23**	**3**
Tax for the year is recognised as follows:		
Tax in the income statement	24	5
Tax in Other comprehensive income	-1	-2
Tax for the year	**23**	**3**
Tax in the income statement can be specified as follows:		
Profit before tax	106	135
Adjustment regarding income subject to tonnage tax	-94	78
Profit before tax subject to corporate income tax	**12**	**213**
22% tax of profit before tax	-3	-47
Tax effect of:		
Non-taxable/-deductible items[5]	12	46
Adjustments of tax in respect of prior years	18	8
Corporate income tax	**27**	**8**
Tonnage tax	-3	-3
Tax in the income statement	**24**	**5**
Effective tax rate (%)	-22.9	3.9
Effective tax rate before adjustment of prior years' tax (%)	-5.7	2.3

The ferry activities are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules at the standard corporate tax rate of 22%.

DFDS A/S and its Danish subsidiaries are subject to compulsory joint taxation with Lauritzen Fonden Holding ApS and its Danish controlled enterprises. Lauritzen Fonden Holding ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, DFDS A/S and its Danish subsidiaries are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

[1] Foreign exchange gains in 2021 amounts to DKK 137m (2020: DKK 191m) and foreign exchange losses amounts to DKK 132m (2020: DKK 188m).

[2] Reference is made to note 31.

[3] Interest capitalised on two new buildings under construction (2020: three new buildings). The interest is calculated by using a general interest rate of 1.30% p.a. (2020: 1.30% p.a.).

[4] Reference is made to note 11.

[5] 2021: Primarily relates to tax exempt dividends from subsidiaries and write-down of investment in subsidiaries. (2020: Primarily relates to tax exempt dividends from subsidiaries and write-down of investment in subsidiaries)

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Note 9 Non-current intangible assets

DKK million

	Goodwill	Software	Development projects in progress	Total
Cost at 1 January 2021	116	539	55	711
Foreign exchange adjustments	0	0	0	0
Additions	0	0	62[2]	62
Disposals	0	-1	0	-1
Transfers	0	102	-102	0
Cost at 31 December 2021	**116**	**640**	**14**	**771**
Amortisation and impairment losses at 1 January 2021	0	310	0	310
Amortisation charge	0	39	0	39
Disposals	0	-1	0	-1
Amortisation and impairment losses at 31 December 2021	**0**	**348**	**0**	**348**
Carrying amount at 31 December 2021	**116**	**292**	**14**	**423**

DKK million

	Goodwill	Software	Development projects in progress	Total
Cost at 1 January 2020	116	503	25	643
Foreign exchange adjustments	1	0	0	1
Additions	0	0	67	67
Disposals	0	0	0	0
Transfers	0	36	-36	0
Cost at 31 December 2020	**116**	**539**	**55**	**711**
Amortisation and impairment losses at 1 January 2020	0	275	0	275
Amortisation charge	0	35	0	35
Disposals	0	0	0	0
Amortisation and impairment losses at 31 December 2020	**0**	**310**	**0**	**310**
Carrying amount at 31 December 2020	**116**	**229**	**55**	**400**

Note 9 Non-current intangible assets (continued)

The Parent Company's carrying amount of Goodwill DKK 116m (2020: DKK 116m) relates to the acquisition of two freight- and passenger routes in 2016 and 2011, respectively, and one freight route in 2005.

The carrying amount of completed software and development projects in progress primarily relates to a Passenger booking system, a new Transport Management System to the Logistics Division, a new onboard sales system, a new ERP system and digital initiatives in general.

For further information regarding the impairment tests reference is made to note 3.1.5.

Note 10 Non-current tangible assets

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2021	11	64	9,171	443	834	10,523
Foreign exchange adjustments	0	0	-1	0	0	-1
Additions	0	0	0	0	1,001	1,001
Disposals	0	0	-189[2]	-18	0	-207
Transfers	0	7	621	15	-643	1
Transferred from assets classified as held for sale	0	0	118[4]	0	0	118
Cost at 31 December 2021	**11**	**72**	**9,720**	**440**	**1,192**	**11,435**
Depreciation and impairment losses at 1 January 2021	10	46	4,726	283	0	5,065
Foreign exchange adjustments	0	0	0	0	0	0
Depreciation charge	0	3	401	36	0	440
Impairment charge	0	0	-33[3]	0	0	-33
Disposals	0	0	-189[4]	-17	0	-206
Transferred from assets classified as held for sale	0	0	81	0	0	81
Depreciation and impairment losses at 31 December 2021	**10**	**49**	**4,986**	**302**	**0**	**5,347**
Carrying amount at 31 December 2021	**1**	**23**	**4,734**	**138**	**1,192**	**6,088**

[1] Related to the implementation of the new ERP system (DKK 34m), which went live in 2021, Transport Management System (DKK 12m) and other operational systems (DKK 16m).

[2] Primarily relates to a new-building DKK 388m, which was deployed in February 2021. One freight and passenger ferries (ro-pax) are on order for delivery in 2022.

[3] Relates to a reversal of an impairment of DKK 33m that was made in 2020 on Ark Futura. The reversal was made in connection with classifying the ferry back from Assets classified as held for sale.

[4] Ark Futura has ceased to be classified as asset held for sale during 2021 and consequently reclassified to ferries and other ships.

Note 10 Non-current tangible assets (continued)

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2020	11	65	8,280	392	813	9,560
Foreign exchange adjustments	0	0	-6	0	0	-6
Additions	0	0	82[2]	12	1,131[1]	1,225
Disposals	0	0	-124	-13	0	-137
Transfers	0	0	1,058	52	-1,110	0
Transferred to assets classified as held for sale	0	0	-119[3]	0	0	-119
Cost at 31 December 2020	**11**	**64**	**9,171**	**443**	**834**	**10,523**
Depreciation and impairment losses at 1 January 2020	10	43	4,373	262	0	4,688
Foreign exchange adjustments	0	0	-2	0	0	-2
Depreciation charge	0	3	455	32	0	491
Impairment charge	0	0	105[4]	0	0	105
Disposals	0	0	-124	-11	0	-135
Transferred to assets classified as held for sale	0	0	-81[3]	0	0	-81
Depreciation and impairment losses at 31 December 2020	**10**	**46**	**4,726**	**283**	**0**	**5,065**
Carrying amount at 31 December 2020	**1**	**19**	**4,445**	**160**	**834**	**5,458**

Note 11 Leases

The Parent Company has lease contracts for various items of Land & buildings, Terminals, Ferries, Equipment etc. in its operations. The Parent Company obligations under the leases are secured by the lessors title to the leased assets.

There are several lease contracts that include extension and termination options. Set out below are the carrying amounts of Right-of-use assets recognised and the movements during the period.

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2021	62	57	3,228[5]	63	3,409
Additions/Remeasurement	0	0	1,122	0	1,122
Disposals	0	0	-765	-14	-779
Foreign exchange adjustments	0	0	0	0	0
Cost at 31 December 2021	**62**	**57**	**3,585**	**49**	**3,752**
Depreciation and impairment losses at 1 January 2021	38	48	1,897	22	2,006
Depreciation charge	22	2	1,181	11	1,215
Disposals	0	0	-672	-5	-677
Foreign exchange adjustments	0	0	0	0	0
Depreciations and impairment losses 31 December 2021	**60**	**50**	**2,405**	**28**	**2,543**
Carrying amount at 31 December 2021	**2**	**6**	**1,180**	**21**	**1,209**

[1] Primarily related to the large new-buildings program. Two freight ferries were deployed in February and October 2020. The last one is scheduled for delivery in Q1 2021. One freight and one passenger ferry (ro-pax) are on order for delivery in 2021-2022.

[2] Primarily related to the Group internal purchase of one freight ferry (ro-ro).

[3] The transfer relates to the ferry Ark Futura, which is classified as held for sale.

[4] An impairment of DKK 33m on Ark Futura and DKK 72m on Crown Seaways have been recognised in special items.

[5] Primarily related to the Group internal charter contracts

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Note 11 Leases (continued)

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2020	58	53	2,813	68	2,991
Additions/Remeasurement	5	4	793	0	801
Disposals	0	0	-375	-5	-380
Foreign exchange adjustments	0	0	-3	0	-3
Cost at 31 December 2020	**62**	**57**	**3,228**	**63**	**3,409**
Depreciation and impairment losses at 1 January 2020	19	9	1,111	14	1,152
Depreciation charge	20	10	1,086	13	1,129
Impairment charges	0	28 [A]	0	0	28
Disposals	0	0	-297	-5	-302
Foreign exchange adjustments	0	0	-2	0	-2
Depreciations and impairment losses 31 December 2020	**38**	**48**	**1,897**	**22**	**2,006**
Carrying amount at 31 December 2020	**24**	**9**	**1,331**	**40**	**1,404**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	2021	2020
As at 1 January	1,450	1,859
Additions/Remeasurement	1,122	802
Payments/installments	-1,227	-1,131
Disposals	-103	-80
Foreign exchange adjustments	0	-1
Total Lease liabilities at 31 December	**1,242**	**1,450**

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2021	2020
Within 1 year	749	1,156
1-3 years	500	289
3-5 years	3	14
After 5 years	4	9
Total Lease liability, non-discounted	**1,256**	**1,467**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	2021	2020
Non-current liabilities	503	307
Current liabilities	739	1,143
Total Lease liabilities	**1,242**	**1,450**

The following amounts are recognised in the income statement:

DKK million	2021	2020
Expense relating to short-tem leases (included in cost and cost of sales and administration)	0	0
Expense relating to low-value assets (included in cost of sales and administration)	-2	-1
Variable lease payments	0	0
Interest expense on lease liabilities	-13	-20
Depreciation, ships	-1,181	-1,086
Depreciation, other non-current assets	-35	-43
Total amount recognised in the income statement	**-1,231**	**-1,150**

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

DKK million	2021	2020
Net cash flows from operating activities, gross	-2	-1
Interest paid, etc	-13	-20
Net cash flows from operating activities, net	-15	-21
Net cash flows from financing activities	-1,227	-1,131
Total cash outflow from Leases	**-1,242**	**-1,152**

There are no material impact on other comprehensive income. At 31 December 2021 the Parent Company was committed to low-value leases where the total commitment was DKK 2m (2020: DKK 1m). The Parent Company has no lease contracts including fixed- and variable payments.

[A] An impairment of DKK 28m has been recognized in special items, on a terminal in the business unit Passenger.

Note 11 Leases (continued)

The Parent Company as a lessor
The Parent Company has entered into several operating leases of its ferries. Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating Lease commitments (lessor)		
DKK million	2021	2020
Minimum Lease payments (income)		
Ferries		
Within 1 year	425	309
1-3 years	625	144
3-5 years	442	145
After 5 years	0	14
Total ferries and equipment	**1,492**	**613**

The specified minimum payments are not discounted. Operating lease- and rental income recognised in the income statement amount to DKK 431m in 2021 (2020: DKK 335m). The contracts are entered into on usual conditions.

Note 12 Investments in subsidiaries

DKK million	2021	2020
Cost at 1 January	7,091	6,243
Additions[1]	1,741	848
Cost at 31 December	**8,832**	**7,091**
Accumulated impairment losses at 1 January	-335	-324
Impairment losses[2]	-110	-156
Reversal of prior year impairment losses	0	145
Accumulated impairment losses at 31 December	**-445**	**-335**
Carrying amount at 31 December	**8,387**	**6,756**

Reference is made to the Company Overview in the Consolidated Financial Statements note 5.10. The carrying amount of investments in subsidiaries is tested for impairment at least at year-end.

Note 13 Receivables

DKK million	2021	2020
Other non-current receivables	15	15
Interest-bearing receivables from subsidiaries	47	261
Total non-current receivables	**62**	**276**
Trade receivables	619	600
Interest-bearing receivables from subsidiaries[2]	387	493
Non-interest-bearing receivables from subsidiaries	325	206
Receivables from associates and joint ventures	23	27
Other receivables and current assets	328	427
Total current receivables	**1,682**	**1,753**

The carrying amount of receivables is in all material respects equal to the fair value. None of the trade receivables with collateral are overdue at 31 December 2021 (2020: none). The collateral consists of bank guarantees with a fair value of DKK 0m (2020: DKK 0m).

DKK million	2021	2020
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	72	66
31-60 days	5	4
61-90 days	0	1
91-120 days	2	1
More than 120 days	2	2
Past due, but not impaired	**81**	**74**
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	16	13
Write-downs	4	6
Realised losses	0	-1
Reversed write-downs	-4	-3
Write-downs at 31 December	**15**	**16**

[1] 2021: Additions relates to purchase of a DFDS Group entity (DKK 41m), establishment of company for purchase of HSF Group (DKK 1,693m), capital injection in three subsidiaries (DKK 7m) and acquisition of minority shares in AB DFDS Seaways (less than DKK 1m).

[2] Reference is made to note 31.

[3] The carrying amount of interest bearing receivables from subsidiaries relates to current credit facilities that are made available to subsidiaries. Receivables from subsidiaries are impaired by DKK 0m at 31 December 2021 (2020: DKK 0m).

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Note 13 Receivables (continued)

DKK million	2021	2020
Age distribution of write-downs:		
Days past due:		
Up to 30 days	6	1
31-60 days	0	0
61-90 days	0	0
91-120 days	0	0
More than 120 days	9	14
Write-downs at 31 December	**15**	**16**

Write-downs and realised losses are recognised in Ferry and other ship operation and maintenance costs in the income statement.

Reference is made to note 4.1 in the Consolidated Financial Statements for a description of Credit risks.

Note 14 Inventories

DKK million	2021	2020
Bunker	102	55
Goods for sale	78	59
Write-down of inventories end of year	-18	-10
Total inventories	**162**	**104**

Write-down of inventories expensed during the year amounts to DKK 8m (2020: DKK 16m).

Note 15 Treasury shares

Information regarding the Parent Company's and the Group's holding of treasury shares is identical. Reference is made to the Consolidated Financial Statements note 4.7.

Note 16 Deferred tax

DKK million

2021	Land and buildings, terminals and other equipment	Provisions	Tax loss carried forward	Total
Deferred tax at 1 January	5	0	0	5
Recognised in the income statement	1	0	-6	-5
Adjustment regarding prior years recognised in the income statement	0	0	-3	-3
Deferred tax at 31 December, net	**6**	**0**	**-9**	**-3**
2020				
Deferred tax at 1 January	4	0	0	4
Recognised in the income statement	1	0	0	1
Deferred tax at 31 December, net	**5**	**0**	**0**	**5**

DKK million	2021	2020
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	3	0
Deferred tax liabilities	0	5
Deferred tax at 31 December, net	**-3**	**5**

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until end of 2031. During the period covered by the tonnage tax scheme ferries and other ships, and other assets and liabilities related to the tonnage taxed activities owned by DFDS A/S is deemed maximum depreciated for tax purposes. Hence, if DFDS A/S withdraws from the tonnage taxation scheme, deferred tax liability in the amount of maximum DKK 516m (2020: DKK 455m) may be recognised. DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised.

Note 17 Share based payment

Information regarding long-term incentives for the Parent Company and the Group is identical. Reference is made to the Consolidated Financial Statements note 5.3.

Employee recognition
In recognition of the contribution made by DFDS' employees in a year with exceptional challenges, the Board of Directors has 22 December 2020 awarded up to 50 shares free of charge to each employee. The shares will vest over a three-year period from January 2021 to December 2023 on a straight-line basis. Only employees working through the full vesting period will be entitled to the shares. If an employee retires or leaves his job because of disability during the period until December 2023 he/she is entitled to the full number of shares when he/she leaves. The shares are in most countries awarded as a phantom share programme whereby the entitled employees will receive a cash payment in December 2023 equal to the value of 50 DFDS shares.

In total 2,362 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected to be transferred to the employees is 81,382 of which 16,252 are phantom shares (cash) and 65,120 as shares.

No shares have been transferred during 2021. Vesting of shares for 2021 is an expense of DKK 8m.

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividendper share (DKK) at grant date	Expected term	Fair value per share at time of granting
2020 Special Reward	0.00	267.00	34.87%	-0.55%	6.33	3 years	247.87

Jubilee shares
Information regarding jubilee shares for the Parent Company and the Group is identical. Reference is made to the Consolidated Financial Statements note 5.3.

In total 2,469 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 53,300 with a total fair value of DKK 16m, which is expensed under Special items over the vesting period.

The last 40 Jubilee shares have been transferred during 2021 (2020: 43,968). The average weighted market price per share exercised in 2021 is DKK 324.80 (2020: DKK 243.03). Vesting of Jubilee shares is expensed in the income statement for 2021 with DKK 0m (2020: DKK 0m).

Note 18 Pension and jubilee liabilities

The Parent Company contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through contributions to an independent insurance company responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Parent Company has no legal or constructive obligation to pay further contributions irrespective of the financial situation of the insurance company. Pension costs from such plans are charged to the income statement when incurred. The Parent Company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

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

DKK million	2021	2020
Present value of unfunded defined benefit obligations	0	0
Recognised liabilities for defined benefit obligations	**0**	**0**
Provision for jubilee liabilities	8	7
Total actuarial liabilities	**8**	**7**

Note 19 Other provisions

DKK million	2021	2020
Other provisions at 1 January	37	42
Provisions made during the year	104	46
Used during the year	-30	-45
Reversal of unused provisions	0	-7
Other provisions at 31 December	**112**	**37**
Other provisions are expected to be payable in:		
0-1 year	3	3
1-5 years	103	28
After 5 years	6	5
Other provisions at 31 December	**112**	**37**

Of the Parent Company's provision of DKK 112m (2020: DKK 37m), DKK 28m (2020: DKK 28m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 74m is estimated restructuring provision (2020: DKK 3m) and DKK 9m (2020: DKK 6m) is other provisions.

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Note 20 Interest-bearing liabilities

DKK million	2021	2020
Issued corporate bonds[2]	298	1,162
Bank loans and mortgage on ferries and other ships	2,240	1,429
Lease liability	503	307
Total interest-bearing non-current liabilities	**3,041**	**2,898**
Issued corporate bonds[2]	932	0
Bank loans and mortgage on ferries and other ships	578	205
Lease liability	739	1,143
Payables to subsidiaries[1]	1,946	1,972
Total interest-bearing current liabilities	**4,194**	**3,320**
Total interest-bearing liabilities	**7,235**	**6,217**

The fair value of the interest-bearing liabilities amounts to DKK 7,193m (2020: DKK 6,198m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to issued corporate bonds of nominal NOK 1,250m for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds nominal NOK 1,250m has been calculated based on the quoted bond price in May 2020 which is the latest quoted price (2020: quoted bond price in May 2020). The fair value of the issued corporate bonds nominal NOK400m has been calculated based on the quoted bond price in June 2019 which is the latest quoted price (2020: quoted bond price in June 2019).

DKK 1,084m of the interest-bearing liabilities in the Parent Company fall due after five years (2020: DKK 758m). No unusual conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge, whereas settlement of the corporate bonds requires a repurchase of the bonds. Reference is made to note 24 for financial risks, etc.

Allocation of currency, principal nominal amount

DKK million	2021	2020
DKK	1,699	1,450
EUR	3,404	2,802
SEK	551	395
NOK	1,239	1,205
GBP	335	364
USD	7	1
Total interest bearing liabilities	**7,235**	**6,217**

Note 21 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in interest-bearing liabilities, Derivative financial instruments related to issued corporate bonds and Payables to subsidiaries, non interest-bearing. The changes arising from cash flows form part of the cash flows from financing activities in the Statement of cash flows.

DKK million			Non-cash changes				
	1 Jan. 2021	Cash flows	Foreign exchange movements	New/ diposed/ remeasured leases	Fair value changes	Other changes	31 Dec. 2021
Changes in 2021							
Interest-bearing liabilities:							
Bank loans and mortgage on ferries and other ships	1,633	1,189	0	0	0	-5	2,818
Issued corporate bonds	1,162	0	67	0	0	1	1,230
Lease liabilities	1,450	-1,227	0	1,019	0	0	1,242
Payables to subsidiaries, interest-bearing	1,972	-26[1]	0	0	0	0	1,946
Other liabilities	0	0	0	0	0	0	0
	6,217	**-65**	**67**	**1,019**	**0**	**-4**	**7,235**
Deriuative financial instruments:							
Derivatives related to issued corporate bonds	140	0	0	0	-63	0	77
Other:							
Payables to subsidiaries, non interest-bearing	167	-41[1]	0	0	0	0	126
Total liabilities from financing activities	**6,525**	**-106**	**67**	**1,019**	**-63**	**-4**	**7,438**
Receivables from subsidiaries		202[1]					
Total cash flows		**96**					

1) The carrying amount of interest-bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.

2) The Parent Company has issued two 5 year corporate bond loans; one in 2019 and one in 2017 respectively. Reference is made to the Consolidated Statements note 4.5.

3) Cash flows related to Payables to/Receivables from subsidiaries are presented net in the Statement of cash flows under Financing activities in the line "Change in Group internal financing, net" by DKK 134m.

Note 21 Changes in liabilities arising from financing activities (continued)

DKK million		Non-cash changes					
	1 Jan. 2020	Cash flows	Foreign exchange movements	New/ diposed/ remea-sured leases	Fair value changes	Other changes	31 Dec. 2020
Changes in 2020							
Interest-bearing liabilities:							
Bank loans and mortgage on ferries and other ships	1,103	534	-1	0	0	-2	1,633
Issued corporate bonds	1,249	0	-88	0	0	1	1,162
Lease liabilities	1,859	-1,131	-1	723	0	0	1,450
Payables to subsidiaries, interest-bearing	1,754	218[1]	0	0	0	0	1,972
Other liabilities	11	0	0	0	0	-11	0
	5,977	-379	-91	723	0	-13	6,217
Derivative financial instruments:							
Derivatives related to issued corporate bonds	55	0	0	0	84	0	140
Other:							
Payables to subsidiaries, non interest-bearing	165	3[1]	0	0	0	0	167
Total liabilities from financing activities	**6,197**	**-376**	**-91**	**723**	**84**	**-13**	**6,525**
Receivables from subsidiaries		275[1]					
Total cash flows		**-101**					

[1] Cash flows related to Payables to/Receivables from subsidiaries are presented net in the Statement of cash flows under Financing activities in the line "Change in Group internal financing, net" by DKK 496m.

Note 22 Other payables

DKK million	2021	2020
Holiday pay obligations, etc.	159	190
Payables to subsidiaries	126	167
Payables to associates and joint ventures	50	49
Public authorities (VAT, duty, etc.)	11	59
Other payables	42	71
Accrued interests	6	4
Total other payables	**394**	**540**

Note 23 Information on financial instruments

DKK million	2021	2020
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	36	214
Derivatives, related to interest-bearing activities	5	0
Financial assets measured at amortised cost:		
Trade receivables, receivables from subsidiaries, receivables from associates and joint ventures, other receivables and cash	2,185	2,764
Financial assets measured at fair value through profit or loss:		
Securities	10	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-32	-53
Derivatives, related to interest-bearing activities	-81	-148
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, Leases, trade payables, payables to subsidiaries, payables to associates and joint ventures and other payables	-8,745	-7,250
Total	**-6,623**	**-4,463**

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

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Note 23 Information on financial instruments (continued)

DKK million

2021	Level 1	Level 2	Level 3
Derivatives, financial assets	0	40	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-113	0
Total	**0**	**-72**	**10**

2020	Level 1	Level 2	Level 3
Derivatives, financial assets	0	214	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-201	0
Total	**0**	**13**	**10**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4.1 in the Consolidated Financial Statements for description of the valuation method.

Securities, financial assets measured at fair value through profit or loss comprise other shares and equity investments as well as other investments of DKK 10m (2020: DKK 10m). These are some minor unlisted shares and investments.

Note 24 Financial and operational risks

DFDS' risk management policy
The description of DFDS' risk management policy, financial risks and capital management is identical for the Group and the Parent Company. Reference is made to the Consolidated Financial Statements note 4.1.

The following specifications for the Parent Company are different to the similar specifications for the Group.

Financial risks
Interest rate risks
An increase in the interest rate of 1%-point compared to the actual interest rates in 2021 would, other things being equal, have increased net interest payments by DKK 5m for the Parent Company in 2021 (2020: DKK 7). A decrease in the interest rate of 1%-point compared to the actual interest rates in 2021 would, other things being equal, have had a positive effect of DKK 1m (2020: DKK 1m).

Liquidity risks
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Note 24 Financial and operational risks (continued)

DKK million

2021	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	475	0	0	0
Trade receivables including work in progress services	619	0	0	0
Non-interest bearing receivables from subsidiaries	325	15	0	0
Interest bearing receivables from subsidiaries	387	45	2	0
Receivables from associates and joint ventures	23	0	0	0
Other receivables and current assets	328	0	0	0
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-604	-523	-742	-1,158
Issued corporate bonds	-954	-308	0	0
Other interest-bearing debt	0	0	0	0
Lease liabilities (Non-discounted)	-749	-500	-3	-4
Trade payables	-1,284	0	0	0
Payables to associates and joint ventures	-50	0	0	0
Payables to subsidiaries	-2,072	0	0	0
Other payables	-7	0	0	0
Derivative financial assets				
Bunker contracts	0	0	0	0
Interest swaps & caps	1	2	1	0
Cross currency interest rate swaps	0	0	0	0
Forward exchange contracts and currency swaps	5	6	6	18
Derivative financial liabilities				
Bunker contracts	0	0	0	0
Interest swaps & caps	-4	0	0	0
Cross currency interest rate swaps	-71	-6	0	0
Forward exchange contracts and currency swaps	-2	-6	-6	-18
Total	**-3,636**	**1,274**	**-742**	**-1,162**

Beside the contractual maturities the Parent Company has issued guarantees for DKK 7,561m (2020: DKK 6,815m). These are not presented in the above table as the contractual maturity is not possible to predict. Reference is made to note 28.

Assumptions for the maturity table
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The non-discounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Note 24 Financial and operational risks (continued)

DKK million

2020	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	735	0	0	0
Trade receivables including work in progress services	600	0	0	0
Non-interest bearing receivables from subsidiaries	206	15	0	0
Interest bearing receivables from subsidiaries	493	24	223	14
Receivables from associates and joint ventures	27	0	0	0
Other receivables and current assets	427	31	0	0
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-228	-404	-345	-799
Issued corporate bonds	-18	-901	-284	0
Other interest-bearing debt	0	0	0	0
Lease liabilities (Non-discounted)	-1,156	-289	-14	-9
Trade payables	-741	0	0	0
Payables to associates and joint ventures	-49	0	0	0
Payables to subsidiaries	-2,139	0	0	0
Other payables	-3	0	0	0
Derivative financial assets				
Bunker contracts	17	0	0	0
Interest swaps & caps	0	0	0	0
Cross currency interest rate swaps	0	0	0	0
Forward exchange contracts and currency swaps	128	14	14	40
Derivative financial liabilities				
Bunker contracts	0	0	0	0
Interest swaps & caps	0	-8	-1	0
Cross currency interest rate swaps	-5	-112	-23	0
Forward exchange contracts and currency swaps	-52	0	0	0
Total	**-1,759**	**-1,630**	**-429**	**-754**

Note 25 Non-cash operating items

DKK million	2021	2020
Change in provisions	1	0
Change in write-down of inventories for the year	8	16
Change in provision for defined benefit plans and jubilee obligations	2	0
Vesting of share option plans and employee shares expensed in the income statement	17	7
Non-cash operating items	**27**	**23**

Note 26 Change in working capital

DKK million	2021	2020
Change in inventories	-66	32
Change in receivables, such as trade receivables, prepaid costs, etc.	-74	56
Change in current liabilities, such as trade payables, payables to joint ventures, etc.	453	-219
Change in working capital	**313**	**-132**

Note 27 Acquisition and sale of enterprises, activities and non-controlling interests

Acquisition and disposals
There are no acquisition or disposals in 2021 or 2020.

During January 2022 the Parent Company has purchased ICT Logistics Group. For further details refererence is made to the Consolidated Financial Statements note 5.5.

Acquisition of non-controlling interests
For further details refererence is made to the Consolidated Financial Statements note 5.5.

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Note 28 Guarantees, collateral and contingent liabilities

Issued guarantees amount to DKK 7,211m (2020: DKK 6,686m). Particularly, the Parent Company has issued guarantees for loans made by subsidiaries of DKK 6,182m (2020: DKK 6,434m). In addition, the Parent Company has issued two guarantees in relation to defined benefit pension schemes in the UK of an amount up to DKK 255m (2020: DKK 389m) and a few guarantees on behalf of subsidiaries without a specific capped amount. The Parent Company has also issued letters of support, particularly for certain Group companies and associated companies with negative equity.

The Parent Company is in 2021 as well as in 2020 part in various legal disputes. The outcome of these disputes is not considered likely to influence the Parent Company significantly, besides what is already recognised in the balance sheet.

Certain ferries with a total carrying amount of DKK 2,668m (2020: DKK 2,385m) have been pledged as security for mortgage on ferries with a total carrying amount of DKK 2,493m (2020: DKK 1,558m).

Note 29 Contractual commitments

DKK million	2021	2020
Contractual commitments, term 0-1 year	500	1,352
Contractual commitments, term 1-5 years	78	345
Contractual commitments, term after 5 years	91	527
Total contractual commitments (undiscounted)	**669**	**2,224**

Contractual commitments in 2021 mainly relates to two new buildings on order. One freight and passenger ferry (ro-pax) is on order for delivery in 2022.

The Parent Company also has a contractual commitment for a for a new headquarter in Denmark.

Note 30 Related party transactions

Description of the Parent Company's related parties is equal to the description for the Group. Reference is made to the Consolidated Financial Statements note 5.8.

DKK million

2021	Sale of services	Purchase of services	Sale of assets	Receivables	Impairment of receivables	Liabilities	Capital contributions
Associates and joint ventures	13	171	0	23	0	50	0
Subsidiaries	1,137	1,178	0	759	0	2,072	1,741

2020	Sale of services	Purchase of services	Sale of assets	Receivables	Impairment of receivables	Liabilities	Capital contributions
Associates and joint ventures	14	155	0	27	0	49	0
Subsidiaries	825	1,125	0	960	0	2,139	848

Impairment losses recognised in the income statement in 2021 amount to DKK 110m (2020: DKK 156m) and reversals of impairment losses amount to DKK 0m (2020: DKK 145m). Reference is made to note 31.

Receivables are unsecured and are related to trade receivables and cash pools.

Reference is made to note 28 for a description of guarantees issued by the Parent Company on behalf of subsidiaries.

Note 31 Impairment testing

Introduction
DFDS decided to impairment tests all non-current assets at least once every year and in case of indication of impairment. Due to Covid-19 quarterly impairment assessments have been made in 2021.

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the Consolidated Financial Statements note 3.1.5.

Impairment tests of investments in subsidiaries, associates and joint ventures
Impairment tests are carried out for each subsidiary, associates and joint ventures in the Parent Company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The expected net cash flows are assessed on entity level based of approved forecasts for 2022 and management business plans beyond 2022. The projections includes the estimated impact of long-term strategic decisions such as WBN23 and assessment of opportunities for future growth and required investments. A Gordon growth cash flow model has been applied for calculating the NPV and a long term growth rate of 1.3% has been applied.

Determination of discount rate
The Parent Company uses a discount rate determined for each subsidiary, associate or joint venture, according to the business area to which it belongs. The applied discount rate for 2021 is based on the WACC assumptions for the Group with reference to note 3.1.5. The WACC applied has been determined to 6.01% (2020: 6.4%).

2021
In 2021 investments in subsidiaries have been impaired by DKK 110m in total as the calculated value in use of the individual investments is lower than the book value. The impairment of DKK 110m in 2021 is recognised under Financial items. Reference is made to note 7.

The Parent Company has issued letter of support to some subsidiaries and associates with negative equity. Consequently, the investment in these subsidiaries and associates are written down to zero, and any receivables due from the subsidiaries and associates are written down by amounts equal to the respective negative equities. Total write down of receivables at 31 December 2021 amounts to DKK 0m. Further, write-downs in previous years have been reversed by DKK 0m. The write-downs and reversals are recognised under Financial items.

2020
In 2020 investments in subsidiaries have been impaired by DKK 156m in total as the calculated value in use of the individual investments is lower than the book value. Furthermore, in 2020 previous impairments have been reversed by DKK 145m. The impairment of net DKK 12m in 2020 is recognised under Financial items. Reference is made to note 7.

The Parent Company has issued letter of support to some subsidiaries and associates with negative equity. Consequently, the investment in these subsidiaries and associates are written down to zero, and any receivables due from the subsidiaries and associates are written down by amounts equal to the respective negative equities. Total write down of receivables at 31 December 2020 amounts to DKK 0m. Further, write-downs in previous years have been reversed by DKK 0m. The write-downs and reversals are recognised under Financial items.

Note 32 Covid-19 impact

Information about judgements made in relation to Covid-19 and the effects on the amounts recognised in the financial statement is included in the note.

DKK million		2021	2020
Note	**Text**		
3 Employee cost	Government grants (Covid-19)[1]	50	69
3 Employee cost	Wages, salaries and remuneration	0	1
Total impact on EBITDA		**50**	**70**
6 Special Items	Termination cost in connection with restructuring	0	-39[2]
6 Special Items	Impairment of a passenger ferry and terminal	0	-100[3]
Total impact on EBIT		**0**	**-69**

Government grants
DFDS has taken part in various government compensation schemes following Covid-19. Wage compensation DKK 50m (2020: DKK 69m) is reducing the staff costs in the income statement and contributions from voluntary salary a reduction DKK 0.0m (2020: DKK 1m) are deducted in wages, salaries and remuneration.

Impairment testing
In relation to the underlying assumptions for impairment testing in note 3.1.5, the outbreak of Covid-19 has been taken into consideration and no impairment has occurred during 2021 (2020: DKK 100m).

Leases
The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16 leases) as of 28 May 2020, amending the standard to provide DFDS with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. DFDS did not adopted the Covid-19 amendment, and no reassessment nor renegotiations of rent concessions have taken place.

[1] Contributions from Government for wage subsidy are included in employee costs. DFDS took part in local schemes during 2021.

[2] Restructuring costs related to Covid-19 are included in special items and consist of termination costs related to employees made redundant.

[3] In 2020, due to travel restrictions an impairment loss of DKK 100m has been recognised under special items relating to the business unit "Passenger".

Note 33 Events after the balance sheet date

On 15 February 2022, DFDS awarded 23,350 restricted stock units and 176,705 share options to the Executive Board and a number of key employees. The theoretical value is DKK 14.6m calculated according to the Black-Scholes-model.

Financial calendar 2022

23 March
AGM

11 May
Q1 report 2022

16 August
Q2 report 2022

17 November
Q3 report 2022

Addresses of DFDS' subsidiaries, locations and offices are available from www.dfds.com
DFDS headquarter, Marmorvej 18 (from March 2022), DK-2100 Copenhagen Ø · T +45 3342 3342 · F +45 3342 3311 · dfds.com · CVR 14 19 47 11

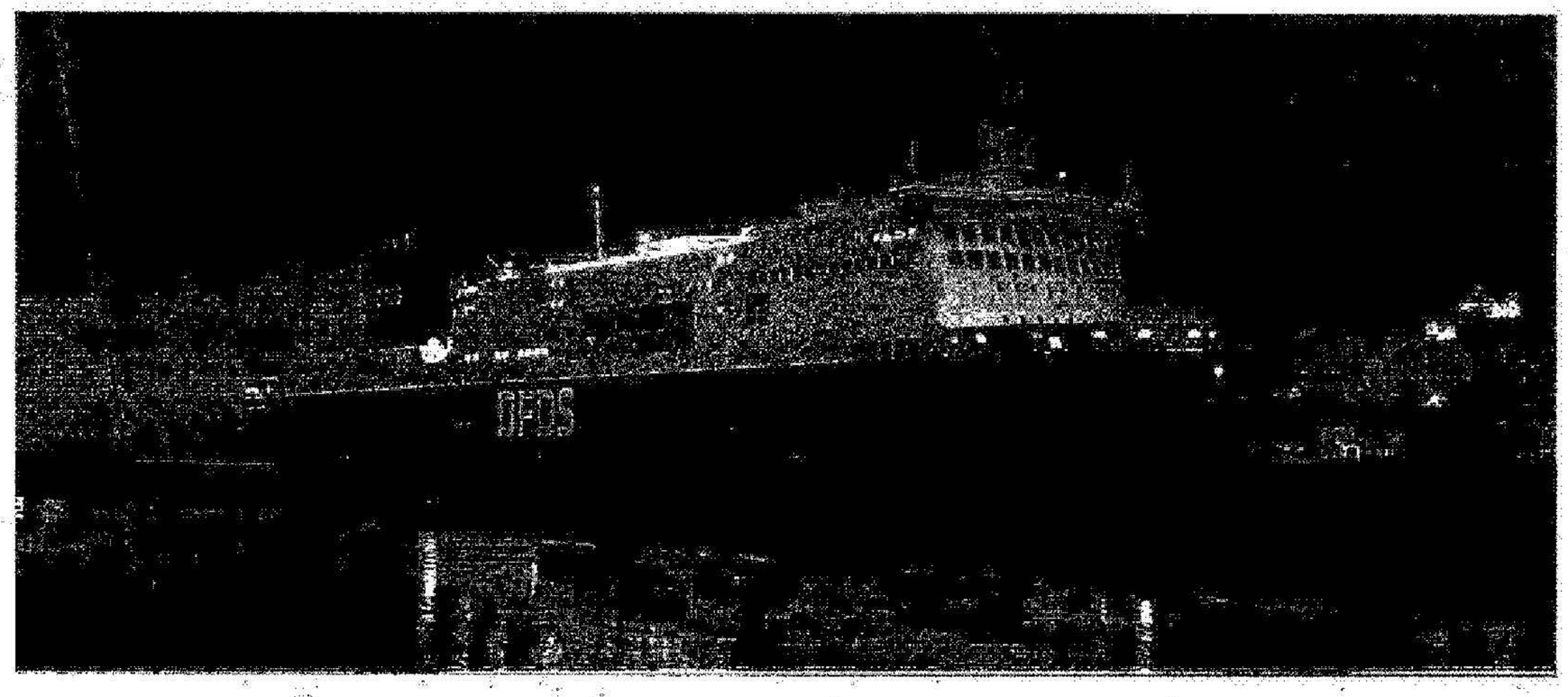
Moving for all to grow since 1866

For more than 155 years, DFDS has enabled trade and travel since the company was founded by C.F.Tietgen's merger of four Danish steamship companies. Goods and coal from the UK, the world's industrial locomotive at the time, were sailed to Scandinavia and other regions where markets for textiles and energy, amongst other things, were developing. The new shipping lines conversely created access for farmers in these regions to supply the UK's rapidly growing market for food and raw materials.

DFDS developed quickly in line with the growth it helped create. Around 1900, DFDS' steam ships also connected farmers around the Black Sea with the new Russian industrial area around St. Petersburg. Routes were launched to the USA bringing back soya cake as feed to European farmers. This supported their transformation from exporters of livestock to producers and exporters of processed products like butter and bacon. DFDS also opened new routes to connect Danish and Scandinavian cities with each other and the world. All this was based on a fleet of more than 120 ships, among the largest in the world at the time.

For many years DFDS transported emigrants seeking a better future to the USA. During the world wars, DFDS kept up supplies of critical food and coal to people in Europe. Jobs and industry were kept alive.

Aura Seaways on her way from China to the Baltic Sea where she was deployed on the Karlshamn-Klaipeda route in late January 2022.



After the second world war, DFDS' fleet, many now powered by diesel engines, kept moving: Goods from USA to Europe, people between countries, goods between UK and mainland Europe, between the Mediterranean and Scandinavia, and to and from Iceland. At the end of the sixties, DFDS were the among the first to develop a roll-on-roll-off solution, paving the way for more efficient shipping of freight units such as trailers carrying industrial cargo.

The logistics activities developed from 1972 with the same purpose. Connecting businesses with door-door solutions to facilitate trade and growth. When Dan Transport was acquired in 1998, DFDS became one of the largest forwarding and logistics companies in northern Europe.

The merged company, DFDS Dan Transport, was sold in 2000 to focus the company's resources on developing the ferry route network for freight and passengers.

This strategy was accelerated by the acquisition of Norfolkline in 2010 and, in addition, the logistics arm was restarted to focus on transport corridors overlapping the route network. In 2018, DFDS again expanded into the Mediterranean through the acquisition of Turkey's largest freight ferry operator, U. N. Ro-Ro.

Today, DFDS is one of Europe's largest combined ferry and logistics companies with a continued clear purpose of moving for all to grow.

* Abbreviation in Danish for The United Steamship Company.

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ESG definitions

Total number of ferry operating days
Total number of deployment days for ferries in operation

CO2 emissions per GT nautical mile
Emissions measured as gCO2 per gross tonnage nautical mile for ferries in operation

Total marine fuel consumption
Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) for ferries in operation

Fuel consumption per nautical mile
Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) per nautical mile for ferries in operation

Fuel consumption per GT nautical mile
gCO2 per gross tonnage-nautical mile

Spills (>1 barrel)
Incidents of oil spills larger than one barrel into the sea from ferries in operation

Average number of employees (FTE)
Average fulltime equivalent number of employees

Total workforce gender ratio
Percentage of women in FTE workforce

Senior management gender ratio
Percentage of women of total number of senior management positions defined as EVPs (Executive Vice Presidents) and VPs (Vice Presidents)

Manager gender ratio
Percentage of women of total number of management positions, excluding senior management, defined as positions with responsibility for at least one other employee

Employee gender ratio
Percentage of women of number of employees, excluding senior management and managers

At sea
Percentage of women of number of employees at sea

On land
Percentage of women of number of employees on land

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

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

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

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

Representation of women on Board of Directors
Percentage of women of the total number of members of the Board of Directors, excluding staff appointed members

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

Financial definitions

Operating profit before depreciation (EBITDA)
Profit before depreciation and impairment on non-current assets

Operating profit (EBIT)
Profit after depreciation and impairment on non-current assets

Operating margin
Operating profit (EBIT) before special items x 100

Revenue

Net operating profit after taxes (NOPAT)
Operating profit (EBIT) minus tax on EBIT

Invested capital
Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities plus non-current prepaid costs minus pension and jubilee liabilities and other provisions) plus non-current intangible and tangible assets

Return on invested capital (ROIC)
Net operating profit after taxes (NOPAT) x 100

Average invested capital

Weighted average cost of capital (WACC)
Average capital cost for net interest-bearing liabilities and equity, weighted according to the capital structure

Free cash flow, FCFF
Cash flow from operating activities, gross, minus paid tax and cash flow from investing activities

Adjusted free cash flow, FCFF
Free cash flow, FCFF, minus payment of lease liabilities and interest

Return on equity
Profit for the year excluding non-controlling interests x 100

Average equity excluding non-controlling interests

Equity ratio
Equity x 100

Total assets

Net interest-bearing debt
Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets

Earnings per share (EPS)
Profit for the year excluding non-controlling interests

Weighted average number of circulating shares

P/E ratio
Share price at year-end

Earnings per share (EPS)

FCFE yield
Adjusted FCFF including interest etc. received and paid x 100

Market value at year-end plus non-controlling interests

Total distribution yield
Total distribution to shareholders x 100

Market value at year-end plus non-controlling interests

Cash pay-out ratio
Total distribution to shareholders x 100

Cash flow from operating activities, net

Dividend return
Paid dividend per share

Share price at beginning of year

Equity per share
Equity excluding non-controlling interests at year-end

Number of circulating shares at year-end

Price/book value
Share price at year-end

Equity per share at year-end

Market value
Number of shares, ex. treasury shares, year-end times share price at year-end

No. of ships
Owned and chartered ferries and other ships, including slot charter and vessel sharing agreements

Roundings may in general cause variances in sums and percentages in this report.

20220714390001

Glossary

AGM:
Annual general meeting

BAF: Bunker adjustment factor, surcharge for price changes in bunker fuel oil

Bareboat charter:
Lease of a ship without crew for an agreed period

Bunker: Oil-based fuel used in shipping

Charter: Lease of a ship for an agreed period

Charter-out: Leasing of a ship to an external party for an agreed period

Door-door transport solution: Transport of goods from customer pick up point to final destination by a freight forwarder. A freight forwarder typically uses third-party suppliers, for example hauliers, rail operators and ferry operators to carry out the transport

ESG: Environment, Social and Governance. Framework for activities and reporting of Corporate Social Responsibility and other non-financial areas

Ferry: Ship carrying passengers and their cars and freight that can be rolled on and off, typically between only two ports, and hence over reasonably short distances, on a fixed sailing schedule. On board facilities for passengers and truck drivers. Overnight ferries have cabins while day ferries usually have no cabins

Green transport:
Transport by ferries or trucks powered by electricity or non-fossil fuels

Intermodal: Transport solution that combines different transport modes (road, rail, sea)

Lane metre: An area on a ship deck one lane wide and one metre long. Used to measure freight volumes

Logistics solution:
Logistics covers solutions that require more than just sea or land-based transport as this will typically be combined with storage, cross docking of consignments and distribution. Moreover, information processing can also be provided, e.g. booking and tracking

Lo-lo: Lift on-lift off:
Type of ship for which cargo is lifted on and off, e.g. containers

MGO: Marine gas oil, also known as marine diesel with sulphur content at or below 0.1%

Non-allocated items:
Corporate costs not allocated to divisions

Northern Europe:
The Nordic countries, Benelux, the United Kingdom, Ireland, France, Germany, Poland, the Baltic nations, Russia and other SNG countries

Power-to-X: Process where electricy is being converted to sustainable fuels for example via electrolysis

Ro-pax: Combined freight and passenger ferry

Ro-ro: Roll on-roll off:
Freight ferry on which freight is driven on and off, e.g. trailers and other unitised freight

Short sea: Shipping between destinations with a duration of typically 1-3 days. Converse is deep-sea shipping between continents with a duration of weeks

Sideport ship: Ship with ramps for loading/unloading via ports in the ship's side

Scrubber: Exhaust gas cleaning system that removes supthur oxides from a vessels boiler exhaust gases

Space charter: Third-party lease of space on a ship deck

Stevedoring: Activities related to loading and unloading ships in a port terminal

Time charter: Lease of a ship with crew for an agreed period

Tonnage tax: Taxation levied on ships according to ship tonnage, i.e. weight of ships

Trailer: An unpowered vehicle for transport of freight pulled by a truck

Vessel sharing agreement/slot charter:
Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity

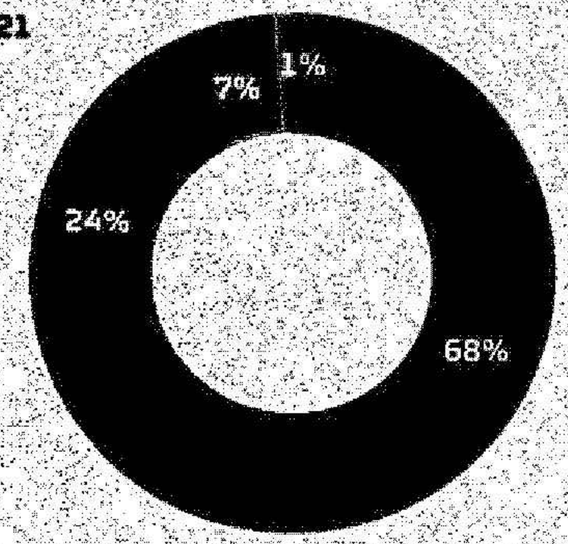
Whistleblower scheme:
System set-up that enables employees or stakeholders to report anonymously on potentail breaches to rules, guidelines or regulation

Fleet list (continued)

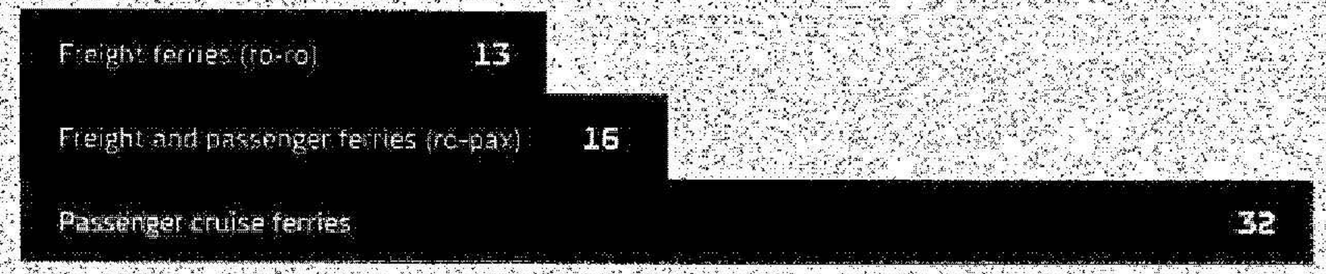
	Year built	GT	Lane metres	Passengers	TEU[3]	Deployment
Passenger cruise ferries						
Pearl Seaways	1989/01/05/14	40,231	1,482	2,168		Copenhagen-Frederikshavn-Oslo
Crown Seaways	1994/05/14	35,499	1,370	2,044		Copenhagen-Frederikshavn-Oslo
King Seaways	1987/93/05	31,788	1,410	1,534		Newcastle-Ijmuiden
Princess Seaways	1986/93/05	31,356	1,410	1,364		Newcastle-Ijmuiden
Sideport ships						
Lysvik Seaways [2]	1998/04	7,409			160	Westcoast Norway-Continent/UK
Lysbris Seaways	1999/04	7,409			160	Westcoast Norway-Continent/UK
Container ships						
Meandi [2]	2007	8,246			962	Oslo Fjord-Rotterdam
Energizer [5]	2004	7,642			750	Oslo Fjord-Rotterdam
Sven D [6]	2005	7,720			809	Oslo Fjord-Rotterdam
NCL Svelgen [5]	2005	9,990				OO Other / West coast
NCL Haugesund [6]	2004	9,704				OO Other / West coast
NCL Averøy [5]	2006	9,990				OO Other / West coast
Samskip Endeavour [5]	2011	7,852			812	Rotterdam-Ireland
Samskip Express [5]	2006	7,852			803	Rotterdam-Ireland
JSP Rider [5]	2006	9,340			804	Rotterdam-Ireland
Miriam [5]	2010	7,852			814	Rotterdam-Ireland
Elbcarrier [5]	2007	8,243			974	Rotterdam-Ireland
CT Rotterdam [6]	2008	8,246			974	Rotterdam-Ireland

[1] Chartered (bareboat charter)
[2] Chartered (time charter)
[3] TEU: 20 foot container unit
[4] Short-sea day ferry
[5] VSA: Vessel sharing agreement with owner/charterer
[6] SCA: Slot charter agreement with owner/charterer
[7] SCA: Slot charter agreement with DFDS

Gross tons fleet distribution, end 2021



Average age of owned vessels in route network, end 2021



Ownership shares of fleet, end 2021



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Fleet list per 31.12.2021

	Year built	GT	Lane metres	TEU[3]	Deployment
Freight ferries (ro-ro)					
North Sea					
Ficaria Seaways	2006/09/11	37,939	4,731		Gothenburg-Immingham
Begonia Seaways	2004/09/14	37,939	4,731		Gothenburg-Immingham
Ark Germania	2014	33,313	3,000	342	Gothenburg-Immingham
Freesia Seaways	2005/09/14	37,939	4,731		Gothenburg-Ghent
Humbria Seaways	2020	60,465	6,690		Gothenburg-Ghent
Primula Seaways	2004/14/16	37,985	4,650		Gothenburg-Ghent
Flandria Seaways	2020	60,465	6,690		Gothenburg-Zeebrugge
Petunia Seaways	2004/13	32,523	3,831		Esbjerg-Immingham
Magnolia Seaways	2003/13	32,523	3,831		Esbjerg-Immingham
Pagize [3]	2010	29,429	3,663		Cuxhaven-Immingham
Selandia Seaways	1998/13	24,803	2,772		Cuxhaven-Immingham
Hollandia Seaways	2019	60,465	6,690		Vlaardingen-Immingham
Scandia Seaways	2021	60,465	6,690		Vlaardingen-Immingham
Suecia Seaways	1999/11/14	24,613	2,772	180	Vlaardingen-Felixstowe
Britannia Seaways	2000/11/14	24,613	2,772	180	Vlaardingen-Felixstowe
Gardenia Seaways [1]	2017	32,336	4,076		Vlaardingen-Felixstowe
Transporter [2]	1991	6,620	1,250	296	Oslo-Immingham
Mediterranean					
Tulipa Seaways [1]	2017	32,336	4,076		Istanbul-Trieste
Fadiq [3]	2017	32,770	4,076		Istanbul-Trieste
Ephesus Seaways	2019	60,465	6,690		Istanbul-Trieste
Troy Seaways	2019	60,465	6,690		Istanbul-Trieste
Zeugma Seaways	2008/17/19	34,236	4,350		Istanbul-Trieste
Assos Seaways	2005/19	29,060	3,726		Istanbul-Trieste
Artemis Seaways	2005/20	29,060	3,726		Istanbul-Trieste
Dardanelles Seaways	2006/19	29,060	3,726		Istanbul-Trieste
Cappadocia Seaways	2002/20	26,525	3,214		Istanbul-Trieste
Gallipoli Seaways	2001/20	26,525	3,214		Istanbul-Trieste
Aspendos Seaways	2005/19	29,060	3,726		Mersin-Trieste
Olympos Seaways	2002/20	26,525	3,214		Mersin-Trieste
Eliana Marino [2]	2000	18,265	2,500		Mersin-Trieste
Pergamon Seaways	2013/20	31,595	4,094		Istanbul-Sete
Galata Seaways	2010/19	34,215	4,350		Istanbul-Sete
Myra Seaways	2009/17/19	34,236	4,350		Istanbul-Sete
Sumela Seaways	2008/18/19	34,236	4,350		Istanbul-Sete
Super-fast Baleares [2]	2010	30,998	3,521		Izmir-Tarragona
Mont Ventoux [5]	1996	18,469	2,025		Marseille-Tunis
Super-fast Levante [2]	2001	17,505	2,000		Marseille-Tunis

	Year built	GT	Lane metres	TEU[3]	Deployment
Freight ferries (ro-ro)					
Baltic					
Ark Futura	1996/00	18,725	2,308	246	Klaipeda-Kage-Fredericia
Botnia Seaways	2000	11,530	1,899	300	Karlshamn-Klaipeda
Finlandia Seaways	2000	11,530	1,899	300	Kiel-Klaipeda
Channel					
Maxine [2]	2000	21,005	2,475		Sheerness-Calais
Chartered out/laid up					
Acacia Seaways	2017	32,770	4,076		Chartered out
Belgia Seaways	2000	21,005	2,475		Off hire
Ark Dania [2]	2014	33,313	3,000	342	ARK mission

	Year built	GT	Lane metres	Passengers	TEU[3]	Deployment
Freight and passenger ferries (ro-pax)						
Channel						
Dunkerque Seaways [4]	2005	35,923	2,900		780	Dover-Dunkirk
Delft Seaways [4]	2006	35,923	2,900		780	Dover-Dunkirk
Dover Seaways [4]	2006	35,923	2,900		780	Dover-Dunkirk
Côte Des Flandres [4]	2005	33,940	1,900		2,000	Dover-Calais
Côte Des Dunes [4]	2001	33,796	1,900		2,473	Dover-Calais
Côte d'Opale [1]	2021	40,331	3,100		927	Dover-Calais
Côte d'Albâtre [1]	2006	18,940	1,270		600	Newhaven-Dieppe
Seven Sisters [1]	2006	18,940	1,270		600	Newhaven-Dieppe
Regina Seaways [1]	2010/15	25,666	2,500		600	Rosslare-Dunkerque
Visby [2]	2003	29,746	1,800		400	Rosslare-Dunkerque
Baltic						
Victoria Seaways	2009/14	25,675	2,500		600	Kiel-Klaipeda
Athena Seaways	2007/15	26,141	2,593		462	Kiel-Klaipeda
Optima Seaways	1999	25,263	2,300		336	Karlshamn-Klaipeda
Patria Seaways	1991	18,332	1,800		213	Karlshamn-Klaipeda
Kerry [2]	2001	24,418	2,030		412	Karlshamn-Klaipeda
Sirena Seaways	2002/03	22,382	2,056		623	Paldiski-Kappelskär
Aura Seaways	2021	56,043	4,500		600	Newbuilding, en-route Europe (deployed January 2022)

[1] Chartered (bareboat charter)
[2] Chartered (time charter)
[3] TEU: 20 foot container unit
[4] Short-sea day ferry
[5] USR: Vessel sharing agreement with owner/charterer
[6] SCA: Slot charter agreement with owner/charterer
[7] SCA: Slot charter agreement with DFDS

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Other

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Data Ethics

Our approach

As a transport and logistics provider, we use data to maintain and improve customer experience and operational efficiency. We are committed to ensuring that employees, customers, and business partners can entrust us with their data. We are determined to handle data sustainably and with great care. We recognise that digital development entails responsibility and transparency. Our Data Ethics policy sets a vision for working with data ethically and is based on three principles: Security, Confidentiality and Integrity.

2021 in focus

We launched the Data Ethics policy appointing CTO Rune Keldsen as overall responsible for implementation and progress. The objective for 2022 is to make our three principles of data ethics operational.

Board of Directors

Our approach

Governance in DFDS is anchored with the Board of Directors and the Executive Management Team (EMT). The EMT secures executive ownership of the ESG agenda and involvement in setting sustainability priorities and driving implementation.

2021 in focus

With the implementation of the ESG framework there has been an ambition of increasing the transparency on KPIs relating to the Board of Directors and governance processes in general. This has resulted in three additional Governance KPIs addressing nationality and independence in the board and the number of whistleblower cases.

Accounting policies – Governance

Representation of women on Board of Directors: Percentage of women of the total number of members of the Board of Directors, excluding staff appointed members

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

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

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

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

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

Governance

DFDS is committed to conducting business in a responsible, ethical, and transparent manner and meeting stakeholders' expectations of high business integrity standards. Our approach to business integrity is embedded in our corporate values, policies, and procedures. We believe in transparency and voluntarily disclose and verify ESG (environmental, social and governance) data to customers and stakeholders like CDP, Sustainalytics, and others.

In 2021, we incorporated our sustainability priorities in an ESG framework for a more targeted and integrated approach. We have thorough processes to help us reduce our environmental footprint and continuously strengthen our position as a caring employer. We assess risks, analyse, and investigate relevant initiatives and adjust our actions as needed to stay on track with our commitments.

Business Ethics

Our approach
Providing maritime transport and logistics services means we are in close contact with people throughout our network. It also implies that our activities can have an impact on human rights. It is a priority for us to pay attention to respecting these rights through clear policies designed to influence and determine all major decisions, actions, and activities that take place within their boundaries, as we do not tolerate any form of discrimination or harassment. This includes protecting and safeguarding the conditions of those we work with.

Governance		Target 2023	2021	2020	2019	2018
Board representation of women (AGM elected members)	%	30	**33**	33	33	33
Independent directors (AGM elected members)	%		**83**	83	83	83
Board nationality - non Danish (AGM elected members)	%		**17**	17	17	0
Attendance at board meetings (all board members)	%		**100**	96	94	91
CEO Pay ratio	Ratio		**35**	27	29	36
Reported whistleblower cases	Cases		**29**	24	18	16

We consider corruption as unacceptable, but it is risk to our business. We mitigate this by having clear policies for employees and suppliers.

For employees, our Code of Conducts guides behaviour towards suppliers for corruption to be avoided. We have a group-wide whistleblower scheme where employees can anonymously report breaches to our Code of Conduct. All reports are investigated thoroughly and sanctioned appropriately.

With suppliers, our procurement team strives to make sure all procurement is performed responsibly and transparently. Our Supplier Code of Conduct (SCOC) helps minimise the risk of us negatively affecting human rights and the environment across our supply chain.

The SCOC incorporates the IMPA ACT Supplier Code of Conduct, which is based on the UN Global Compact and its Guiding Principles on Business and Human Rights. We ask all DFDS suppliers to conform to this code and all applicable laws, rules, and regulations where our suppliers operate. They must also have policies and procedures to respect human rights (including labour rights), address significant environmental impacts and counter corruption. They must also have policies and procedures to respect human rights, address substantial environmental impacts, and counter corruption.

Our Code of Conduct and the Supplier Code of Conduct are pieces of our comprehensive policy landscape. It is designed to influence , determine, and evaluate all major decisions, actions, and activities to which they are applicable. We continuously review and update them to make sure they stay relevant. Examples of other key policies are:

- Data Ethics Policy
- Diversity & Inclusion Policy
- Responsible Procurement Policy
- Climate & Environment Policy
- Anti-Slavery and Human Trafficking Statement
- Health & Safety Policy

2021 in focus
250 managers underwent e-learning on competition law, bribery, corruption and sanctions. The training aimed to make colleagues better prepared to spot and avoid accidentally becoming involved in illegal practices.

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employees' mental health this year. One example is DFDS UK and Irelands' partnership with Mental Health First Aid England, which allows colleagues to become trained Mental Health First Aiders, teaching the groundwork for helping individuals who are on the verge of a crisis or need to talk. We now have over 50 trained colleagues across all UK & Ireland sites, with more courses on the way.

Accounting policies – Social

Representation of women
Total workforce: Percentage of women in FTE workforce

At sea: Percentage of women of number of employees at sea

On land: Percentage of women of number of employees on land

Senior Management: Percentage of women of total number of senior management positions defined as EVPs and VPs

Managers: Percentage of women of number of management positions, excluding senior management, defined as positions with responsibility for at least one employee

Employees: Percentage of women of number of employees, excluding senior management and managers

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

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

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

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



A new talent mentor programme was launched to develop a diverse talent pipeline for future management positions. D&I was the focal point of a case during DFDS' selection of participants for Horizon, our 12-month talent development programme.

Manager training on how to handle harassment and bullying was developed in 2021 and will be implemented in 2022.

Health & Safety

Our approach
DFDS is responsible for many people and their working conditions. Their safety and wellbeing always come first and require us to focus on sustaining a culture that keeps us safe in the workplace, mentally and physically. We aim to ensure that robust safety processes, equipment, tools, and training are fully integrated into the way we work.

At sea we use SERTICA on all DFDS vessels to manage and measure our H&S performance. It is a system widely used by companies worldwide to optimise internal processes concerning maintenance, procurement, HSQE, performance and to make decisions based on data.

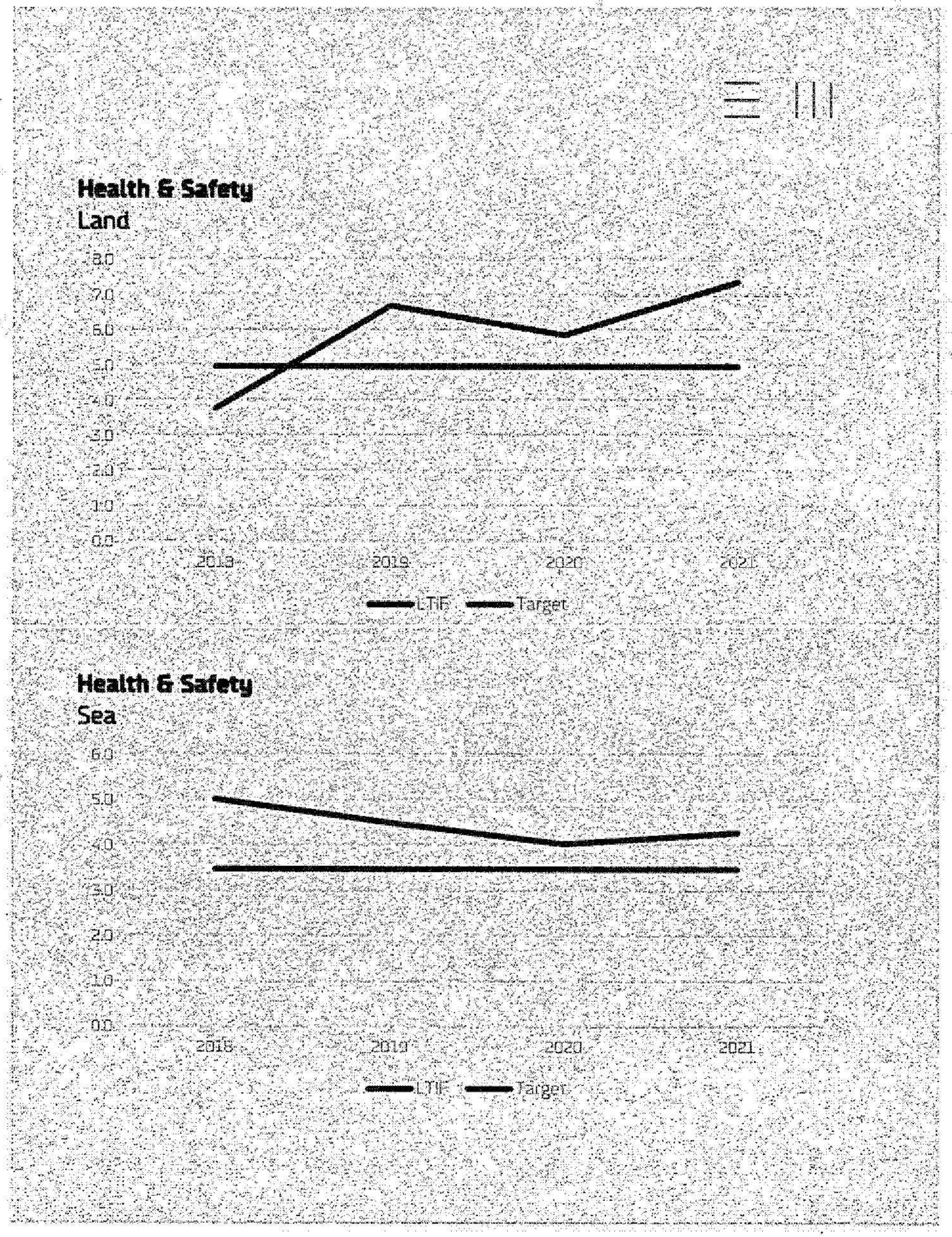
At land we operate within our Safety First programme - a group-wide initiative to improve the knowledge of and procedures regarding safety. The local H&S organisations are implementing and integrating Safety First into their existing procedures and processes ensuring that everyone is moving in the same direction.

Our performance
The primary indicator for Health & Safety on both land and sea is LTIF (Lost-Time-Injury Frequency) this is measured and followed up upon centrally in the central organisations: Marine Standard and & Land-based Health & Safety. Larger locations with a high-risk Health & Safety profile will have additional KPIs that are monitored and managed by the local safety organisations.

Unfortunately, we have seen an increase of LTIF on both land and sea. A contributing factor is our increased focus and follow-up on reporting. But still our performance is not satisfying, and we are committed to reducing the number and severity of accidents going forward. With the new land-based Health & Safety organisation in place we will begin to look at evaluate if differentiated target setting for warehouse, terminals and office would be meaningful. In 2021 we sadly saw a tragic fatal accident on board on of our freight ferries in the Port of Sête. A Turkish seafarer died from his injuries. The accident was thoroughly investigated, and learnings led to an immediate strengthening of the local Health & Safety organization by allocating resources to improve local procedures and align these across rest of the country.

2021 highlights
We strengthened our land-based Health & Safety with a global function to raise awareness and enforce additional preventive actions to reduce our health & safety risks. The global Director for land-side Health & Safety is responsible for establishing, maintaining, and advocating global safety standards and reporting in close collaboration with the many sites in our network. This includes reassessing and further development of our Safety First programme.

Focus on mental wellbeing is an ongoing activity that aims to help and inspire our leaders and employees. We have introduced and maintained several initiatives to support our



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Our performance
In 2021 we started the development of our Labour Code of Conduct (LCoC) which will be implemented in the beginning of 2022. Our LCoC describes expected minimum requirements regarding our employees' human rights at work, in line with our Human Rights commitment. When there is a difference between national law and this Labour Code of Conduct, we seek to apply the higher standard to the extent possible.

Diversity & Inclusion

Our approach
DFDS works to promote and change the face of our industry, historically with a majority of men, through a dedicated and structured approach to diversity and inclusion. We are committed to ensuring equal opportunities and avoiding discrimination based on race, religion, gender, disabilities, or age. The monitoring and measures implemented to improve diversity in DFDS cover all layers of management.

One of our primary priorities on the diversity agenda has been to increase the number of women in the organisation. We aim to be 30% women in our organisation by 2023. In 2022 we will evaluate the target from a sea based perspective and consider if a vessel by vessel approach will be a suitable approach going forward.

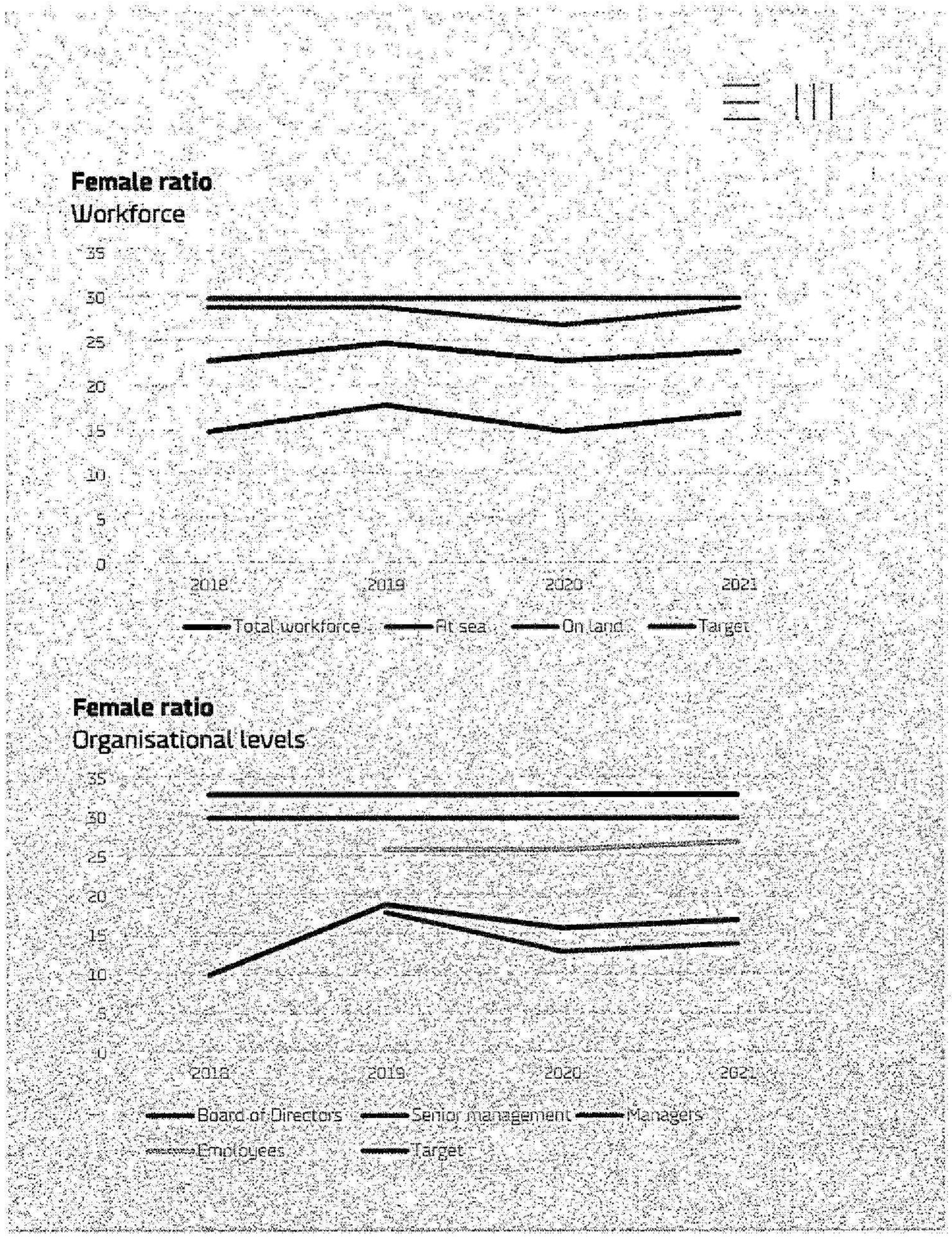
Our performance
In 2021 the female ratio increased across all KPIs compared to 2021. On land we saw an increase from 27% to 29% and at sea we moved from 15% to 17% females. On manager and senior management level we have also seen a slight increase, but we are still a bit behind compared to 2019 where we had the largest share of female managers. From a board perspective we have maintained a minimum 33% female representation between the shareholder elected directors. Here by we have obtained equal representation in accordance with authority guidelines.

When analysing the gender distribution on land we see that there is a high level of variance between office and non-office workers. In offices, the female gender ratio was 44%, and 29% for managers, while the non-office ratio was 7%, with 2% female managers.

In 2022 we will also see the impact of the HSF Logistics Group acquisition. On a like-for-like comparison the female representation will drop to from 29% to 25% for all land based employees but only from 27% to 26% when looking at manager positions. This is an expected impact of mergers within an industry where there typically is an over-representation of males in most companies.

In the coming years we will continue to work with increasing both awareness and our performance within Diversity & Inclusion.

2021 highlights
We monitor the development of female representation in DFDS closely in internal monthly reports within our Divisions and Business Units. All managers began structured and ongoing diversity and inclusion training this year. We introduced a D&I toolbox to all employees covering themes like sexual harassment prevention, bias identification, fair recruitment practices, how to phrase job ads to be more inclusive, and stressing that we encourage applicants from any background or persuasion to apply.



Social

Our company is nothing without our people. They make our wheels go round and are vital to DFDS' growth and the successful execution of our strategies. We strive for a safe, healthy, diverse, and inclusive work environment that allows people to thrive and contribute. We support our employees' physical and mental health and encourage them to find opportunities to give back and do good in the societies where they live and work.

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

Labour practices & Human rights

Our approach
DFDS ensures that human rights are respected amongst employees and throughout the value chain, as well as with third-party workers, hauliers, and seafarers. We have been a signatory to the United Nations Global Compact since 2015 and as defined in the UN Guiding Principles on Business & Human Rights, we respect human rights and have implemented them in our policies and procedures.

Our procurement team strives to minimise the risk of us negatively affecting human rights and the environment across our supply chain. Our Supplier Code of Conduct incorporates the IMPA ACT Supplier Code of Conduct, based on the UN Global Compact and its Guiding Principles on Business and Human Rights.

The Supplier Code of Conduct asks all DFDS suppliers to conform to the code and conform to all applicable laws, rules and regulations where our suppliers operate. They must also have policies and procedures to respect human rights (including labour rights), address significant environmental impacts, and counter corruption. In 2021, we made an agreement with an external partner providing tools to support a structured and transparent way when assessing supplier risks related to e.g., Human Rights, Business Ethics and Environment. Increased transparency will enable us to focus on suppliers with highest risk.
Our Code of Conduct is our internal guideline for how we as employees act responsibly, treat each other with respect, and soundly respond to ethical issues. It is directly linked to the UN Global Compact's ten principles and covers topics like human rights, diversity & inclusion, anti-harassment and discrimination, environmental protection, and anti-corruption. All employees can report breaches to our CoC through our anonymous whistleblower line. We take all violations seriously, investigate every report and learn from them to prevent future cases.

Social

Representation of women		Target 2023	2021	2020	2019	2018
Total workforce	%	30	**24**	23	25	23
At sea	%	30	**17**	15	18	15
On land	%	30	**29**	27	29	29
Senior management	%	30	**17**	16	19	10
Managers	%	30	**14**	13	18	-
Employees	%	30	**27**	26	26	-
Safety at sea						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	3.5	**4.3**	4.1	4.5	5.0
Safety on land						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	5	**7.4**	5.9	6.7	3.8
Fatalities						
- Colleagues	Fatalities	0 (Annually)	**1**	0	0	0
- Contractors	Fatalities	0 (Annually)	**0**	2	1	1

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Energy mix

Our approach
We use different types of energy sources to fuel our operations. These include marine oils, regular diesel, HVO, green and regular electricity, shore power, batteries, and solar panels. We always try to save, reduce, or avoid energy consumption when possible as we transform from a company that mainly runs on fossil fuel to one that runs on sustainable fuel. We are also applying circularity principles to better utilize resources and reduce the energy needed for a given asset.

When investigating which sustainable fuels we need to run a business of our size and complexity, we find that there will not be one fuel to fit all our routes, vessels, vehicles or purposes. Over time we will see a development in our energy mix – reducing the fossil/traditional fuels and increasing sustainable fuels. We are currently looking into methanol, ammonia, and/or hydrogen for our fleet and including renewable energy in our portfolio of energy sources – either by way of own production (for instance, with solar panels), power purchase agreements, and green electricity certificates.

Our performance
As the DFDS business continues to grow, so does our energy consumption. Marine fuel and diesel are still the majority energy source by far. But as shore power solutions and electric trucks are added to the operation, we will see an increase in the use of electricity. The use of biofuel/HVO has doubled since 2019 and we expect that it will continue to increase in coming years.

2021 highlights
The shore power facility in Copenhagen was inaugurated in October, making it possible for the ferries on the OFC route to shut down engines in both Copenhagen and Oslo where we have been using shore power since 2019.

We added solar panels to several warehouses, for instance, in Peterborough. The solar array here will offset 11 tonnes of carbon in its first year and generate more than 25% of the electricity needed to run the warehouse. Once the returns are proven, we will assess viability and apply solar panels to other relevant sites. Energy efficiency is a primary concern when we contract or build new buildings. The new DFDS headquarters that opens in February 2022 will get 25-30% of the energy needed to run it from the solar panels on its roof.

Water & Waste

We continuously assess our general resource consumption – including water consumption and waste generation - to initiate measures that limit our environmental impact. Our employees can also help make a difference, and we nudge them to make informed decisions on water use and waste disposal through clear local guidelines. We are working on establishing targets for water use and waste disposal by gathering data that will make us better able to create a baseline and measure use and procedures across locations.

Accounting policies – Environment

CO^2e emissions
Scope 1 emissions (CO2e): All direct emission sources where DFDS has operational control as defined by the Green House Gas Protocol. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets. It also includes process emissions (e.g. chemical processes, industrial gases, direct methane emissions)

Scope 2 emissions ($CO2e^1$): All indirect emissions related to purchased energy; electricity or heating/cooling where DFDS has operational control as defined by the Greenhouse Gas Protocol

Scope 3 emissions (CO2e): Emissions related to procured goods and services and fuel- and energy-related emissions not included in scope 1 or scope 2 as defined by the Green House Gas Protocol. The emission categories are selected based on a materiality assessment of all 15 categories within GHG accounting standard for scope 3

Total CO2e emissions: Complete GHG inventory – includes both scope 1, scope 2 and scope 3

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

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

Biofuels (HVO): Total consumption of biofuels for trucks and terminal equipment

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

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

Energy efficiency
CO2 emissions per GT mile (Own fleet): Emissions measured as gCO2 per gross tonnage nautical mile for owned ferries in operation

CO2 emissions per GT mile (Route network): Emissions measured as gCO2 per gross tonnage nautical mile for ferries operating the route network

Fuel consumption per nautical mile: Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) per nautical mile for ferries in operation

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

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

We continued improving air quality with scrubbers, cutting sulphur levels through our pioneering work with air cleaning systems. We were one of the first shipping companies to deploy scrubbers on our ferries, installing the first system in 2009 on Ficaria Seaways. In 2021, we completed the installation of scrubber systems onboard Aura Seaways, bringing the total of vessels in DFDS with installed scrubbers to 38.

Our Ballast Water Management Programme continued this year with the installation of ballast water treatment systems on eight vessels. The system prevents the spread of potentially invasive aquatic species using ballast water on ships operating across different regions. This is done mechanically, using a combination of filtration and UV radiation to render the organisms non-viable.

Logistics: We upgraded our road fleet by investing in trucks with the highest possible Euro class engines to reduce exhaust emissions and ensure optimal safety and efficiency. In 2021, we purchased 181 Euro 6 standard Volvo trucks for our operations, maintaining the level of 98% Euro 5 or 6-certified trucks in our fleet of 571 trucks. These vehicles effectively reduce harmful gas emissions, and are fuel-efficient.

Across the Logistics Division, we reduce emissions by improving fuel efficiency. We train drivers in Eco-driving, optimised route planning, and expanded our use of biodiesel (HVO). At the Gothenburg Ro-Ro Terminal in, we use biofuel in all vehicles and trucks.

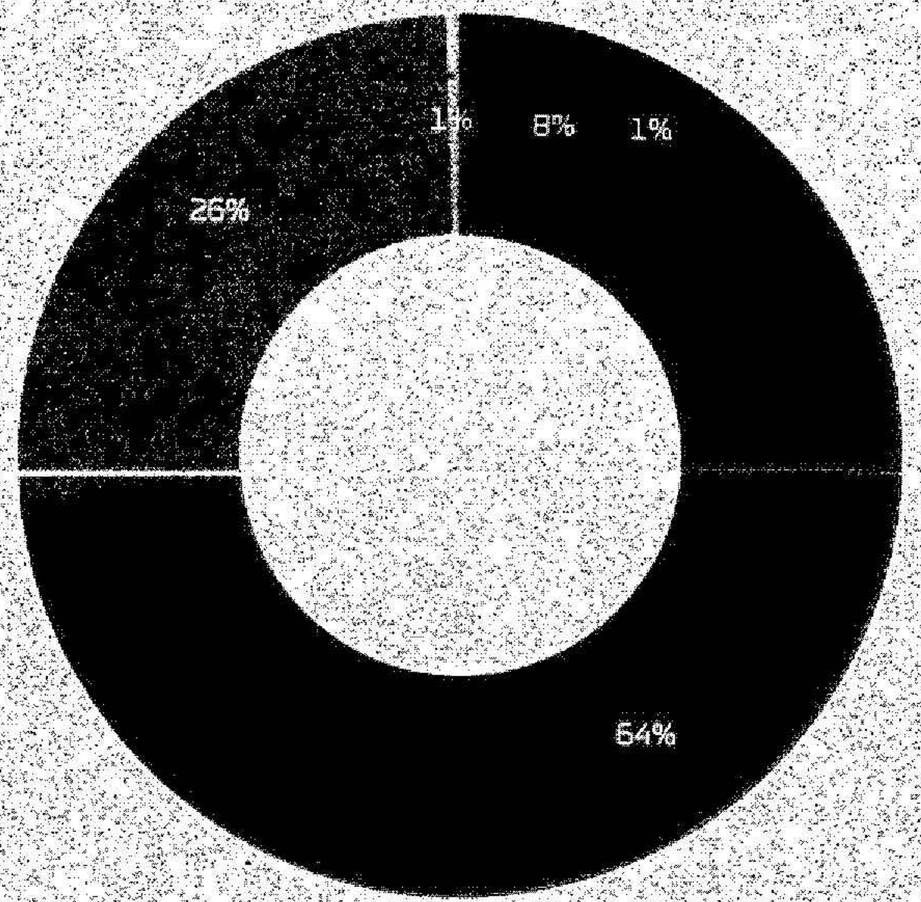
We have initiated innovative partnerships with customers and truck manufacturers to test fuel additives in a research set-up to confirm that this will increase fuel efficiency and reduce emission per kilometre. If the test results are positive, we plan to scale the test to a section of the fleet. We purchased our first 125 electric trucks this year for deployment in 2022-2023.

Our focus on circularity is increasing as the circular economy offers many opportunities for logistics companies. There is an opportunity to develop new roles and business models and it can be part of how we innovate together with customers and partners in 2022 and beyond. The mindset is not new to DFDS as we already strive to fill trailers to minimise empty running, including securing back-loads.

Scope 3 included in reporting: We have included scope 3 in our emissions reporting from 2021. This is an important step in gaining an overview of our carbon footprint through our value chain. As our products are transportation and other services and not physical products, there are no significant downstream emissions within our value chain. Within the upstream value chain emissions related to fuel- and energy-related activities, transportation and distribution, and purchased goods and services are those material to our business. In 2022, we will dive further into our Scope 3 categories to identify how to reduce our emissions within these areas.

Emission accounting: We continue to improve our internal emission accounting procedures by aligning data from different operational systems. They are all contributing to our climate action plan reporting and are key elements in our common reporting standard. This might have a minor impact on previously recorded performance, but it is improving our ability to measure results, assess and identify areas for improvement and delivery of customer emissions data.

Scope 3 emissions
Split on categories



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complex uncertainties still hold back the commercial viability of renewable fuels. Their demand depends on price differentials between black and green energy, availability, bunker infrastructure, and public incentives and regulations. Closing the price gap between fossil and renewable fuels will be critical to driving zero-emission vessels' adoption, construction, and use.

To find green fuel alternatives, we partner with other companies and organisations who share our need and desire to transform the transport industry into one that runs on sustainable fuel. We openly share information about which sustainable fuels we are investigating and the volumes we estimate to be required to fuel a business of our size. We are contributing to the development of a hydrogen factory in Copenhagen and a green ammonia production facility in Esbjerg to better understand the production of green fuels and contribute to their availability. With projects like those, we aim to lessen the price gap between black and green fuels, sustain our commercial competitiveness, and provide customers with green transport options that reduce their Scope 3 emissions.

Our performance

In 2021, we included scope 3 emissions to the GHG inventory, and our emissions of CO2e were estimated to be 3,460,000 tonnes. 2,551,000 tonnes are from scope 1 and scope 2 emissions. This is an increase of 26% in absolute values compared to 2020 but only 13% compared to 2019. Sustainable fuel availability is currently limited and will continue to be so for years to come. This means that our absolute emissions will increase as we grow the business.

The effect of our climate initiatives is visible when we look at the efficiency of our own vessels and the full route network. We have reduced CO2 emissions per GT mile for owned vessels with 6.3% since 2019. For the full network, including chartered vessels, the reduction is 3.5% during the same period. The realised and planned reductions align with our Climate Action Plan of a 45% reduction in CO2 per GT mile in 2030 from a 2008 baseline.

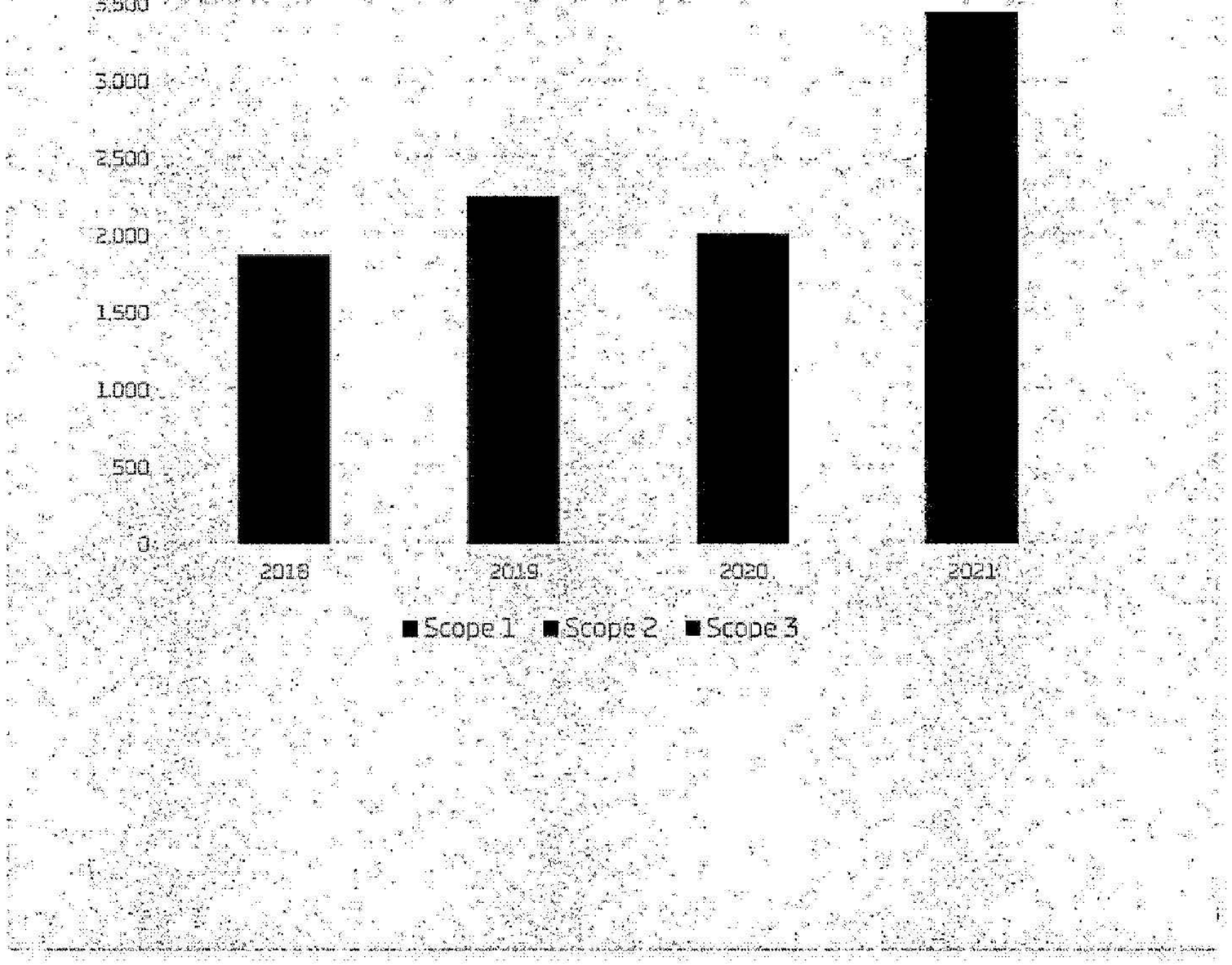
We have a long tradition of continuously improving our fuel efficiency and relative CO2 emissions resulting in a 25.6% reduction from 2008 to 2021 for own vessels.

The scope 3 emission analysis indicates that 64% of our scope 3 CO2e emissions are related to the upstream production of the fuel used in our own fleet – both vessels and trucks. 26% is related to third party suppliers within transport – both on water, road, and rail. On total this means that 90% of our scope 3 emissions relates directly to our services of transport solutions. The last 10% comes from purchased goods and services, capital goods and waste.

2021 highlights

Ferry: We continued to update and upgrade our fleet with new tonnage, operational and technical improvements, and innovative anti-fouling treatments to reduce resistance on several vessels. We installed route planning and propulsion control technology on three ferries to improve fuel performance, applied anti-fouling hull paint to ten ferries to reduce friction in the water and fuel consumption, and installed LED lighting on freight decks on three ferries. We also installed a new injection system to optimise engine combustion on five ferries to save fuel (PMI VIT) and expanded the organisation handling initiatives to upgrade our existing fleet.

Absolute CO2e emissions
CO2e (1,000 tonnes)



Environment

In an industry with a large carbon footprint, we are committed to finding solutions that will eventually transform how our industry operates. Vessels crossing seas can be the cause of oil spills and discharges, and our trucks impact air quality.

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

We continue our efforts to protect ocean life and biodiversity by supporting research and education that focuses on the marine environment. Our projects include monitoring and protecting whales and dolphins with ORCA, long-term measurement of the ecological health of marine plankton with the Continuous Plankton Recorder Survey and monitoring and researching cetacean and seabirds with MARINElife.

CO2 emissions

Our approach
97% of our scope 1 and scope 2 CO2e emissions come from our vessels (87% if scope 3 is included), making it a natural starting point in our green transition.

However, the challenge is twofold: Vessels and vehicles are designed and built for fossil fuel, and green fuel alternatives do not currently exist at the scale we as a business require.

Environment

CO2e emissions	Unit	Target 2023	2021	2020	2019	2018
Scope 1 emissions (CO2e)[1]	1,000 tonnes		**2,544**	2,014	2,253	1,871
Scope 2 emissions (CO2e)[1]	1,000 tonnes		**6.8**	6.0	7.3	8.5
Scope 3 emissions (CO2e)[1]	1,000 tonnes		**909**	-	-	-
Total CO2e emissions[1]	1,000 tonnes		**3,460**	**2,020**	**2,260**	**1,879**
Energy consumption						
Marine fuel	1,000 tonnes		**771,738**	619,867	699,115	654,795
Diesel	1,000 litre		**25,447**	24,767	19,420	-
Biofuels (HVO)	1,000 litre		**1,236**	1,150	573	-
Electricity	MWh		**36,092**	31,099	36,680	36,633
Total energy consumption	TJ		**33.9**	**26.9**	**30.0**	**24.9**
Energy efficiency						
CO2 emissions per GT mile (Own fleet)	gCO2	12.4 (2023) 9.6 (2030)	**13.0**	13.4	13.9	-
CO2 emissions per GT mile (Route network)	gCO2		**13.6**	13.5	14.1	14.4
Fuel consumption per nautical mile (Route network)	g/GT/Nm		**4.4**	4.3	4.4	4.5
Electricity and heating consumption per land-based FTE	MWh	5.9	**7.0**	6.3	7.4	7.9
Oil spills						
Spills (> 1 barrel)	Cases	0 (Annually)	**0**	1	0	0

1) CO2e includes CHG emissions from all 6 greenhouse gases: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons; perfluorocarbons; and sulphur hexafluoride (SF6)

In the short term, we focus on improving and upgrading our existing fleet and reducing CO2 emissions from our buildings and operations in general. We have identified actions such as fleet replacement and environmental upgrading, optimising the vessels' hydro-dynamic performance to reduce friction in the water and improving decision support systems to help crews and shore-side support teams operate in a more fuel-efficient way, as well as continuous improvements to energy consumption. We also actively develop and test new means of propulsion and energy generation.

The major and long-term transition towards zero-emission transport requires our industry to replace today's fossil-fuel dependent fleets with a new generation of vessels and vehicles that run on sustainable fuels created entirely from renewable energy.

By 2050, our target is that we have replaced fossil fuels with zero-emission fuels like ammonia, hydrogen, or methanol. Storing, handling, and using these new fuels differs vastly from how fossil fuel works. Finding feasible alternatives to fossil fuels calls for cross-sector collaboration and an appetite for experiments. Numerous

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EU sustainable taxonomy

The EU Taxonomy Climate Delegated Act (the taxonomy) aims to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives.

The taxonomy aims to provide companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. It should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation, and help shift investments where they are most needed.

In short, the taxonomy is a classification and reporting system that identifies sustainable economic activities. This reporting against the taxonomy is a first for DFDS and is in accordance with the requirements for 2021.

In 2021 the taxonomy-eligible share of our revenue was 94%. The taxonomy-eligible share of operational expenses (opex) was 81% whereas the capital expenses (capex) was 65 %.

All eligible activities fall within a range of transportation activities, and the majority within freight services by road and sea. This corresponds with our operational divisions Logistics and Ferry.

	DFDS taxonomy reporting for 2021	Revenue	Opex	Capex
	Percent of activities which is eligible within the EU taxonomy	10%	11%	0%
6.2	Freight rail transport	35%	37%	22%
6.6	Freight transport services by road	50%	33%	37%
6.10	Sea and coastal freight water transport, vessels for port operations and auxiliary activities	0%	0%	6%
6.12	Retrofitting of sea and coastal freight and passenger transport	**94%**	**81%**	**65%**
	Subtotal	6%	19%	35%
	Percent of activities which is non-eligible within the EU taxonomy	**100%**	**100%**	**100%**
	Total			

Accounting policies – EU taxonomy

The taxonomy has specified objectives of climate change mitigation and adaptation to be contained in the reporting for 2021. The total revenue, opex, and capex must be divided into the activities defined by the taxonomy.

Further environmental reporting will become mandatory in 2022 and subsequent years. As the reporting practice develops and expands DFDS will review and update it's reporting of taxonomy-eligible KPIs and related accounting policies accordingly. This may also impact the taxonomy-aligned KPIs reported for 2021.

The taxonomy KPIs have been calculated as followed:

- Taxonomy revenue KPI = Eligible revenue / Total revenue
- Taxonomy opex KPI = Eligible opex / Total opex
- Taxonomy capex KPI = Eligible capex (additions) / Total capex (additions)

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

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

Activities in DFDS Group determined as taxonomy-eligible economic activities (additional activities are expected to be added in 2022):

- 6.2. Freight rail transport
- 6.6. Freight transport services by road
- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.12. Retrofitting of sea and coastal freight and passenger water transport

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

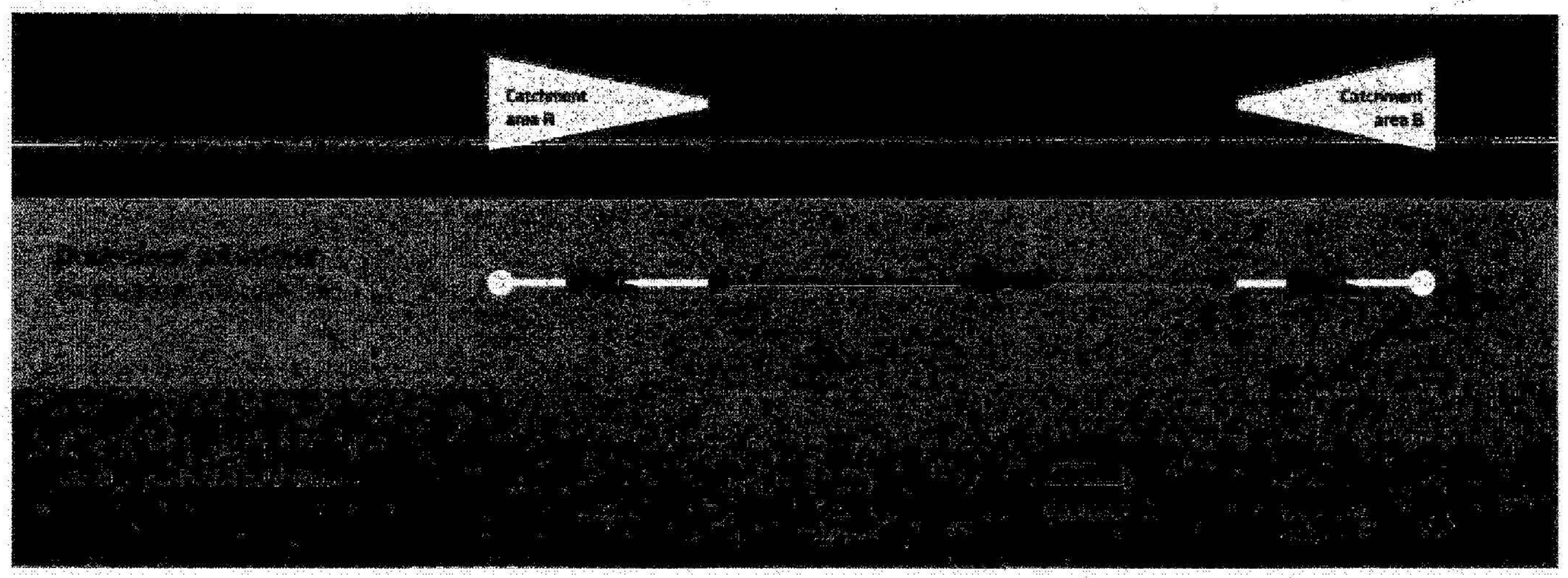
- Total revenue is aligned with note 2.2 Revenue.
- Total opex is aligned with the cost definition in the income statement note 2.3 Costs and 2.4 Employee costs excluding administration.
- Total capex is defined as additions to tangible and intangible assets reported in note 3.1.1 Non-current intangible assets, note 3.1.2 Non-current tangible

Consolidated ESG statement

Being a transport and logistics provider, we are conscious of the footprint we have – both in terms of the environment but also relating to our employees and the people we impact through our value chain. We are structuring our work in an ESG framework that helps us address and focus on the most material topics.

In 2020, we completed our specific, targeted, and actionable Climate Action Plan and emphasised organisational sustainability, including Health & Safety, Diversity & Inclusion, and our Code of Conduct.

In 2021, we introduced our ESG framework. This framework is our way of structuring issues we have already worked on for years. By setting specific ESG goals, we make it clear that doing business today is about more than just giving shareholders a return on their investment. Ambitious goals are a key part of running a sustainable business.



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Consolidated ESG statements

Independent Auditors' Reports (continued)

Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation
As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of DFDS A/S for the financial year 1 January to 31 December 2021 with the filename DFDS-2021-12-31-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.

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;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of DFDS A/S for the financial year 1 January to 31 December 2021 with the file name DFDS-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 24 February 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

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Independent Auditors' Reports

TO THE SHAREHOLDERS OF DFDS A/S

Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 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 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and Parent Company Financial Statements of DFDS A/S for the financial year 1 January to 31 December 2021, page 76-155, comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

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

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were appointed auditors of DFDS A/S for the first time on 23 March 2021 for the financial year 2021.

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 2021. 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.

Acquisition of the HSF Logistics Group
The Group has prepared a purchase price allocation ('PPA') for the acquisition of the HSF Logistics Group resulting in various assets and liabilities being separately valued. The Group used projected financial information in the PPA. Management used their best knowledge to make estimates when utilising the Group's valuation methodologies. In order to determine the fair value of the separately identified assets and liabilities in the acquisition, the valuation methodologies require input based on assumptions about the future and use discounted cash flow forecasts.

The significant judgements and estimates involved in the PPA mainly related to assessing the fair value of customer relationships and property, plant and equipment including right-of-use assets.

We focused on the PPA because it involves the identification of the acquired assets and liabilities and their respective fair values, which requires complex and subjective judgements and estimates by management.

Reference is made to note 5.5 in the Consolidated Financial Statements.

How our audit addressed the key audit matter
We assessed whether the acquisition of HSF Logistics Group met the criteria of a business combination.

- We verified the assets and liabilities recorded in the opening balance, by performing audit procedures on the opening balance of the HSF Logistics Group before purchase price adjustments and agreed assets and liabilities to accounting records.
- We reconciled the purchase price to the Share Purchase Agreements and verified the cash paid to bank transfers.
- We tested the calculations in the PPA model and challenged Management's judgements and estimates, including the model, significant assumptions and data applied.
- We involved our internal valuation experts in assessing the valuation methodologies and the significant assumptions used by management.
- Finally, we assessed the disclosures relating to the acquisition of HSF Logistics Group.

Valuation of intangible and tangible assets
The carrying amount of Goodwill, Ferries and other ships, other non-current intangible and tangible assets as well as Right-of-use assets is significant to the Consolidated Financial Statements.

Management monitors the carrying value of the above-mentioned assets based on defined CGU's and performs impairment tests, if any indication of impairment or reversal of previous impairments exist. Furthermore, goodwill is tested once a year for impairment.

Management's assessment of the recoverability of the carrying amount of the above-mentioned assets is based on value-in-use calculations, including determination of the significant assumptions and data applied. Furthermore, independent broker valuations are obtained to assess the fair value less cost to sell of Ferries and other ships.

Bearing in mind the generally long-lived nature of the above-mentioned assets, the significant assumptions in estimating the future cash flows in the value-in-use calculations are revenue, EBIT, EBIT margin, future investments, and growth expectations. The impairments performed did not lead to impairments or material reversals of impairments in the Consolidated Financial Statements.

We focused on this area as the amounts involved are significant and because Management is required to exercise considerable estimates and judgements and because of the inherent complexity in estimating the value-in-use.

Reference is made to note 3.1.5 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

- We discussed with Management and evaluated the methodology by which Management monitors indicators of impairment of Ferries and other ships, other non-current intangible and tangible assets as well as Right-of-use assets.
- Further, in addressing the risk, we considered the appropriateness of Management defined CGUs. We examined the methodology used by Management to assess the carrying amount of the above-mentioned assets assigned to CGUs, and the process for identifying CGUs that required impairment testing to determine compliance with IFRS as adopted by the EU.
- We performed detailed testing of the impairment tests, where indicators of impairment were identified. We assessed the reasonableness of significant assumptions in relation to the ongoing operation of the assets.
- We corroborated Management's estimate of future cash flows and challenged whether these were appropriate in light of the significant assumptions being revenue, EBIT, EBIT margin, future investments and growth expectations.
- We used our internal valuation experts to independently calculate the discount rate. In calculating the discount rate, the key inputs used were independently sourced from market data. We compared the discount rate used by Management to our calculated rate.
- We tested the mathematical accuracy of the relevant value-in-use models prepared by Management.
- Finally, we assessed the disclosure of these matters in the Consolidated Financial Statements.

Statement on the Management's review
Management is responsible for Management's Review, page 1-75 and from page 158-170.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the Annual report of DFDS A/S for the financial year 1 January - 31 December 2021.

The Annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the Parent Company's operations and financial matters, of the result for the year and of the Group's and the Parent Company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report with the file name DFDS-2021-12-31-en.zip is prepared in all material respects in accordance with the ESEF Regulation.

We recommend that the Annual report be adopted at the Annual General Meeting.

Copenhagen, 24 February 2022

EXECUTIVE BOARD

Torben Carlsen
President & CEO

Karina Deacon
Executive Vice President & CFO

BOARD OF DIRECTORS

Claus V. Hemmingsen
Chair

Klaus Nyborg
Vice Chair

Anders Götzsche

Dirk Reich

Jens Otto Knudsen

Jill Lauritzen Melby

Jesper Hartvig Nielsen

Lars Skjold-Hansen

Marianne Dahl

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Note 34 Accounting Policies

The Parent Company Financial Statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company Financial Statements for companies reporting under IFRS.

The 2021 Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Critical accounting estimates and assessments
In the process of preparing the Parent Company Financial Statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

In the opinion of Management, the accounting estimates and judgements mentioned in note 1 under section "Significant estimates" of the Consolidated Financial Statement are also significant in the preparation of the Parent Company Financial Statements. Furthermore impairment test of investments in subsidiaries also requires critical accounting estimates and assessments.

Impairment testing of investments in subsidiaries
Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 3.1, which mention impairment testing.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent Company Financial Statements that are material to the financial reporting, other than those disclosed in section 1 to the Consolidated Financial Statements.

Description of accounting policies

The Parent Company accounting policies are consistent with the accounting policies described in the Consolidated Financial Statements with the following exceptions:

Business combinations
In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the 'book value method' by which differences, if any, between purchase price and book value of the acquired/sold enterprise/activity are recognised directly in equity.

Translation of foreign currencies
Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as Financial income and costs in the Parent Company Financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the profit for the year as Financial income and costs.

Dividends from investments in subsidiaries, associates and joint ventures
Dividends from investments in subsidiaries, associates and joint ventures are recognised in the Parent Company's income statement for the year in which the dividends are declared. If distributions exceed the subsidiary's, the associate's or the joint venture's Comprehensive income for the period, an impairment test is carried out.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures are measured at cost in the Parent Company's Balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as Financial cost in profit for the year unless it qualifies as a special item. If the Parent Company has a legal or constructive obligation to cover a deficit in subsidiaries, associates and joint ventures, a provision for this is recognised.

Equity
Reserves for development costs
The reserve for development costs comprise of DFDS' development costs corresponding to the capitalized development cost in the balance sheet. The reserve is non distributable and cannot be used to cover deficit. The reserve is dissolved upon disposal of the development cost either by sale or if the development cost is no longer part of the entity's operation. The reserve will then be transferred to the distributable reserves. The reserve will be reduced and the distributable reserves increased concurrently with either depreciations or write-downs.

For a description of the Hedging reserve, Revaluation of securities and Treasury shares, reference is made to Consolidated Financial Statements, note 4.6.