

# ANNUAL REPORT 2020



# Contents

## Management report ..... 3

## Results ..... 9

- Key Financial and Operating Data ..... 9
- Financial activities ..... 10
- Sustainability ..... 14
- Operating activities ..... 18
- Expectations for 2021 ..... 30
- Events that have occurred after the  
balance sheet date ..... 30
- Other matters ..... 30

## Consolidated annual accounts and annual accounts ..... 32

- Statement by the Executive Board  
and the Board of Directors on the  
annual report and auditors' report ..... 32
- Income statement ..... 37
- Balance sheet - Assets ..... 38
- Balance sheet - liabilities and  
equity ..... 39
- Statement of changes in equity -  
parent company ..... 40
- Cash flow statement ..... 41
- Notes and accounting policies  
applied ..... 42
- Supplemental key figures ..... 79
- Income statement by quarter ..... 83
- Key figure definitions ..... 84

## Corporate issues ..... 86

- Safety ..... 86

- Risk management ..... 87
- Corporate governance ..... 90
- Reporting on corporate social  
responsibility ..... 95
- Notifications to the Danish Business  
Authority ..... 109
- Organisation ..... 110
- Financial calendar 2021 ..... 116
- Publications ..... 116
- Company details ..... 116

## Line accounts ..... 118

- Management statement ..... 118
- Accounts ..... 119

# Management report

**The result before tax amounted to a loss of DKK 104 million in 2020.**

**The significant decrease in passenger revenue during the COVID-19 pandemic is partially offset by compensation from the state amounting to DKK 914 million.**

- In 2020, DSB's customers took 120.1 million journeys - a decrease of 36 percent compared to 2019.
- In accordance with the agreement with the Danish Government, railway operations were essentially maintained under the original timetable for 2020, and a number of initiatives to prevent the spread of infection have also been effected.
- The EU Commission has approved that the Danish state has so far paid out DKK 914 million in compensation for the financial losses due to COVID-19 in the period up to and including August 2020.
- DSB is in dialogue with the Danish Ministry of Transport concerning compensation for the period September-December 2020.
- The Danish Ministry of Transport has worked with DSB to prepare a basis for also making it possible to compensate DSB for losses in 2021 that are attributed to COVID-19 and the restrictions and recommendations issued by the authorities.
- High punctuality that exceeds the contract targets for both S-trains and Long-distance & Regional trains.
- The first three of a total of 42 Vectron electric locomotives ordered from Siemens were delivered in October and put into passenger operations two months ahead of schedule.

## Selected key figures

Amounts in DKK million	4th quarter 2020	4th quarter 2019	2020	2019
Passenger revenue <sup>1)</sup>	859	1,421	3,570	5,399
Traffic contract revenues	1,888	989	4,819	4,025
Total revenues	3,378	2,917	10,463	11,385
Total expenses	2,461	2,340	9,162	9,371
Amortisation, depreciation and write downs	362	2,166	1,335	3,551
Result before tax	537	-1,610	-104	-1,641

<sup>1)</sup> Before the effect of the Metro double factor.

## Finances

Due to COVID-19 and the restrictions and recommendations issued by the authorities in order to limit the spread of infection, we saw an extraordinarily high decrease in the number of journeys taken in 2020. Among other things, the authorities have encouraged both private and public sector employees to work from home and instructed the

public to generally avoid public transportation during rush hour. This has naturally had a significantly negative impact on both the number of journeys taken and the passenger revenue.

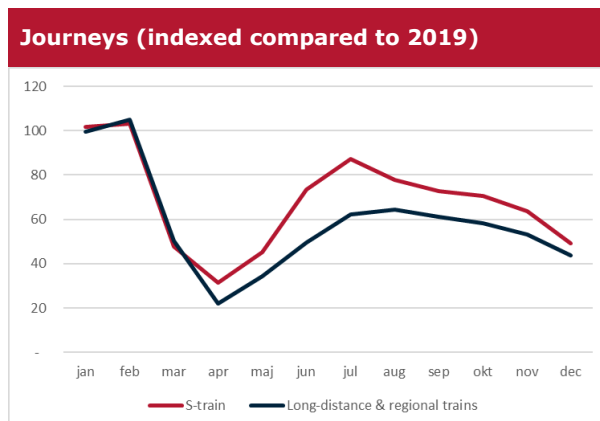
It has only been possible to a limited extent to reduce the costs of train operations in order to compensate for the lower passenger revenue. In accordance with an agreement with the Danish Government, DSB has essentially maintained its normal timetable throughout 2020 in order to ensure the necessary mobility in society. Among other things, this mobility was maintained to ensure that people with critical social functions were able to get to and from work.

From 11 March to 31 December 2020, COVID-19 had a significantly negative impact on DSB's result. The impact has been calculated to be in the range of DKK -1,500 million. This is a net loss, mostly due to lost passenger revenue compared to the same period of 2019 adjusted for compensating cost reductions. DSB has initiated and implemented extraordinary cost reduction programmes amounting to around DKK 180 million for 2020. We have also applied for and received funds from the aid packages announced by the state.

In September, the Danish Government let it be known that they would offer full compensation for the financial losses resulting from COVID-19. On 21 December 2020, the EU Commission approved that the Danish state pays compensation for COVID-19 related net losses up to and including August 2020 amounting to DKK 914 million. DSB has received this compensation.

For the period 1 September - 31 December 2020, the calculated net loss amounted to approximately DKK 600 million. A process has been agreed upon with the Danish Ministry of Transport for applying to the EU Commission for compensation for the losses in this period. The payment of the compensation is conditional upon the EU Commission approving this state aid, and the compensation is, therefore, not included in this annual report.

On this basis, in 2020 we have now incurred a loss before tax of DKK 104 million, which is DKK 1,537 million better than in 2019. However, the results for 2019 were impacted by the write down of rolling stock amounting to DKK 1,686 million. If the write down for 2019 are excluded, the result for 2020 is DKK 147 million worse than in 2019. This is due to the outstanding compensation for losses due to COVID-19 for the period September-December 2020 and a generally lower level of costs than in 2019. On top of this, there are less depreciation due to the large write down of 2019, net profits of DKK 110 million from the sale of properties and the positive adjustment of the non-deductible VAT for prior years amounting to a DKK 67 million.



It is to be expected that COVID-19 and the introduced restrictions and recommendations will also impact the number of travellers and the finances very negatively in 2021. Together with the Danish Ministry of Transport, DSB has prepared a basis for how it can be possible to also compensate DSB for losses attributed to COVID-19 in 2021.

***"We have a large task ahead of us, first to win back the customers to public transport and then to create growth. We are ready."***

***Flemming Jensen, CEO***

### **Taking the train must be safe**

In 2020, customers took 120.1 million journeys compared to 187.2 million in 2019. This corresponds to a decrease of 36%. The decrease in the number of journeys was seen across all markets. After a good start to the year, where, up until mid-March, we saw a growth in the number of journeys and increased market share for Great Belt crossings, COVID-19 then began to have a significant negative impact on the number of journeys. After the controlled reopening of Denmark from the beginning of May, the summer period saw an increase in the number of journeys - even if this was still at a significantly lower level than in 2019. The summer's increases were positively impacted by an Orange campaign that sold over half a million additional tickets. In addition, 50,000 'Rejsepas' (Travel passes) were offered which generated 225,000 new journeys.

However, with the second wave of COVID-19 and the introduction of new restrictions from August onwards - including requirements for wearing masks in public transport, requiring seat reservations, people being encouraged to travel outside of the rush hour, and working from home as much as possible - we have noted a significant decrease in the demand for train journeys.

Our focus has been and remains on contributing to reducing the spread of infection and making it safe to travel by train for both our customers and employees. Over the course of the year, we have launched a number of initiatives - including developing a new online app that shows the passenger density of S-trains, setting up distancing markings at stations and trains, installing hand sanitiser units and doing additional cleaning on trains and at stations. These initiatives have generally been well received by our customers and, despite COVID-19, it has been possible to keep customer satisfaction levels at a high level of 7.9 (on a scale of 0-10), and our reputation in 2020 has improved to a previously unseen extent.

These implemented initiatives help make our customers and employees feel safe in the here and now, but they must also contribute to making it safe for customers to return to taking the train when the COVID-19 situation allows for that again. We are aware that when it comes to winning customers back, we must take into account the potential long-term structural changes that COVID-19 is expected to result in, among other things, a foreseeable increasing proportion of people working from home and more online meetings. These are factors that we will take into account in our product offerings and services for, among others, commuters and those taking business trips.



## **High punctuality and meeting the contract targets**

The customer punctuality for both S-trains and Long-distance & Regional trains has improved compared to last year and exceeds the traffic contract's targets. With a punctuality of 94.4% for S-trains and 86.7% for Long-distance & Regional trains, we have achieved the highest level of punctuality in five years.

The customer punctuality figures are positively impacted by a more robust timetable that has resulted in faults in tracks and signals having less impact on operations. The renewed focus on the processes for the maintenance of rolling stock has also resulted in fewer faults and more stable operations. Finally, delays from Sweden - which impact the entire Long-distance & Regional train traffic significantly - have also decreased compared to past years due, among other things, to COVID-19 related limitations on traffic.

## **The transfer of lines to other operators**

The line between Odense and Svendborg and the line between Vejle and Struer were transferred over to Arriva as of 13 December 2020. This was a result of a political agreement from 2017. The transfer of these lines has resulted in a decision to close DSB's workshops in Fredericia.

In addition, the line between Roskilde and Køge was transferred to Lokaltog, also as of 13 December 2020. The transfer was a result of an agreement between the Danish Ministry of Transport and Region Zealand from 2018.

Due to a political agreement from 2017, the practical responsibility for purchasing traffic across Øresund between Copenhagen and Malmø was handed over to the Swedish traffic purchasing company, Skånetrafiken. After a call for tenders, Skånetrafiken chose SJ as its operator, and it is intended that the line between Copenhagen and Malmø is to be serviced by SJ when the timetable changes in December 2023. The maintenance of the 77 Swedish-owned Øresund train sets has been transferred to SJ and the maintenance company Mantena in Sweden with the timetable change as of 13 December 2020. As a result, the activities at the workshop in Helgoland have been reduced and we have dismissed a number of employees.

## **Sustainability - environmentally friendly electric trains will streamline operations**

DSB's overall objective is to ensure that there is "Room for everyone on the journey towards sustainability." The objective is based on our public service task of reducing congestion and being a climate-friendly alternative mode of transport thus increasing our significant contribution to the green transition and the meeting of Denmark's climate targets.

We have, therefore, formulated four ambitious goals for sustainability that are to be met between now and 2030: We want to be completely carbon neutral, we want to reduce our energy consumption by 50%, we want to avoid emitting particles from the train engines, and we want to reuse at least 90% of our waste.

A large part of DSB's contribution to a sustainable Denmark is to be achieved via the planned modernisation of the rail network, the purchase of electric trains, and the establishment of new modern workshops.

In 2020, we have taken another important step in the transition from the aging diesel trains towards having a modern and uniform electric train fleet with the delivery of the first three Vectron electric locomotives that will pull DSB's double-decker coaches. From October onwards, the electric locomotives were put into operation in the regional traffic on Zealand. From February 2021, we will gradually begin reducing our use of ME diesel locomotives thanks to increased use of Vectron locomotives. This will result in significant reductions of both CO<sub>2</sub> emissions, energy consumption and particle emissions. The new electric locomotives will also result in more profitable operations as they are phased in.

The purchasing of new railway carriages has already been effected and they are expected to be used in the international traffic from Copenhagen to Hamburg in 2023. The purchasing process for the new electric train sets is in its final tender phase, and final offers have been received. The new electric train sets are expected to be put into operation for Danish domestic traffic from 2024 onwards.

We are in the process of building three new workshops that, among other things, will maintain the Train of the Future and it is critical for our sustainability strategy that these workshops become as sustainable as possible. We are, therefore, working closely with the Danish Green Building Council to ensure that the workshops are certified by the DGNB Gold standard.

Our sustainability targets are ambitious, and they can only be attained if - together with our suppliers - we ensure sustainable and responsible solutions across the company. We have, therefore, amongst other things in connection with our purchasing, focused on supporting sustainable solutions that are also financially viable and effective. In connection with calls for tenders, therefore, we also invite suppliers and business partners to identify such solutions.

***"I have no doubt that we can make a significant contribution to reducing congestion and strengthening the green transition in Denmark as soon as we reach the other side of COVID-19."***  
***Flemming Jensen, CEO***

Taastrup, 11 February 2021

---

Peter Schütze  
Chairman of the Board

---

Flemming Jensen  
CEO

**The interim report is published in both a Danish and an English language version. In the event of any discrepancies the Danish language version shall prevail.**





# Results

## Key Financial and Operating Data

DSB Group (DKK million)	2016 <sup>1)</sup>	2017 <sup>1)</sup>	2018 <sup>1)</sup>	2019 <sup>1)</sup>	2020	Pct. change	4th quarter 2020
Passenger revenue - before effect of Metro double factor	5,575	5,568	5,477	5,399	3,570	-34	859
Metro double factor	183	192	192	226	159	-30	28
Passenger revenue - after effect of Metro double factor	5,392	5,376	5,285	5,173	3,411	-34	831
Traffic contract revenues	4,394	4,286	4,051	4,025	4,819	20	1,888
Net revenue <sup>2)</sup>	10,081	9,990	9,684	9,546	8,701	-9	2,922
Total revenues <sup>3)</sup>	12,248	12,092	11,855	11,385	10,463	-8	3,378
Total expenses	9,503	9,831	9,353	9,371	9,162	-2	2,461
Earnings before amortisation, depreciation and write downs	2,745	2,261	2,502	2,014	1,301	-35	917
Amortisation, depreciation and write downs of intangible and tangible assets	4,634	1,854	1,829	3,551	1,335	-62	362
Operating result	-1,889	407	673	-1,537	-34	-98	555
Result before tax	-2,193	274	568	-1,641	-104	-94	537
Earnings for the year	-1,704	211	450	-1,276	-57	-96	437
Balance sheet total	16,534	16,305	14,832	12,081	12,147	1	12,147
Total equity	5,338	5,497	5,822	4,345	4,092	-6	4,092
Interest-bearing liabilities, net	6,034	4,802	3,860	3,320	2,826	-15	2,826
EBITDA margin	27.2	22.6	25.8	21.1	15.0	-29	31.4
Profit ratio (EBIT margin)*	-18.6	4.0	6.9	-16.1	-0.4	-98	19.0
Return on invested capital after tax (ROIC after tax)*	-11.5	2.9	5.3	-13.8	0.0	-100	25.3
Gearing*	2.2	2.1	1.5	1.6	2.2	38	3.1
Solvency ratio*	32.3	33.7	39.3	36.0	33.7	-6	33.7
Interest coverage*	-5.9	2.7	5.1	-13.8	-0.3	-98	23.4
Average number of full-time employees	7,285	7,292	7,092	6,866	6,757	-2	6,661
<b>Customers</b>							
Customers (million)	193.2	188.5	186.7	187.2	120.1	-36	28.1
"Customer satisfaction with this journey" <sup>4)</sup>	7.9	7.9	8.0	8.0	7.9	-1	8.0
<b>Reputation</b>							
DSB	47.8	47.5	49.9	52.7	60.1	14	63.1
Users of DSB	49.7	49.3	51.6	54.6	62.9	15	67.6
Non-users of DSB	41.5	40.9	45.2	46.4	52.8	14	53.3
<b>Passenger punctuality<sup>5)</sup></b>							
Long Distance & Regional Trains (%)	74.0	79.4	79.2	79.1	86.7	10	84.8
S-trains (%)	92.6	91.8	92.9	93.0	94.4	2	94.9
<b>Operator punctuality<sup>6)</sup></b>							
Long Distance & Regional Trains (%)	92.0	94.4	94.4	94.9	96.5	2	96.5
S-trains (%)	98.4	98.6	98.2	98.2	98.7	1	99.1
<b>Productivity<sup>7)</sup></b>							
Passenger revenue per seat kilometre (DKK 0.01/km)	30.9	31.4	32.5	31.0	20.5	-34	19.5
Costs per seat kilometre (DKK 0.01/km)	56.4	56.8	60.6	59.7	55.3	-7	58.2

<sup>1)</sup> Comparison figures for 2016, 2017, 2018 and 2019 have not been changed in connection with changed accounting practices.

<sup>2)</sup> Net revenue includes revenue relating to the railway business.

<sup>3)</sup> Total revenues include revenue from activities not related to the railway business.

<sup>4)</sup> "Customer satisfaction with this journey" has not been measured throughout 2020 due to COVID-19. The data collection methodology has also been changed and this may result in minor shifts compared to previous surveys.

<sup>5)</sup> Customer punctuality is the number of passengers travelling on punctual trains in relation to the total number of passengers. Arrivals are considered punctual if they are delayed for less than three minutes.

<sup>6)</sup> Operator punctuality is the total punctuality, minus any delays exceeding three minutes that are due to circumstances for which DSB is not responsible.

<sup>7)</sup> Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra kilometres travelled. Costs per seat kilometre have been adjusted for non-recurring items.

\* Calculated pursuant to the definitions laid down in Definitions of key figures.

## Financial activities

The pre-tax earnings in 2020 amounted to a loss of DKK 104 million, which is DKK 1,537 million less than in 2019.

The result for 2019 was negatively impacted by the write down of rolling stock for Long-distance & Regional trains - including write down of 11 phased out IC4 train sets. The write down have also resulted in less depreciation in 2020.

The result for 2020 is negatively impacted by COVID-19 and the restrictions issued in that context. The number of journeys and passenger revenue are significantly lower than in previous years. Cost reduction measures have been implemented in order to partially compensate for the lost revenue. By agreement with the Danish Government, however, the train operations have been maintained in all material respects, and this has limited the opportunities for cost reductions. Funds have also been applied for and received from the aid packages announced by the state.

Following approval from the EU Commission, the Danish state has paid DKK 914 million in compensation for lost revenue due to COVID-19 in the period from March to August. The amount has been included in this year's result before tax under net revenue as traffic contract revenues since the compensation is viewed as part of the renegotiation provision of the traffic contract. DSB has complied with the Danish Government's decision to keep operating public transport systems, and this has had financial consequences for DSB in the form of lost passenger revenue. The compensation for the period September to December has not been included due to the uncertainty of whether the EU Commission would approve it. If it is approved, DSB will also apply for compensation for the period.

DSB has calculated that, in the period 11 March - 31 December 2020, COVID-19 has had an impact on DSB's result amounting to approximately DKK -1,500 million. This is a net loss that can largely be attributed to lost passenger revenue compared to the same period of 2019, after the deduction of compensating cost reductions and salary compensation via the state's aid packages. DSB has initiated and implemented extraordinary cost reduction programmes amounting to around DKK 180 million.

Unlike previous annual reports, a result before tax has not been adjusted for non-recurring items for 2020. This has previously been used in order to provide a better comparison of the results with previous years but due to COVID-19, this is extremely difficult.

The balance sheet total amounted to DKK 12,147 million at the end of 2020, compared with DKK 12,081 million at 31 December 2019.

In 2020, DSB invested DKK 885 million (DKK 858 million). Investments were mostly in heavy maintenance of Long-distance and Regional trains and S-trains. In addition, there are advance payments for new railway coaches and new workshops.

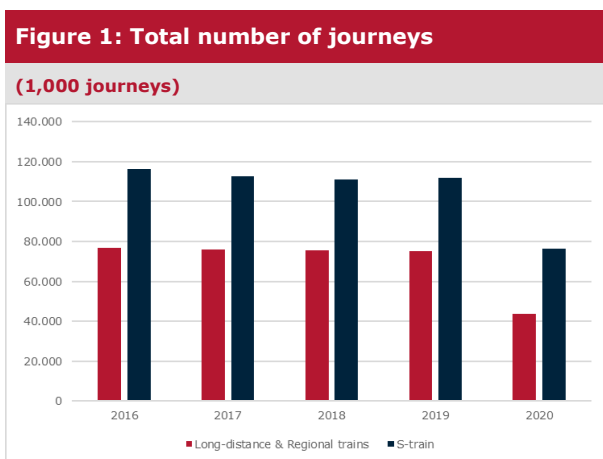
Interest bearing debt, net has been reduced by DKK 494 million compared with 31 December 2019 and amounted to DKK 2,826 million on 31 December 2020 (cf. note 4.5).

In 2020, Return on invested capital after tax amounted to 0.0 (-13.8), Gearing was 2.2 (1.6) and the Solvency ratio was 33.7 (36.0). Despite a challenging year, DSB has been able to maintain satisfactory levels of Gearing and Solvency.

### Net revenue

The Net revenue amounted to DKK 8,701 million in 2020, which is DKK 845 million less than in 2019.

The development in net revenue is negatively impacted by a major decrease in the number of journeys due to COVID-19.



Passenger revenue amounted to DKK 3,411 million, which is DKK 1,762 million lower than in 2019. This is mainly attributed to the large decrease in the number of journeys.

The loss of revenue is only partially offset by the state having paid DKK 914 million in compensation. The amount is calculated as a net loss, mainly consisting of lost passenger revenue minus cost savings and used compensation packages, etc.

#### Metro double factor

For the passenger revenue, DSB includes the effect of the current revenue-sharing model in the Greater Copenhagen area. The model involves Metroselskabet I/S (the owner of the Copenhagen Metro) receiving a larger proportion of the total passenger revenue in the Greater Copenhagen area, i.e., its share is higher than Metroselskabet's proportion of the total number of journeys. This larger proportion (the Metro double factor) is deducted from DSB's passenger revenue.

**Table 1: Passenger revenue**

DKK million	2020	2019
Long-distance & Regional trains - before the effect of the Metro double factor	2,338	3,749
Metro double factor	35	59
<b>Long-distance &amp; Regional trains - after the effect of the Metro double factor</b>	<b>2,303</b>	<b>3,690</b>
S-trains - before the effect of the Metro double factor	1,232	1,650
Metro double factor	124	167
<b>S-trains - after the effect of the Metro double factor</b>	<b>1,108</b>	<b>1,483</b>
Passenger revenue, total - before the effect of the Metro double factor	3,570	5,399
Metro double factor, total	159	226
<b>Passenger revenue, total - after the effect of the metro double factor</b>	<b>3,411</b>	<b>5,173</b>

Passenger revenue for Long-distance & Regional trains is DKK 1,387 million lower than in 2019. The development is mainly due to a decrease in the number of journeys of 31.6 million or 42%. The decrease in the number of journeys is seen in all markets - though the most significant decrease is for Øresund crossings over the bridge and for Zealand, including Kystbanen/The Coast Line and the Kastrup Line.

In 2020, S-trains had 35.6 million fewer journeys than in 2019, amounting to a decrease of 32%. This has resulted in a decrease in passenger revenue of DKK 375 million.

The traffic contract revenues from the state amounted to DKK 4,819 million, which is DKK 794 million more than in 2019. The compensation from the state of DKK 914 million is the main reason for this increase. The traffic contract payments in 2020 were reduced by DKK 70 million compared to 2019 as a result of Supplemental Contract 19 of 2017, which reduces the annual contract payments by DKK 207 million in 2018 and will rise to a deduction of DKK 380 million from 2022. In addition, the traffic contract payments in 2019 included compensation for work done in the period 2012 to April 2019 in connection with the new signal

and train control system (ERTMS) on the long-distance tracks in accordance with Supplemental Contract 25.

Sales of repair and maintenance services for rolling stock, etc. amounted to DKK 312 million and have increased by DKK 14 million relative to 2019.

Sales and leasing of rolling stock amounted to DKK 159 million, which is DKK 109 million higher than in 2019. This is a result of selling the Desiro train sets to Arriva in connection with the transfer of train traffic in Mid- and West Jutland and the transfer of the Svendborg Line.

Work performed on its own account and capitalised amounted to DKK 468 million and has decreased by DKK 12 million compared with 2019. The decrease is due to less heavy maintenance of rolling stock and a smaller number of capitalizable supplemental works.

Other operating income decreased by DKK 65 million and amounted to DKK 1,294 million. The decrease is mainly attributed to lower revenues from DSB's 7-Eleven kiosks, amounting to a decrease of DKK 178 million due to the COVID-19 situation. On the other hand, net profits from the selling of properties increased to DKK 110 million - mainly in connection with entering into a joint venture agreement with Ny Valby Udvikling A/S concerning the development of a project involving construction rights for DSB's area at Grønttorvet in Valby. Finally, DSB has made use of the Danish state's aid packages for furloughed workers and for covering fixed costs.

### **Expenses**

Expenses totalled DKK 9,162 million. (DKK 9,371 million) and have thus been reduced by DKK 209 million.

The lower costs are generally due to the continuing work on streamlining the organi-

sation as part of the streamlining programme called 'Robust DSB'. In addition, savings of DKK 180 million, aimed at offsetting the negative financial consequences of COVID-19, were also realised in 2020 .

Expenses for raw materials and consumables amounted to DKK 1,941 million and represents a decrease of DKK 17 million. The development is impacted by a reduced consumption of goods in DSB's 7-Eleven kiosks due to the smaller sales volume. Conversely, expenses for the purchasing of previously leased Desiro train sets that were sold on to Arriva increased.

Other external expenses amounted to DKK 3,528 million, representing a decrease of DKK 149 million compared to the year before. The decrease can mainly be attributed to lower expenses for replacement transport and lower expenses for commissions, infrastructure fees and marketing. In addition, the adjustment of non-deductible VAT for previous years amounted to DKK 67 million. However, there has also been an increase of consultancy fees, mainly in connection with preparing to purchase new rolling stock and the S-train of the Future.

Staff costs amounted to DKK 3,693 million and have fallen by DKK 43 million in comparison to 2019. The decrease is due to having fewer employees in 2020, among other things, due to the continued streamlining initiatives. At the end of the year, DSB had 6,625 full-time employees, representing a decrease of 194 employees or 3% compared to 2019.

### **Amortisation, depreciation and write downs**

Amortisation, depreciation and write downs amounted to DKK 1,335 million compared with DKK 3,551 million in 2019. The decrease is due to 2019 being impacted by write-downs of DKK 1,686 million and the depreciation of rolling stock in 2020 have been lower as a direct result of the write-down.



## Financials

Financials, net amounted to costs of DKK 70 million. (DKK 104 million).

### Financial activities, 4th quarter 2020

The result before tax in the 4th quarter of 2020 showed a profit of DKK 537 million and was significantly impacted by the DKK 914 million in compensation from the state. However, the underlying result remains negatively impacted by the COVID-19 situation.

The net revenue amounted to DKK 2,922 million, which is DKK 488 million more than in the 4th quarter of 2019.

The passenger revenue was negatively impacted by fewer journeys and amounted to DKK 831 million for the quarter, compared to DKK 1,362 million for the same quarter of 2019.

Traffic contract revenues from the state amounted to DKK 1,888 million, which is DKK 899 million more than in the 4th quarter of 2019 - and is a result of the compensation from the state of DKK 914 million.

The compensation for COVID-19 related losses was provided as a result of the renegotiation clause in DSB's traffic contract with the state which can be used in extraordinary circumstances. The compensation package is included in the traffic contract revenue. Revenues from the state's other general aid packages are included under Other operating revenue.

Sales of repair and maintenance services for rolling stock, etc. amounted to DKK 83 million. The selling and leasing of rolling stock generated DKK 120 million, which is an increase of DKK 111 million compared to 2019 due to the selling of train sets in connection with termination of activities.

Work carried out at DSB's own expense related to heavy maintenance and capitalizable works amounted to DKK 121 million.

Other operating income amounted to DKK 335 million, compared to DKK 356 million in 2019. The lower sales volumes in DSB's 7-Eleven kiosks have been partially offset by selling spare parts in connection with the transfer of the maintenance of the Swedish Øresund train sets.

Expenses totalled DKK 2,461 million in the 4th quarter (DKK 2,340 million).

The expenses for raw materials and consumables amounted to DKK 616 million, which is DKK 115 million more than in the 4th quarter of 2019 and includes the purchase of previously leased Desiro train sets that were sold on to Arriva.

Other external expenses amounted to DKK 955 million (DKK 935 million).

Staff costs amounted to DKK 890 million, which is DKK 14 million lower than in 2019.

Depreciation, amortisation and write-downs amounted to DKK 362 million, which is DKK 1,804 less than in 2019. However, this decrease is a result of the write-downs of rolling stock of DKK 1,686 million in 2019 and the lower depreciation of rolling stock in 2020 as a result of this.

Net financials amounted to an expense of DKK 18 million

### Dividend for the Ministry of Transport

The Board of Directors recommends that the Annual Meeting adopts a resolution that no dividend will be paid for 2020.

### Liquidity

DSB wants to ensure that it always has appropriate levels of liquidity that support agreements that have been entered into in the form of incurring ongoing costs and also to have the capacity to initiate major investments projects such as buying new rolling stock, etc.

In the early stages of COVID-19, DSB strengthened its liquidity by another DKK 1,500 million via bank facilities. This increased the total available liquidity to DKK 4,521 million by the end of the 1st quarter of 2020. The liquidity reserve was to ensure that DSB had sufficient liquidity to last 1-1.5 years based on the risk of lower passenger revenues.

Throughout 2020, the liquidity levels have been ample and even improved due to the option to delay the payment of A-taxes and labour market (AM) contributions until 2021 (DKK 294 million) and from receiving DKK 914 million in compensation payments from the state.

By the end of the year, the liquidity reserve amounted to DKK 8,317 million. Specifically, the liquidity reserve was grown via agreements that help to ensure liquidity for agreements that are already signed concerning the purchase of electric locomotives and train coaches, but it was also used to cover future payments for environmentally friendly electric train sets.

DSB's strong focus on green investments is the reason why loan agreements have been set up with both the Nordic Investment Bank and the European Investment Bank.

DSB signed a loan agreement with the Nordic Investment Bank for EUR 400 million (DKK 2,975 million) with a maturity of 15 years. At the end of 2020, EUR 267 million (DKK 1,986 million) have not yet been paid out. The loan will be paid out over the course of the next one and a half years.

The European Investment Bank has also agreed to a project loan framework amounting to EUR 500 million (DKK 3,719 million) for new train sets. The framework includes an agreement for EUR 150 million. The loans have been structured to have a 25-year maturity date. As of the end of 2020, payments have not yet been made.

## Sustainability

DSB entered into a new era in 2020 with the introduction of the new environmentally friendly Siemens Vectron electric locomotives (EB electric locomotives). In the years ahead, the diesel trains will gradually be phased out and a new fleet of environmentally friendly electric trains will be introduced.

Operating a key part of the transport sector means that DSB carries out an important societal task by connecting Denmark in a way that helps prevent congestion on roads and contributes to sustainable mobility.

The transport sector as a whole represents a significant proportion of Denmark's emission of greenhouse gases. Between now and 2030, DSB will make a significant contribution to ensuring that the transport sector's CO<sub>2</sub> emissions are reduced, and that Denmark can realise its climate targets.

The train is already now one of the best environmentally and climate friendly modes of transport. At the same time, on many lines the train is an effective way of getting from A to B as even during rush hour trains can transport a lot of people from city centre to city centre without congesting the main road networks.

DSB sees a great deal of potential, therefore, in developing the railway even further so that it will continue to contribute to realising the green transport sector of the future - particularly when it comes to passenger transport.

### Objectives and initiatives

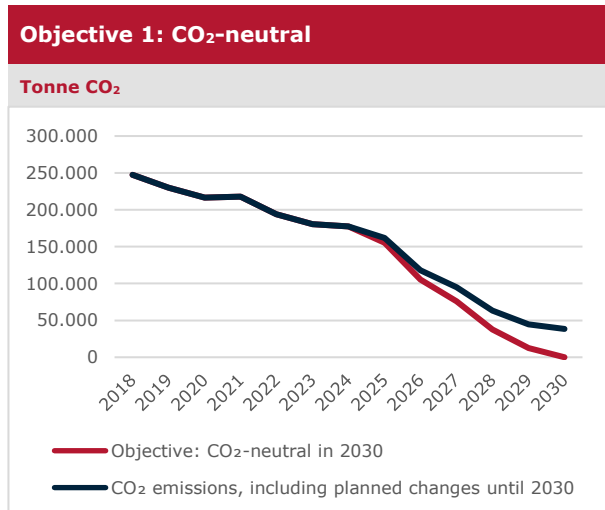
DSB intends to launch several initiatives aimed at ensuring that the train becomes the preferred mode of transport for Danes when everyday life begins returning to normal after COVID-19.

DSB has specified ambitious goals that will make a significant contribution to making Denmark greener with reduced congestion

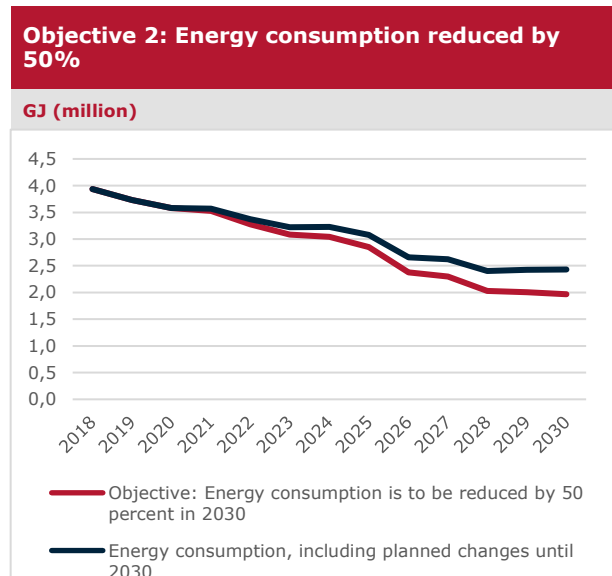
on the roads. In that context, DSB is working with four climate and environmental objectives which are to be met by 2030:

- Objective 1: CO<sub>2</sub> neutral - all of DSB is to be supplied with renewable energy
- Objective 2: Reducing energy consumption by 50% - driven by improved energy efficiency
- Objective 3: No particle emissions from the locomotives' engines - avoiding impacting the environment
- Objective 4: At least 90% of waste is to be reused - i.e., turned into new resources.

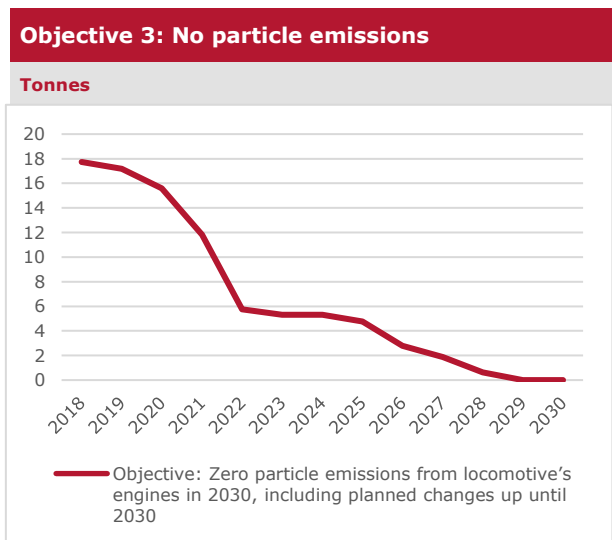
The objectives have provided the framework for the work and the results achieved in 2020. DSB continues to work on identifying initiatives between now and 2030 that will ensure that the environmental and climate objectives are realised.



DSB is in the process of acquiring a CO<sub>2</sub> neutral supply of electricity. A CO<sub>2</sub> neutral DSB will reduce CO<sub>2</sub> emissions by approximately 250,000 tonnes compared to 2018. The initiatives that have already been identified are estimated to result in savings of between 80-90% in terms of CO<sub>2</sub> emissions, mainly due to the new electric train fleet. The remaining 10-20% of the goal achievement will be addressed by future initiatives that are as yet unidentified.

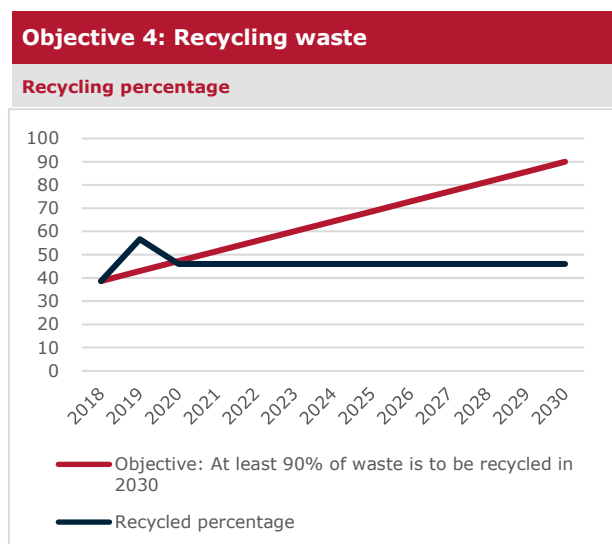


In 2018, DSB's energy consumption amounted to just under 4 million gigajoules (GJ). The already scheduled initiatives will realise around 75% of the objective of reducing energy consumption by 50% in 2030 - mainly from energy efficiency initiatives. The remaining efficiency initiatives are yet to be identified, but they will mainly be related to train operations and properties.



In 2018, particle emissions amounted to just under 18 tonnes. The goal of achieving zero particle emissions from the locomotives' engines will be realised once all diesel trains

have been replaced by the future electric trains. Based on the current plan, this is estimated to be achieved in 2028.



Today, DSB recycles or reuses around half of its waste, and it has started mapping the initiatives that can contribute to realising the objective of recycling or reusing 90% of waste in 2030. DSB believes that there is potential for significantly increased recycling widely in the company.

For all future acquisitions, there will also be requirements for a high degree of recyclability. One example of this is the Siemens EB electric locomotives, which can be 98% recycled once their service life ends.

### New electric locomotives

The largest single contribution to realising the environmental and climate goals will be in replacing the diesel fuel rolling stock with electric rolling stock.

DSB has taken an important step in this direction in 2020, as the first three EB electric locomotives were delivered and the first one was deployed in the regional traffic on Zealand from October. The other two were deployed in December. In 2021, additional EB electric locomotives will also be put into operation.

At first, the new EB electric locomotives will replace the aging EA electric locomotives. From February 2021, the use of ME diesel locomotives will gradually be reduced due to increased deployment of the EB electric locomotives. This results in significant reductions of CO<sub>2</sub> emissions, energy consumption and particle emissions.

It is estimated that the EB electric locomotives will as a minimum reduce the emissions of particles from train operations by 13%, or 27,000 tonnes of CO<sub>2</sub> per year when they are fully phased in. In addition, there will also be a 10-tonne annual reduction of particles, amounting to 60% of DSB's total particle emissions from train operations.

The EB electric locomotives are thus an important part of realising DSB's environmental and climate objectives between now and 2030.

### New workshops

DSB is also in the process of building three brand new workshops which are intended to service the locomotives and trains of the future. A core part of DSB's strategy and realising the environmental and climate goals is making sure that the workshops are as sustainable as possible. DSB is, therefore, working closely with the Danish Green Building Council with the aim of having the workshops certified in accordance with the DGNB sustainability standard.

The project is proceeding according to the plan, as DSB is working on gaining a DGNB Gold certification for the workshops once they are ready in 2025. In that case, it will be the result of targeted initiatives aimed at ensuring the workshops are sustainable throughout all of the construction phases.

### Other initiatives

DSB buys a significant amount of goods and services each year and in that context, we are aware that we have a responsibility for



ensuring that sustainability is factored into the entire supply chain.

In 2020, a commission was set up for sustainable purchasing. The committee is to ensure that DSB works together with suppliers to create sustainable and responsible solutions. In future tender rounds, DSB will, therefore, have a greater focus than previously on inviting the tender participants to identify such sustainable solutions - for example, via energy-saving solutions and by minimising the use of harmful substances and non-recyclable materials.

With this approach, DSB's purchasing processes will not only in themselves be more sustainable, but they will also encourage suppliers to develop sustainable solutions that benefit the climate, the environment, and the Danes' opportunities for climate-friendly travel by train.

This is the beginning of initiatives that will contribute to realising the objective of recycling 90% of waste by 2030.

DSB has also started an experiment with sorting customer waste and recycling it. The experiment was started in November at the Roskilde and Vejle train stations. Together with a supplier, DSB has developed a waste sorting solution for this experiment. The solution uses a dustbin with compartments for sorting waste in three different categories and also for separate disposal of cans/bottles with a deposit for the benefit of others (who can return them and collect the money). Several municipalities have also contacted DSB and asked to be part of the experiment and to make the waste sorting solution available in surrounding urban spaces. DSB is expecting to launch more waste sorting experiments in 2021.

Besides a green transition involving its primary operations, DSB is also working in a targeted manner to make travelling by train even more attractive to customers. More appealing trains will encourage people to

choose travel by train instead of using their cars, which will both benefit the environment and reduce road congestion, particularly in and around the major cities.

In December, DSB introduced a new express route between Copenhagen, Odense and Aarhus called Lyn+ (Lightning+). Lyn+ is an express line without many stops. DSB expects this to be a particularly attractive option for business trips.

DSB is also working on developing and launching new types of tickets that should make it even more attractive to take the train - for example, for commuters and those taking business trips.

The new rolling stock and coming infrastructure improvements will also significantly reduce travel times and the frequency of departures will also be increased on some of the most popular lines in Denmark.

The transport sector is undergoing a major transition between now and 2030, and it is DSB's ambition to ensure that the transition allows for the railway network and DSB in particular to continue to act as the green 'backbone' of future passenger transport.

DSB is thus well on its way towards sustainability.

## Operating activities

### Customers

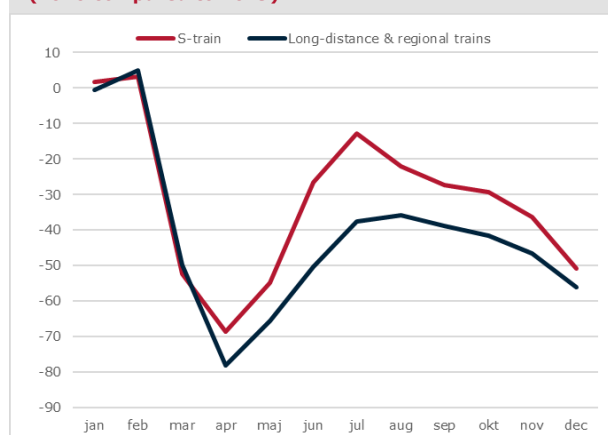
2020 started out with a positive development in the number of journeys in January and February. In February, 541,000 more journeys were travelled than in the same period in 2019, corresponding to index 104. In the following months, however, the number of journeys travelled fell significantly due to COVID-19.

All together, 120.1 million journeys were travelled in 2020 compared to 187.2 million journeys in 2019. This represents a decrease of 36%. This is attributed to COVID-19 and the announced restrictions and guidelines from the public authorities aimed at slowing the spread of infection - including requirements for wearing face masks and making seat reservations and the encouragement to travel outside of rush hours and work from home as much as possible.

The reduction in the number of journeys is seen across all markets, but the biggest decrease has been for journeys with Long-distance & Regional Trains.

**Figure 2: Percentage change in number of journeys**

(2020 compared to 2019)



In 2020, track works were completed on the routes between Ringsted and Næstved, Roskilde and Holbæk, Ringsted and Slagelse, Fredericia and Aarhus, Aarhus and Aalborg

and there were track closures resulting from the S-train Signal Programme. These are not assessed as having had a significant impact on the number of journeys when considering the impact of COVID-19.

As of 13 December, the traffic on the Vejle-Struer line, the Svendborg line and Lille Syd (Roskilde-Køge) were transferred to other operators. In the future, this will result in a decrease in the number of journeys for the West market (Jutland and Funen) and for Zealand, including Kystbanen (The Coast Line) and the Kastrup Line.

**Table 2: Total journeys**

1,000 journeys			Increase	
	2020	2019	Abs.	Pct.
Long-distance & Regional trains	43,741	75,299	-31,558	-42
Øresund - bridge crossing	4,984	12,261	-7,277	-59
Zealand, including Kystbanen (The Coast Line) and the Kastrup Line	23,598	41,374	-17,776	-43
West (Jutland and Funen)	9,734	13,131	-3,397	-26
East/West: (across the Great Belt)	5,151	7,844	-2,693	-34
Others	274	689	-415	-60
S-trains	76,346	111,917	-35,571	-32
<b>Total</b>	<b>120,087</b>	<b>187,216</b>	<b>-67,129</b>	<b>-36</b>

43.7 million journeys were travelled by Long-distance & Regional trains in 2020 compared to 75.3 million in 2019 - a decrease of 42%. January and February showed a 1% growth rate overall. In March, the number of journeys decreased by 50% compared to 2019. The decrease continued in April to 78%, and for the 2nd quarter, the total decrease was 64%. In the 3rd quarter, the curve started to reverse and the decrease was 37%. The customers were very receptive to the summer campaigns, which resulted in a positive development in the number of journeys. In the 4th quarter, the second wave of COVID-19 hit the country and additional restrictions were imposed. This resulted in a decrease in the number of

journeys of 48% compared to 2019 - with the largest decrease in December, of 56%.

Øresund crossings amounted to 5.0 million journeys in 2020, which is 59% fewer than in 2019. The Øresund line was also impacted by the shutting down of the Danish-Swedish border.

The number of journeys on Zealand, including Kystbanen (The Coast Line) and the Kastrup Line, amounted to 23.6 million in 2020, a decrease of 43% compared to 2019. The traffic in this region was growing in January and February, but fell significantly during the rest of the year. Kystbanen (The Coast Line) and the Kastrup Line were particularly impacted by a lower number of journeys to and from Copenhagen Airport. In addition, the Roskilde-Køge line on Lille Syd was also transferred to another operator.

For West (Jutland and Funen), the number of journeys decreased by 26% compared to 2019. After a growth rate of 6% in January and February compared to the same period in 2019, the number of journeys decreased by 36% in March compared to the same month a year earlier. For the 2nd quarter, the total decrease amounted to 52%, while the trend reversed in the 3rd quarter where the decrease was 13%. In the 4th quarter the decrease was 28% - but this includes the transfer of traffic on the Vejle-Struer line and the Svendborg line. West (Jutland and Funen) is thus the market that was least impacted by COVID-19.

The number of East/West journeys (crossing the Great Belt) was 34% fewer in 2020 compared to 2019. There was an increase of 9% in January and February, partly attributed to an increased supply of Orange and Orange Free tickets. In addition to the increased sales of Orange and Orange Free tickets, the development was impacted by a changed schedule for international trains which now cross the Great Belt. The decrease in March amounted to 48%, followed

by a decrease of 76% in April. The overall decrease in the 2nd quarter amounted to 60%, in the 3rd quarter it was 20% and in the 4th quarter it was 44%. The positive development in the 3rd quarter was helped along by the 'Rejs i Danmark' ('Travel in Denmark') campaign. For East/West, the 'Rejsepass' ('Travel Pass') contributed with 90,000 journey and Orange and Orange Free tickets contributed with 564,000 journeys. New restrictions from September onwards - including requiring passengers to wear face masks - were a contributing factor to customers choosing an alternative mode of transport for long journeys or replacing their business travel with virtual meetings.

There were 76.3 million S-train journeys in 2020, which is 35.6 million fewer than in 2019. After a 2% increase in the number of journeys in January and February, the trend reversed just as on the other lines. All in all, the number of journeys for the year decreased by 32% compared to 2019.

Increasing market share and growth in the number of journeys at the beginning of 2020 January and February showed a positive development in the total number of journeys, as 655,000 million more journeys were travelled compared to the same period of 2019.

The market share for traffic across the Great Belt was at 25.0% in both January and February, which is the highest level since 2016. This has continued the positive trend from the 2nd half of 2019. The total market for Great Belt crossings also grew during this period, but trains were the only mode of transport that gained market shares in both January and February 2020.

Marketing initiatives adapted to the current situation

During a turbulent year, DSB has continually tried to remain focused on what is most important to customers as the year went by. Since March, the focus has been on ensuring safe journeys during these COVID-19 times. Therefore, a number of initiatives were

launched, including information campaigns and other customer-oriented communications. As the infection rates and restrictions eased, DSB has focused on providing good offers for inspiring train journeys driven by a desire to discover Denmark during a summer where many chose not to travel abroad. These initiatives were well-received by customers which can, for example, be seen in DSB's reputation ratings, which improved significantly in 2020.

2020 got off to a good start with a marketing campaign for Orange tickets. It was a record-breaking year with 137,000 Orange tickets sold - 38% more than in 2019. At the beginning of 2020, DSB's communications were also focused on DSB's four environmental and climate-related objectives, spreading the message that the train is a sustainable mode of transport. The campaign was, in particular, targeted at Facebook and LinkedIn.

When Denmark was shut down in March, the commercial and sales-focused messages were replaced by messages focusing on safety.

Denmark gradually began reopening in May as the infection rates dropped. DSB experienced a renewed appetite for travel and opened, on an initiative of the Danish Ministry of Transport, the largest summer sales drive ever, offering a total of 1 million Orange tickets at a maximum price of DKK 99. A special deal was also introduced in the form of the 'Rejsepas' ('Travel Pass'), a ticket that provided unlimited travel throughout the public transport system for a week (of the travellers' choice) during the school summer holidays for DKK 299.

The marketing revolved around what everyone had missed during the spring: Positive experiences with friends and family in the beautiful Danish summer landscape. The campaigns were prepared together with organisations such as VisitDenmark and were supported by ideas for experiences close to

train stations in particular but also experiences in Denmark in general.

The Rejsepas, which had been agreed upon with and financed by the Danish Ministry of Transport and limited to 50,000 units, was sold out in three days. The sale of Orange tickets was also a big success, and over 565,000 Orange tickets were sold - 397,000 of which were for Great Belt crossings. This corresponds to index 805 compared to the sales of 2019's summer campaign.

In the last part of 2020, when working from home was once again recommended, DSB's marketing began focusing on customers and their safety while travelling by train.

The last campaign of 2020 was the Christmas season campaign, offering Orange tickets for weekend travel from 31 October to 13 December. The campaign sales were negatively impacted by the new restrictions across the country and the result was 122,500 tickets sold, which corresponds to index 67 compared to 2019's Christmas campaign.

In future, DSB will support a sustainable reopening of society after COVID-19. DSB expects, therefore, that it will once again communicate commercially - including how the train is a sustainable transport choice - once the conditions in society allow this.

#### COVID-19 initiatives

During the pandemic, DSB has been in close dialogue with the public authorities, followed their recommendations and continually adjusted its initiatives. As a result, a number of changes have been made in daily operations, which support the authorities' efforts to limit the spread of infection.

DSB provided hand sanitiser dispensers and displayed face mask banners at an early stage to remind customers about the importance of following the recommendations of the public authorities.



DSB has also implemented extra cleaning at stations and in trains underway - including disinfecting the contact surfaces. Additionally, employees have been posted at certain stations to remind customers about the guidelines, and a new online app (plads-paarejsen.dk) has been developed and launched where customers can see the occupancy of S-trains.

It is expected that customers will also need more flexible products in the future, for example, due to increased working from home. DSB has, therefore, begun developing a more flexible commuter ticket product.

As part of this effort, DSB is entering into a partnership with the other traffic companies to create a more permanent concept that can meet the customers' need for flexibility and thus provide a more attractive sustainable choice of transport to commuters in 'the new normal everyday'.

**Lyn+ (Lightning+) is a new Premium product**

DSB has deployed more trains to the regional traffic between East and West Denmark. This has been done on the basis of a political agreement.

Lyn+ is a new concept that was launched with the change in time tables on 13 December and with presales that began in October.

This is an improved type of product for customers, involving trains running from Copenhagen to Aarhus with just a single stop along the way - in Odense. This allows customers to save up to 9 minutes per departure compared to the normal 'lyn' ('lightning') trains. The trains have eight departures during rush hours on weekdays, DSB 1' offers service and a Coffee Express onboard. Seat reservations are required in order to ensure that Lyn+ is perceived as a Premium product where customers can sit and work or relax without being disturbed.

The product is particularly attractive for business travellers.

**Focus on train journeys abroad**

Due, amongst other things, to the customers' focus on the train's environmental advantages, international train traffic also increased up until February 2020 when the COVID-19 restrictions almost froze the market.

Train departures to international destinations increased from 2019 to the beginning of 2020, and particularly during the first months of 2020 where sales were 32% higher than in the same period of 2019.

DSB has, therefore, been increasing its focus on partnerships that can make international travel available to additional customers and is, in this connection, investigating the possibilities for coordinating a potential international night train service with other European railway operators. DSB is also investing in new environmentally friendly and comfortable train coaches that will be deployed to the international train traffic from 2023 onwards. In addition, the train links to Hamburg will continually be improved and expanded upon - particularly once the Fehmarn Belt Fixed Link opens.

Customers can now order tickets for their train journey to a number of countries up to six months before departure compared to three months as it was previously. This longer timeframe makes it easier to put together the final plans for international train trips in good time, and is the result of DSB's continuing work towards establishing additional partnerships across national borders and with other train operators. The aim is to offer our customers a product that can compete with air travel and at the same time ensure that there is an attractive and sustainable alternative when travelling outside of Denmark.

The objective is for it to be easy to plan a trip abroad and buy a ticket for the journey.

This has been a key motivation for making it possible to book a print-it-yourself ticket online for trips throughout Europe - from Sweden to Southern Italy. This development will continue in the years ahead and will meet the customers' demands for being able to book tickets digitally.

In 2020, DSB has also worked on offering sustainable study trips by train as a next step together with a number of Danish upper secondary schools, NGOs and travel agencies. This work was begun after a "Hackathon" held during the autumn of 2019. During the spring and summer of 2020, DSB also held innovation events with six upper secondary school classes in cooperation with The Climate Embassy (Concito) and a travel agency and workshops have also been held for upper secondary school teachers.

#### Customers are making increasing use of digital services

More and more customers have used the digital self-service solutions in 2020, and this trend is in line with the strategy of promoting the use of digital self-service solutions. The degree of self-service at the end of 2020 was 94. This is 2.5 percentage points higher than at the end of 2019.

Throughout 2020, DSB has focused on digitalising products and services for its customers, including Business Cards, Øresund Commuter Cards and pram/stroller seat reservations. A new business portal was also launched at the end of 2020.

COVID-19 has also increased the need for self-service solutions and agile development processes. DSB is continually adapting its services, for example, by making it possible to refund travel cards and tickets so that the customers' needs can be met in the special circumstances.

#### Customer satisfaction

**Table 3: Customer satisfaction<sup>1)</sup>**

(Scale 0-10)	Increase			
	2020	2019	Abs.	Pct.
Satisfaction with the journey (Long-distance & Regional Trains)	8.0	8.0	0.0	0
Satisfaction with Long-distance & Regional Trains in general	7.2	7.2	0.0	0
Satisfaction with the journey (S-trains)	7.8	8.1	-0.3	-4
=Satisfaction with S-trains in general	7.6	7.8	-0.2	-3
Satisfaction with the journey (all of DSB)	7.9	8.0	-0.1	-1

<sup>1)</sup> Due to COVID-19, customer satisfaction levels have not been measured during the whole of 2020. The data collection methodology has been changed and this may result in minor shifts compared to previous surveys.

The customer satisfaction levels for all of 2020 ended at 7.9, which is a slight decrease compared to 2019.

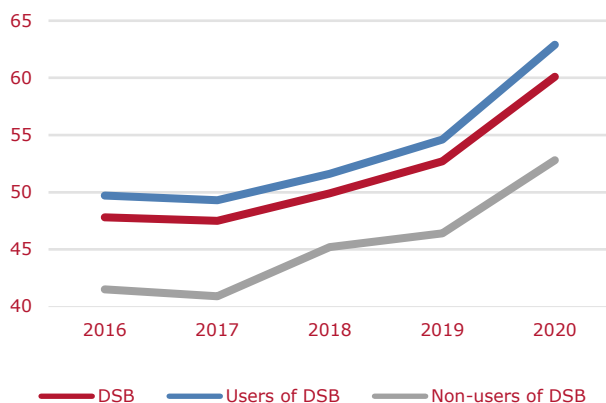
For Long-distance & Regional trains, the customer satisfaction levels were unchanged, but they decreased for S-trains. The decrease in customer satisfaction levels is particularly noticeable when it comes to the parameters of safety in trains and at stations, but also when it comes to the internal cleaning in the train. This development is presumably related to COVID-19, with the subsequent increased focus on safety and cleanliness. DSB has made significant investments in these areas in 2020 and intends to continue with such investments in 2021.

#### Reputation

DSB's reputation rose significantly in 2020, and at the end of the year it was judged to be 63.1. This was an increase of 10.7 points compared to the end of 2019, and it is also DSB's highest recorded reputation level since measurements began.

**Figure 3: Reputation - average for the year**

Index 0-100



DSB's reputation has on average increased by 7.4 points to 60.1 for the year. The customers seem to especially appreciate that DSB has taken on significant responsibility for visible and reassuring communications during COVID-19. The greater punctuality also makes a positive contribution to the high reputation score.

For both users (67.6) and non-users (53.3), the reputation score for the 4th quarter of 2020 is significantly higher than for the 4th quarter of 2019.

### Punctuality

For both Long-distance & Regional trains and S-trains, customer and operator punctuality in 2020 was at one of the highest levels ever seen (since DSB started measuring punctuality).

The high punctuality figures are mainly a result of significantly improved stability in the rolling stock and reduced impact as a result of delayed trains from Sweden.

The customer and operator punctuality figures for Long-distance & Regional trains were particularly high in 2020 compared to earlier periods. S-trains, which were already at a stable high level also had particularly

high levels for both customer and operator punctuality in 2020.

**Table 4: Customer punctuality<sup>1)</sup>**

Percent			Increase	
	2020	2019	Abs.	Pct.
Long-distance & Regional Trains	86.7	79.1	7.6	10
S-trains	94.4	93.0	1.4	2

<sup>1)</sup> Customers who arrived on time at their final destination with less than a three-minute delay.

The customer punctuality for Long-distance & Regional trains increased to 86.7% in 2020 from 79.1% in 2019. The customer punctuality figures have generally been positively impacted by fewer infrastructure incidents (tracks and signals), fewer rolling stock faults (among other things, due to a renewed focus on the maintenance of the rolling stock), a robust timetable and reduced impact of delayed trains arriving from Sweden.

The customer punctuality of 86.7% is above the traffic contract's target for 2020 of 78.7%.

Customer punctuality for S-trains increased to 94.4% in 2020 from 93.0% in 2019. Customer punctuality for S-trains is also positively impacted by fewer infrastructure incidents and fewer rolling stock faults.

The customer punctuality of 94.4% is better than the traffic contract's target of 92.3%.

Customer punctuality for both Long-distance & Regional trains and S-trains is also positively impacted by strengthened cooperation between DSB and Banedanmark - including having weekly coordination meetings to ensure that traffic-related disturbances due to, for example, infrastructure issues are managed in such a way as to create the least inconvenience for customers.

**Table 5: Operator punctuality<sup>1)</sup>**

Percent	Increase			
	2020	2019	Abs.	Pct.
Long-distance & Regional Trains	96.5	94.9	1.6	2
S-trains	98.7	98.2	0.5	1

<sup>1)</sup> Trains that arrived on time with less than a three-minute delay, less any minutes of delay for which DSB is not responsible.

Operator punctuality for Long-distance & Regional trains increased to 96.5% from 94.9% in 2019. Operator punctuality has, in particular, benefitted from a robust timetable and fewer rolling stock faults.

The operator punctuality of 96.5% is better than the traffic contract's target of 94.1%.

Operator punctuality for S-trains was 98.7% in 2020, which is an increase from 98.2% in 2019. Operator punctuality was positively impacted by fewer rolling stock faults and fewer train propulsion system faults.

The operator punctuality of 98.7% is above the traffic contract's target of 97.5%.

### Punctuality, 4th quarter 2020

Customer punctuality for Long-distance & Regional trains was 84.8% and thus better than the traffic contract's target. For S-trains, the customer punctuality was 94.9%, which is also better than the traffic contract's target.

Operator punctuality for Long-distance & Regional trains was 96.5%, while operator punctuality for S-trains was 99.1%. Both were thus above the traffic contract's targets.

## Productivity

**Table 6: Number of full-time employees**

	Increase			
	2020	2019	Abs.	Pct.
Number of full-time employees – year-end	6,625	6,819	-194	-3
Average number of full-time employees in total	6,757	6,866	-109	-2

The number of full-time employees decreased by 194 in 2020 to 6,625. The decrease is mainly among kiosk staff due to the COVID-19 situation and among workshop staff due to the transfer of the traffic in Mid and West Jutland to Arriva, plus the transfer of the maintenance of the Swedish Øresund train sets to the maintenance company Mantena in Sweden.

On top of this, there was also a reduction of 30 onboard train staff in connection with the transfer of traffic to Arriva as of 13 December 2020.

There was also a decrease in the number of full-time employees working in administrative functions.

**Table 7: Productivity in train activities**

	Increase			
	2020	2019	Abs.	Pct.
Passenger revenue per seat kilometre <sup>1)</sup> (DKK 0.01/km)	20.5	31.0	-10.5	-34
Costs per seat kilometre <sup>1)</sup> (DKK 0.01/km)	55.3	59.7	-4.4	-7

<sup>1)</sup> Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled. The calculation includes depreciation but is adjusted for non-recurring items.

Passenger revenues per seat kilometre in 2020 declined by 34% compared with 2019. The decline is due to the large decrease in the number of journeys, while the number of seat kilometres in 2020 were similar to 2019.

The costs per seat kilometre decreased by 8% compared to 2019. This is due to lower costs, mainly in the form of less depreciation which is a direct result of the write-downs of rolling stock in 2019.

## Rolling stock

### Rolling stock situation in 2020

DSB has a strong focus on the green transition - among other things, by prioritising the deployment of electric rolling stock. As a result, 30% of the total kilometre production for Long-distance & Regional trains in 2020 was with electric rolling stock.

Between now and 2030, the diesel driven rolling stock will be phased out and replaced with electric rolling stock in pace with the electrification of the rail network.

DSB is looking into the opportunities for divesting itself of activities at the workshops that supply and maintain spare parts for the trains. This concerns Supply, Logistics and Conversion. The aim of the divestment process is to ensure that DSB has a stable supply chain for the current trains until the train of the future is fully phased in.

2020 was a special year for DSB, as the first three of a total of 42 ordered Siemens Vectron electric locomotives arrived. The electric locomotives arrived ahead of schedule and the first one was deployed to passenger operations two months earlier than planned.

The remaining EB electric locomotives will be delivered on an ongoing basis throughout 2021 and the 1st half of 2022. This will allow for the phasing out of the older diesel and electric locomotives, a process which is expected to be completed in December 2021.

The EB electric locomotives will be pulling double-decker coaches and new train coaches that will be delivered by Talgo.

Generally speaking, DSB's rolling stock is "CO<sub>2</sub> friendly"<sup>1)</sup>. For example, a diesel driven IC3 train set deployed to normal InterCity operations typically emits 4-5 times less CO<sub>2</sub> per passenger kilometre than a traditional petrol or diesel engined car, while electric rolling stock such as IR4 train sets emits about 20 times less CO<sub>2</sub>.

By transitioning towards using electric rolling stock, DSB ensures that the train's significant environmental advantages compared to cars are also maintained in the future - even if the car fleet is gradually optimised and replaced by electric vehicles.

Once all EB electric locomotives have replaced the old diesel locomotives, the CO<sub>2</sub> emissions will be reduced by at least 27,000 tonnes per year, and the environment will benefit from a 10-tonne reduction in particle emissions per year, or around 60% of the total particles emitted by DSB's train operations.

This means that the EB electric locomotives are an important part of DSB's ambitious goal of being completely CO<sub>2</sub>-neutral and to have zero particle emissions from the trains' engines in 2030.

In 2020, DSB's rolling stock also travelled fewer kilometres in total than in 2019. This is mainly due to the reduced pace of operations due to COVID-19. However, the rolling stock travelled more kilometres between incidents in 2020 than 2019.

In recent years, DSB has increased its focus on the maintenance of rolling stock. Among other things, this has been supported by better management tools and better use of

---

<sup>1)</sup> Based on the Danish Ministry of Transportation's TEMA 2015 model.



data at workshops and overall this has had a positive impact on operational stability.

<b>Table 8: Litra kilometres<sup>1)</sup></b>				
<b>Kilometre (1,000 )</b>			<b>Increase</b>	
	<b>2020</b>	<b>2019</b>	<b>Abs.</b>	<b>Pct.</b>
IC4 train sets	7,303	7,353	-50	-1
IC3 train sets	27,622	28,769	-1,147	-4
IR4 train sets	10,778	9,917	861	9
Øresund train sets	6,791	7,803	-1,012	-13
Double-decker coaches <sup>2)</sup>	15,372	15,149	223	1
Desiro train sets <sup>3)</sup>	2,291	2,261	30	1
ME diesel locomotives	3,550	3,406	144	4
EA electric locomotives <sup>4)</sup>	124	223	-99	-44
EB electric locomotives <sup>5)</sup>	n/a	-	-	-
S-train sets	18,494	17,975	519	3

- <sup>1)</sup> Litra kilometres represents the total number of kilometres travelled in Denmark.
- <sup>2)</sup> Litra kilometres for double-decker coaches are calculated per coach, regardless of the fact that several coaches are usually connected.
- <sup>3)</sup> The Desiro train sets have been sold and handed over to Arriva as of 13 December 2020.
- <sup>4)</sup> As of 13 December 2020, no EA electric locomotives are in operation.
- <sup>5)</sup> The litra kilometre count for EB electric locomotives has not been calculated for 2020.

<b>Table 9: Number of kilometres travelled between incidents<sup>1)</sup></b>				
<b>Kilometre (1,000 )</b>			<b>Increase</b>	
	<b>2020</b>	<b>2019</b>	<b>Abs.</b>	<b>Pct.</b>
IC4 train sets	10.0	8.1	1.9	23
IC3 train sets	34.9	35.0	-0.1	0
IR4 train sets	26.0	17.5	8.5	49
Øresund train sets	36.5	22.5	14.0	62
Double-decker coaches	26.1	22.1	4.0	18
Desiro train sets <sup>2)</sup>	13.1	12.0	1.1	9
ME diesel locomotives	34.5	25.0	9.5	38
EA electric locomotives <sup>3)</sup>	6.5	4.2	2.3	55
EB electric locomotives <sup>4)</sup>	n/a	-	-	-
S-train sets	20.7	16.9	3.8	22

- <sup>1)</sup> A technical incident on the rolling stock, which causes a delay.
- <sup>2)</sup> The Desiro train sets have been sold and handed over to Arriva as of 13 December 2020.
- <sup>3)</sup> As of 13 December 2020, no EA electric locomotives are in operation.
- <sup>4)</sup> The litra kilometre count for EB electric locomotives has not been calculated for 2020.

The reliability of rolling stock has improved significantly in 2020 compared to 2019 across DSB's train fleet. This has resulted in the number of kilometres travelled between incidents increasing from 2019 to 2020 for all litra units except the IC3 train sets, where the high level in 2019 was maintained in 2020.

#### *IC4 train sets*

In 2020, the IC4 train sets travelled 7.3 million litra kilometres, which is around the same as in 2019.

18% of the total diesel production in 2020 was with IC4 train sets.

In 2020, the IC4 train sets were primarily utilised in regional rail traffic in Jutland and on Zealand, but also for selected departures in the long-distance rail traffic.

The IC4 train sets' operational stability has improved compared to 2019. The number of kilometres travelled between incidents has increased by 23%. A continuing structured approach towards the management of faults and optimisation of the planning processes for maintenance works has also contributed to the higher levels of operational stability.

#### *IC3 train sets*

The IC3 train sets continue to constitute a very central part of the train fleet and account for a very large majority of the Long-distance & Regional train traffic. The IC3 train sets have accounted for 68% of the total diesel train operations and have travelled 27.6 million litra kilometres in 2020, which is 4% less than in 2019.

The number of kilometres travelled between incidents in 2020 is around the same as in 2019. In 2020, there were some challenges with a growing number of faults attributed to the new signal system and train operations on the old signal system with ERTMS-converted train sets.

#### *IR4 train sets*

The IR4 train sets are used both on Kystbanen (The Coast Line) and for Long-distance & Regional trains together with the IC3 train sets.

In 2020, the IR4 train sets travelled 9% more litra kilometres than in 2019, and this is due, among other things, to a general prioritisation of deploying electric rolling stock.

In 2020, the IR4 train sets travelled significantly more kilometres between incidents than in 2019. The IR4 train sets thus travelled 26,000 kilometres between incidents, which is an increase of 49% compared to 2019.

The positive development is mainly due to an ongoing focus on a dynamic monitoring of the train fleet and comparing data from other litra types in order to identify the sources of faults and recall trains for corrective maintenance before the faults arise during operations. The data collected is also used for a more structured troubleshooting and corrective maintenance process.

#### *Øresund train sets*

In 2020, the Øresund train sets travelled 13% fewer litra kilometres than in 2019 due, among other things, to the limitations imposed on traffic to and from Sweden.

The significant increase in the number of kilometres travelled between incidents is due to a more comprehensive use of data from the monitoring of the train fleet. This has allowed for better management of inspection and maintenance processes.

In connection with the transfer of Øresund traffic, the maintenance responsibility for the 77 Swedish-owned Øresund train sets was transferred to SJ and the maintenance company Mantena in Sweden as of 13 December.

The 34 Danish-owned Øresund train sets are still maintained by DSB.

#### *Double-decker coaches*

The double-decker coaches are pulled by ME diesel locomotives and EB electric locomotives, but up until 13 December they were also drawn by EA electric locomotives.

In 2020, the double-decker coaches travelled 15.4 million litra kilometres, which is similar to 2019.

In 2020, the double-decker coaches have travelled 18% fewer kilometres between incidents than in 2019.

Since 2019, DSB has completed several initiatives on an ongoing basis to improve the number of kilometres travelled between incidents for the double-decker coaches. Among other things, this has included the resetting of doors and the replacement of connectors, cables and batteries.

#### *Desiro train sets*

In 2020, the Desiro train sets have been deployed to the Svendborg line and Lille Syd between Roskilde and Næstved. In addition, they have also been deployed to West Funen when there has been a lack of train sets. They have travelled a total of 2.3 million litra kilometres on these lines in 2020.

The Desiro train sets were sold and handed over to Arriva as of 13 December.

#### *ME diesel locomotives*

The ME diesel locomotives have travelled 4% fewer litra kilometres in 2020 compared to 2019.

DSB is continually reducing its use of ME diesel locomotives, which are being phased out in line with putting new EB electric locomotives into service. The ME diesel locomotives are expected to be completely phased out in December 2021.

#### *EA electric locomotives*

In 2020, the EA electric locomotives travelled fewer litra kilometres than in 2019, but

travelled further between incidents than in 2019.

The EA electric locomotives (some of them up to 34 years old) were fully removed from operations as of 13 December and put up for sale. The EA electric locomotives will be replaced by the new EB electric locomotives.

#### *EB electric locomotives*

DSB has ordered 42 Siemens Vectron electric locomotives and three of them were deployed to operations in 2020.

The remaining EB electric locomotives will be delivered on a rolling basis in 2021 and the 1st half of 2022.

#### *S-train sets*

The S-train sets travelled 18.5 million litre kilometres in 2020, which is 3% more than in 2019. Among other things, this is due to more train sets being deployed per departure throughout most of 2020 in order to ensure proper distancing between customers in the trains.

The number of kilometres travelled between incidents increased by 22% compared to 2019, as the S-trains travelled 20,700 kilometres between incidents in 2020.

The S-train fleet has generally achieved a high and stable number of kilometres travelled between incidents in 2020. The development is, among other things, due to more and improving initiatives related to maintaining the train sets and better opportunities for fixing operational faults.

As the S-train sets get older, more and more spare parts are no longer being produced. DSB is continually working towards finding solutions for replacing components.

#### *The electrification programme*

Banedanmark is in the process of electrifying major parts of the Danish rail network. Currently, the rail network is only partially electrified.

The Banedanmark project is expected to continue up until 2027 and involves the electrification of 1,362 kilometres of the rail network.

Once the rail network has been fully electrified, DSB will be able to use electric rolling stock alone in its operations. This will benefit both the environment and the train operations, as electric trains not only emit less CO<sub>2</sub>, they also make less noise and, therefore, provide a better environment at stations and along the tracks.

In addition to the environmental benefits, customers will also experience faster travel times and more stable operations. DSB will also achieve cost savings with the deployment of a modern and more homogeneous train fleet.

#### *The signal programme*

In the coming years, Banedanmark will be replacing the signal systems throughout Denmark. The new signal systems will contribute to making the rail network even more attractive as a sustainable and congestion-free transport form in Denmark. The programme's objective is to ensure fewer delays and allow for higher speeds and more trains on the network.

In 2020, the Signal Programme for Long-distance & Regional trains has focused in particular on converting the train sets to the new ETCS/STM signal system and following up on the converted train sets in operation.

For S-trains, the focus in 2020 was particularly on the operation of the already completed lines and the preparations for the next roll out of the new signal system at the beginning of 2021.

#### *Long-distance & Regional Trains*

The serial installation of equipment for the new signal system really took off in 2020.

All 20 Desiro train sets were converted as planned before they were handed over to Arriva.

The conversion of two IC3 train sets began in February, and the objective of converting 35 IC3 train sets before the end of the year was met.

In addition, by the end of 2020 eight double-decker control cars have also been converted.

The conversion of the first IR4 train set was completed in the spring. Due to the transition to the EU's 4th railway package and the supply chain challenges faced by Banedanmark and Alstom, it is expected that the first IR4 train sets will not be deployed to operations until March 2021.

There are still challenges associated with faults on trains operating with renovated train sets where the tracks are still using the old signal system. A steering group has been established involving DSB, Banedanmark and Siemens to prioritise the initiatives aimed at remedying this situation by the summer of 2021 and minimising the number of braking incidents compared to 2020.

#### *S-trains*

In 2020, there was a focus on preparing for the next rollout of the new signal system for the S-train network, which was put into operation on 25 January 2021 and covers the Ny Ellebjerg-Ryparken, Ryparken-Farum and Nordhavn-Svanemøllen lines.

A new technical solution for addressing the challenge of automatic braking when tracks are slippery is expected to be implemented in June 2021. The customers will then begin to experience a smoother flow of traffic.

#### **DSB Ejendomsudvikling A/S**

With the amendment of the DSB Act in 2019, DSB was able to move further into the value chain when it comes to developing real estate projects. This means that, via its subsidiary, DSB Ejendomsudvikling A/S, DSB can enter into partnerships to realise high-quality real estate projects focusing on sustainability. Thus, DSB is now able to generate long-term revenue in the form of rental income rather than just getting the proceeds from selling real estate. These revenues should help to finance the future train operations.

The commercial real estate projects will be structured as joint ventures with external parties where DSB Ejendomsudvikling A/S owns up to 50% of the equity. DSB Ejendomsudvikling A/S provides the building rights and, as a starting point, the external partner provides the liquidity.

In June, DSB Ejendomsudvikling A/S entered into a joint venture agreement with Ny Valby Udvikling A/S concerning the construction and renting out of a residential property with 375 apartments on Grønttorvet in Valby. DSB has made sure that the construction will be carried out in such a manner that it can subsequently gain the DGNB Gold certificate of sustainability. The first apartments are expected to be ready to rent out at the end of 2021, and the property is expected to be fully rented out by spring 2022.

In 2021, DSB Ejendomsudvikling A/S is expecting to enter into a joint venture agreement to develop an area on Carsten Niebuhrs Gade in Copenhagen. The companies that will back this project were founded in 2020. The founding of the companies has no accounting impact on 2020.

Besides the revenues from selling real estate, project development and commercial real estate development, DSB Ejendomsudvikling A/S also earns revenues from renting out existing properties.

The result before tax in 2020 for DSB Ejendomsudvikling A/S amounted to DKK 120 million.

## **Expectations for 2021**

The uncertainty around the COVID-19 situation - including the infection numbers and restrictions as well as the structural consequences - mean that the result for 2021 is associated with an unusually large degree of uncertainty.

There is also uncertainty surrounding the opportunities for getting additional compensation for losses incurred in 2020 and 2021.

If such compensation is not received, a negative result amounting to around DKK 1,000 million can be expected in 2021.

## **Events that have occurred after the balance sheet date**

Together with the Danish Ministry of Transport, DSB has prepared a basis for how DSB can be compensated for losses attributed to COVID-19 in 2021. The agreement will enter into force when approved by the Danish Government.

No events have occurred after 31 December 2020 which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2020.

## **Other matters**

There are no other matters that, in the opinion of the management, have a significant impact on the assessment of the annual report for 2020.





# Consolidated annual accounts and annual accounts

## Statement by the Executive Board and the Board of Directors on the annual report and auditors' report

### Management's statement

The Board of Directors and the Executive Board have today discussed and approved DSB's annual report for 2020.

The Annual Report is presented in accordance with the Danish Financial Statements Act and the Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2020 and of the results of the group's and the parent company's operations and the group's cash flows for the financial year from 1 January to 31 December 2020.

In our view, the management report contains a well-founded assessment of the development in the group's and the parent corporation's activities and financial conditions, the profit for the year and the group's and the parent company's financial position in general and a description of the most important risks and uncertainty factors to which the group and the parent company are subject.

The annual report is recommended for approval by the annual meeting.

Taastrup, 11 February 2021

### Executive Board

Flemming Jensen  
CEO

Thomas Thellersen Børner  
CFO

Jan Sigurdur Christensen  
Director of Commercial

Jürgen Müller  
Director of Strategy  
& Rolling stock

Per Schrøder  
Director of Operations

### The Board of Directors

Peter Schütze  
Chairman

Annette Sadolin  
Vice-Chairman

Henrik Amsinck

Hanne Blume

Carsten Gerner

Christina Grumstrup  
Sørensen

Thomas Bryan-Lund

Preben Steenholdt Pedersen

Lone Riis Stensgaard

## **The independent auditors' report**

### **To the Minister for Transport**

#### **Auditor's report on the consolidated annual accounts and the annual account**

##### ***Opinion***

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the financial year 1 January - 31 December 2020, comprising income statement, balance sheet, equity statement and notes, including accounting policies, for the group as well as for the parent company and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts are presented in accordance with the provisions of the Danish Financial Statements Act and the DSB Act.

In our view, the consolidated annual accounts and annual accounts give a true and fair view of the group's and the independent public corporation DSB's assets, liabilities and financial position as of 31 December 2020 and of the result of the group's and the independent public corporation DSB's activities and the group's cash flows for the financial year 1 January - 31 December 2020 in accordance with the provisions of the Danish Financial Statements Act and the DSB Act.

##### ***Basis of opinion***

We have performed our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark as well as good public auditing practice, as the audit is carried out on the basis of the provisions in the DSB Act. Our responsibility, according to these standards and requirements, is described in detail in the section "Auditor's responsibility for auditing of the consolidated annual accounts and the annual accounts". We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Independence***

The Auditor-General is independent of the independent public corporation DSB pursuant to section 1(6) of the Danish Auditor General's Act and the approved auditor is independent of the independent public corporation DSB pursuant to international ethical rules for auditors (IESBA's ethical rules) and the additional requirements applicable in Denmark. We have both fulfilled our additional ethical obligations under these rules and requirements.

##### ***The management's responsibility for the consolidated annual accounts and the annual accounts***

The management is responsible for the preparation of the consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act and the DSB Act. The management is also responsible for such internal controls as it deems necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In the preparation of the consolidated annual accounts and the annual accounts, the management is responsible for assessing the independent public corporation DSB's ability to continue operations, providing information on conditions regarding continued operation, if relevant,



and preparing the consolidated annual accounts and the annual accounts based on the going concern accounting principle unless the management intends to liquidate the independent public corporation DSB, suspend operations or has no other realistic alternative than to do so.

***The auditor's responsibility for the audit of the consolidated annual accounts and the annual accounts***

Our aim is to obtain a high degree of assurance that the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, regardless of whether this is due to fraud or errors, and to issue an auditor's report and express an opinion. A high degree of assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with international standards on audits and the additional requirements applicable in Denmark, as well as good public auditing practice, cf. the DSB Act, will always discover material misstatements when such are present. Misstatements may occur as a result of fraud or error and may be regarded as material if it can reasonably be expected that the misstatement, or parts thereof, affects the financial decisions made by the users of the accounts based on the annual accounts.

As part of an audit performed in accordance with international auditing standards and the additional requirements applicable in Denmark, as well as good public auditor practice, cf. the DSB Act, we perform professional assessments and maintain professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatements in the consolidated annual accounts and the annual accounts regardless of whether this is due to fraud or error, prepare and carry out audit procedures in response to these risks and obtain audit evidence that is adequate and suitable for forming a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than for material misstatement due to error, since fraud may include conspiracies, forgery, intentional omission, misrepresentation or the disregarding of internal controls.
- We reach an understanding of the internal control with relevance for the audit in order to be able to prepare audit procedures that are suitable under the circumstances, but not in order to be able to express an opinion on the effectiveness of the independent public corporation DSB's internal controls.
- We determine whether the accounting policies applied by the management are suitable and whether the accounting estimates made by management and related information are reasonable.
- We express an opinion as to whether the management's preparation of the consolidated annual accounts and the annual accounts based on the going concern accounting principle is suitable and whether, based on the audit evidence obtained, there is material uncertainty associated with events or conditions which may give rise to significant doubt as to the independent public corporation DSB's ability to continue operations. If we find that there is material uncertainty, we must state in our auditor's report that the consolidated annual accounts and the annual accounts contain information on this or, if such information is not adequate, modify our opinion. Our opinion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the independent public corporation DSB being unable to continue operations.

- We evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the information in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events and thus present a true and fair view of these.
- We obtain sufficient and suitable audit evidence for the financial information for companies or business activities in the group for the purposes of expressing an opinion on the consolidated annual accounts. We are responsible for managing, overseeing and carrying out the group audit. We are solely responsible for our audit opinion.

We communicate with the executive management on the planned scope and timing of the audit as well as significant audit observations, including any significant defects in internal control which we identify during our audit.

### ***Statement on the management report***

The management is responsible for the management report.

Our opinion on the consolidated annual accounts and the annual accounts does not include the management report and we do not express any opinion with certainty on the management report.

In connection with our audit of the consolidated annual accounts and the annual accounts, it is our responsibility to read the management report and consider whether the management report is significantly inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during our audit or in any other way seems to contain material misstatement.

Our responsibility is also to consider whether the management report contains the required information pursuant to the Danish Financial Statements Act.

Based on the work performed, we find that the management report is in accordance with the consolidated annual accounts and the annual accounts and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We have not identified any material misstatement in the management report.

### **Declaration pursuant to other legislation and other regulation**

#### ***Statement on legal-critical audit and performance audit***

The management is responsible for ensuring that the transactions covered by the financial reporting are in accordance with reported grants, legislation and other stipulations, as well as with agreements concluded and the usual practice. The management is also responsible for ensuring that due financial consideration is taken for the management of the funds and operations of the companies included in the annual accounts. In that context, the management is responsible for setting up systems and processes that promote frugality, productivity and efficiency.

In connection with our audit of the annual accounts, it is our responsibility to complete a legal-critical audit and a management audit of selected topics in accordance with good public accounting practice. During our legal-critical audit, we verify with a high degree of certainty for the selected topics whether the examined transactions covered by the financial reporting



are in accordance with the relevant provisions of grants, legislation and other stipulations in addition to concluded agreements and the usual practice. During our management audit, we assess with a high degree of certainty whether the systems, processes or transactions examined support the appropriate financial considerations applied to the administration of the funds and operations covered by the annual accounts.

If we conclude that our work has given rise to significant critical comments, we must report on this in this statement.

We have no significant critical comments to report in this connection.

Copenhagen, 11 February 2021

**EY**

Authorised Limited Company of Accountants  
CVR no. 30700228

**The National Audit Office of Denmark**

CVR No. 77806113

Peter Gath  
State-authorized public  
accountant  
mne19718

Michael N. C. Nielsen  
State-authorized public  
accountant  
mne26738

Lone Lærke Strøm  
Auditor-General

Malene Sau Lan Leung  
Head of Office

Income statement					
Parent company				Group	
2019	2020	Note	Amounts in DKK million	2020	2019
			<b>Income</b>		
9,275	8,524	2.1	Net revenue	8,701	9,546
35	97	2.2	Work performed by the entity at its own expense and capitalised	468	480
790	757	2.3	Other operating income	1,294	1,359
<b>10,100</b>	<b>9,378</b>		<b>Total revenues</b>	<b>10,463</b>	<b>11,385</b>
			<b>Expenses</b>		
500	692	2.5	Expenses for raw materials and consumables	1,941	1,958
5,107	4,947	2.6, 2.7, 2.8	Other external expenses	3,528	3,677
2,685	2,686	2.9, 2.10	Staff costs	3,693	3,736
<b>8,292</b>	<b>8,325</b>		<b>Total expenses</b>	<b>9,162</b>	<b>9,371</b>
<b>1,808</b>	<b>1,053</b>		<b>Earnings before amortisation and depreciation</b>	<b>1,301</b>	<b>2,014</b>
3,609	1,189	3.1, 3.2, 3.3	Amortisation, depreciation and write-downs of intangible and tangible fixed assets	1,335	3,551
<b>-1,801</b>	<b>-136</b>		<b>Operating profit/loss</b>	<b>-34</b>	<b>-1,537</b>
			<b>Financials</b>		
202	88	4.3	Profit/loss after tax in group enterprises, associated companies and joint ventures	0	0
12	15	4.1	Financial income	13	7
108	81	4.1	Financial expenses	83	111
<b>106</b>	<b>22</b>		<b>Net financials</b>	<b>-70</b>	<b>-104</b>
<b>-1,695</b>	<b>-114</b>		<b>Profit or loss before tax</b>	<b>-104</b>	<b>-1,641</b>
419	57	5.1	Tax on earnings for the year	47	365
<b>-1,276</b>	<b>-57</b>		<b>Earnings for the year</b>	<b>-57</b>	<b>-1,276</b>
		4.2	<b>The earnings for the period are distributed as follows:</b>		
			company participant in DSB	-57	-1,276
			<b>Total</b>	<b>-57</b>	<b>-1,276</b>
		4.2	<b>The parent company's result is proposed to be allocated as follows:</b>		
0	0		Dividend for the Ministry of Transport		
-32	-17		Reserve for development costs		
-1,244	-40		Retained earnings		
<b>-1,276</b>	<b>-57</b>		<b>Total</b>		

Balance sheet - Assets					
Parent company				Group	
2019	2020	Note	Amounts in DKK million	2020	2019
		3.1	<b>Intangible fixed assets</b>		
137	77		Development projects	77	137
29	67		Intangible fixed assets in progress and prepayments	76	33
<b>166</b>	<b>144</b>		<b>Total intangible fixed assets</b>	<b>153</b>	<b>170</b>
		3.2	<b>Tangible fixed assets</b>		
3,878	3,706		Land and buildings	4,034	4,217
4,096	3,620		Rolling stock	4,420	4,938
603	561		Operating equipment, fixtures and fittings and other equipment	678	750
154	105		Tangible fixed assets in progress and advance payments	499	366
<b>8,731</b>	<b>7,992</b>		<b>Total tangible fixed assets</b>	<b>9,631</b>	<b>10,271</b>
		4.3	<b>Financial fixed assets</b>		
1,547	1,604		Equity investments in group and associated companies plus joint ventures	75	0
584	569		Loans to affiliated companies	-	-
165	129		Subordinated loan capital in associated companies	129	165
46	24		Other receivables	26	48
<b>2,342</b>	<b>2,326</b>		<b>Financial fixed assets total</b>	<b>230</b>	<b>213</b>
<b>11,239</b>	<b>10,462</b>		<b>Total fixed assets</b>	<b>10,014</b>	<b>10,654</b>
<b>12</b>	<b>10</b>	6.1	<b>Inventories</b>	<b>435</b>	<b>463</b>
<b>2</b>	<b>1</b>	3.2	<b>Commercial Properties</b>	<b>15</b>	<b>15</b>
		6.2	<b>Receivables</b>		
350	327		Trade receivables	495	466
236	283		Receivables from affiliated companies	-	-
25	9		Receivable joint taxation contribution	-	-
303	51		Other receivables	85	313
229	422	6.3	Prepayments	140	140
<b>1,143</b>	<b>1,092</b>		<b>Total receivables</b>	<b>720</b>	<b>919</b>
<b>8</b>	<b>914</b>		<b>Cash at bank and in hand</b>	<b>963</b>	<b>30</b>
<b>1,165</b>	<b>2,017</b>		<b>Total current assets</b>	<b>2,133</b>	<b>1,427</b>
<b>12,404</b>	<b>12,479</b>		<b>Total assets</b>	<b>12,147</b>	<b>12,081</b>

## Balance sheet – liabilities and equity

Parent company				Group	
2019	2020	Note	Amounts in DKK million	2020	2019
			<b>Equity</b>		
4,760	4,760		Contributed capital	4,760	4,760
106	89	2.2	Reserve for development costs	-	-
-220	-414	7.6	Reserve for hedging transactions	-414	-220
-301	-343		Retained earnings	-254	-195
0	0		Proposed dividends	0	0
<b>4,345</b>	<b>4,092</b>		<b>Total equity</b>	<b>4,092</b>	<b>4,345</b>
			<b>Provisions</b>		
133	104	8.1	Other provisions	108	146
287	188	5.2	Deferred tax liabilities	152	248
<b>420</b>	<b>292</b>		<b>Total provisions</b>	<b>260</b>	<b>394</b>
			<b>Non-current liabilities</b>		
2,277	3,228	4.4	Long-term loans	3,228	2,277
407	650		Other non-current liabilities	650	407
327	174		Other liabilities	174	358
<b>3,011</b>	<b>4,052</b>		<b>Total non-current liabilities</b>	<b>4,052</b>	<b>3,042</b>
			<b>Current liabilities</b>		
484	574	4.4	Current portion of non-current liabilities	574	484
497	0		Short-term loans	0	497
185	0		Credit institutions	0	185
1,342	1,296		Trade accounts payable	1,511	1,631
814	769		Debt to affiliated companies	-	-
83	0		Corporation tax	0	80
551	848		Other liabilities	1,094	719
672	556	6.4	Prepayments	564	704
<b>4,628</b>	<b>4,043</b>		<b>Total current liabilities</b>	<b>3,743</b>	<b>4,300</b>
<b>7,639</b>	<b>8,095</b>		<b>Total liabilities</b>	<b>7,795</b>	<b>7,342</b>
<b>12,404</b>	<b>12,479</b>		<b>Total equity and liabilities</b>	<b>12,147</b>	<b>12,081</b>
		1.1	Accounting policies applied		
		1.2	Significant accounting estimates		
		1.3	Materiality in financial reporting		
		2.4	Commercial property development		
		8.2	Contingent assets and liabilities, as well as other economic obligations		
		8.3	Related parties		
		8.4	Revenues and losses on the sale and scrapping of intangible and tangible fixed assets		
		8.5	Events after the balance sheet date		

## Statement of changes in equity – parent company

Amounts in DKK million	Contributed capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividends	Total equity
<b>Equity at 1 January 2019</b>	<b>4,760</b>	<b>138</b>	<b>-142</b>	<b>946</b>	<b>120</b>	<b>5,822</b>
Declared dividend	-	-	-	-	-120	-120
Earnings for the year	-	-32	-	-1,244	0	-1,276
Foreign currency exchange rate adjustments concerning affiliated companies	-	-	-	7	-	7
Value adjustment of hedging instruments	-	-	-78	-	-	-78
Equity movements in affiliated companies	-	-	-	-10	-	-10
<b>Equity at 31 December 2019</b>	<b>4,760</b>	<b>106</b>	<b>-220</b>	<b>-301</b>	<b>0</b>	<b>4,345</b>
Declared dividend	-	-	-	-	0	0
Earnings for the year	-	-17	-	-40	0	-57
Foreign currency exchange rate adjustments concerning affiliated companies	-	-	-	0	-	0
Value adjustment of hedging instruments	-	-	-194	-	-	-194
Equity movements in affiliated companies	-	-	-	-2	-	-2
<b>Equity at 31 December 2020</b>	<b>4,760</b>	<b>89</b>	<b>-414</b>	<b>-343</b>	<b>0</b>	<b>4,092</b>

## Equity statement - group

Amounts in DKK million	Contributed capital	Reserve for hedging transactions	Retained earnings	Proposed dividends	Total equity
<b>Equity at 1 January 2019</b>	<b>4,760</b>	<b>-133</b>	<b>1,075</b>	<b>120</b>	<b>5,822</b>
Declared dividend	-	-	-	-120	-120
Earnings for the year	-	-	-1,276	0	-1,276
Foreign currency translation adjustments	-	-	7	-	7
Value adjustment of hedging instruments	-	-87	-	-	-87
Other changes in equity, tax	-	-	-1	-	-1
<b>Equity at 31 December 2019</b>	<b>4,760</b>	<b>-220</b>	<b>-195</b>	<b>0</b>	<b>4,345</b>
Declared dividend	-	-	-	0	0
Earnings for the year	-	-	-57	0	-57
Foreign currency translation adjustments	-	-	0	-	0
Value adjustment of hedging instruments	-	-194	-	-	-194
Other changes in equity, tax	-	-	-2	-	-2
<b>Equity at 31 December 2020</b>	<b>4,760</b>	<b>-414</b>	<b>-254</b>	<b>0</b>	<b>4,092</b>



## Cash flow statement

		Group	
Amounts in DKK million	Note	2020	2019
<b>Operating profit/loss</b>		<b>-34</b>	<b>-1,537</b>
<b>Adjustment for non-cash operating items</b>			
Amortisation, depreciation and write-downs of intangible and tangible fixed assets	3.3	1,335	3,551
Change in other provisions, net	8.1	-38	-3
<b>Other adjustments</b>			
Gain and loss upon sale and scrapping of intangible and tangible fixed assets	8.4	-110	-25
Net financial items, paid	4.6	-75	-94
Corporation tax, paid	5.1	-68	-252
Change in working capital	6.5	130	-185
<b>Total cash flow from operating activities</b>		<b>1,140</b>	<b>1,455</b>
<b>Cash flows from investment activities</b>			
Acquisition of intangible and tangible fixed assets - excluding capitalised interest	3.1, 3.2	885	-858
Sales of intangible and tangible fixed assets	3.1, 3.2	230	49
Repayment of subordinated loan capital	4.3	38	36
<b>Total cash flows from investment activities</b>		<b>-617</b>	<b>-773</b>
<b>Cash flows from financing activities</b>			
Proceeds from raising of long-term loans		1,586	500
Proceeds from raising of short-term loans		2,045	2,120
Repayment and payment of instalments on long-term loans		-491	-966
Repayment of, and payment of instalments on, short-term loans		-2,545	-1,820
Change in credit institutions		-185	-455
Paid dividends		0	-120
<b>Total cash flow from financing activities</b>		<b>410</b>	<b>-741</b>
<b>Changes to Cash in bank and in hand, total</b>		<b>933</b>	<b>-59</b>
Cash in bank and in hand, 1 January		30	89
<b>Cash in bank and in hand, 31 December</b>		<b>963</b>	<b>30</b>

## Notes and accounting policies applied

### Section 1 Interpretation

The notes are separated by themes and based on materiality. The purpose is to ensure that the financial reporting reflects and is adapted to specific conditions based on materiality.

The notes are divided into eight groups according to theme:

Section 1	Interpretation
Section 2	Operations
Section 3	Operating equipment
Section 4	Financing and capital structure
Section 5	Taxation
Section 6	Working capital
Section 7	Financial conditions
Section 8	Other notes

This section contains the following notes:

1.1	Accounting policies applied
1.2	Significant accounting estimates
1.3	Materiality in financial reporting

### 1.1 Accounting policies applied

The annual report for the independent public company, DSB, has been prepared in accordance with the provisions of the Danish Financial Statements Act on the Act on DSB.

The annual report has been prepared according to the same accounting policies as the annual report for 2019 except for the change below.

#### Changed accounting practices

Companies owned and operated jointly with others and where the parties together exercise a controlling influence (joint ventures) were previously consolidated on a pro-rata basis. In 2020 this was changed, so now these companies are included in the consolidated annual accounts by their book value. The change has not had any financial impact. An adjustment of comparison figures for 2019 has not been made, as the amount consists of a reduction of the balance sheet sum of DKK 5 million and does not, therefore, impact the understanding of accounts. Neither have key figures for 2019, 2018, 2017 and 2016 been adjusted.

#### Changes in accounting estimates

There have been no significant changes to accounting estimates in 2020.

#### Consolidated annual accounts

The consolidated annual accounts comprise the parent company and affiliated companies in which the parent corporation directly or indirectly holds more than 50 per

cent of the voting rights and exercises a controlling influence. Companies in which the group holds between 20 and 50 per cent of the voting rights and exercises significant, but not controlling, influence are regarded as associated companies. Companies owned and operated jointly with others and where the parties together exercise a controlling influence are considered as joint ventures.

The note Financial fixed assets includes affiliated companies (subsidiaries and joint ventures) and associated companies.

The consolidated annual accounts are prepared as a summary of the accounts of the parent company and the individual affiliated companies stated in accordance with the group's accounting policies and with elimination of intragroup income and expenses, shareholdings, intragroup balances and dividends as well as intragroup realised and unrealised profits on transactions.

#### Business combinations

Newly acquired or newly founded companies are recognised in the consolidated annual accounts at the time of acquisition. Sold or liquidated companies are recognised in the consolidated income statement until the time of divestment. Comparative figures are not restated for newly acquired, sold or liquidated companies.

Gains or losses related to the sale or liquidation of Group and associated companies are stated as the difference between the sales price and the carrying amount of the net assets at the time of sale, including

non-amortised goodwill and expected costs of sale or liquidation.

Acquisitions of new companies are accounted for using the purchase method, according to which the identifiable assets and liabilities of the newly acquired companies are measured at their fair values at the date of acquisition. Costs of restructuring which are recognised in the acquired company before the date of takeover and which have not been agreed as part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring decided by the acquirer is recognised in the income statement. The tax effect of the revaluation is taken into account.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the economic service life of the asset. Any excess of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill) is recognised in the income statement as income at the time of takeover when the general conditions for recognition of income are fulfilled.

### **Intragroup business combinations**

In connection with business combinations such as purchase and sale of equity investments, mergers, demergers, addition of assets and share exchanges, etc., with participation of companies under the control of the parent company, the book value method will be used in the future. When this method is applied, the business combination is regarded as completed at the time of acquisition with any adjustment of comparative figures. The difference between the agreed consideration and the carrying amount of the acquired company is recognised in equity.

### **Foreign currency translation**

Transactions denominated in foreign currencies are translated on initial recognition using the exchange rate on the transaction date. Differences between the exchange rate on the transaction date and the exchange rate on the payment day are recognised in the income statement under financial income and expenses, net.

Receivables, liabilities and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time when the account receivable or liability arose or was recognised in the latest annual accounts is recognised in the income statement under Financial items.

Foreign-affiliated companies are considered to be independent units. The income statement is translated using the average exchange rate and the balance sheet items are translated using the exchange rate at the balance sheet date. Exchange rate differences arising from the translation of foreign-affiliated companies' equity at the beginning of the year at the exchange rates on the balance sheet date and from the translation of income statements from average exchange rates at the exchange rates on the balance sheet date are taken directly to equity.

### **Non-deductible VAT**

DSB has a partial right of deduction of incoming VAT, since the group has both VAT-liable and VAT-free activities.

The VAT-free activities are related to passenger transport. Furthermore, the payroll tax is calculated.

The non-deductible proportion of the incoming VAT is included in the individual items in the income statement and the balance sheet. As part of the joint VAT registration, the parent company pays compensation to affiliated companies in those cases where there would have been full right of deduction if the affiliated company had had an independent VAT registration.

### **Equity**

#### **Reserve for development costs**

Reserve for development costs comprises recognised development costs. The reserve cannot be used for payment of dividends or covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised, depreciated or eliminated from the operation of the corporation. This takes place by transfer directly to the distributable reserves of the equity.

#### **Reserve for hedging transactions**

The reserve for hedging transactions includes recognised financial instruments that are classified as hedges for future cash flows. The reserve cannot be used for

payment of dividends or covering losses. The reserve is value-adjusted with the changes made to the financial instruments.

### **Dividends**

Dividends are recognised as a liability at the time of adoption at the ordinary Annual Meeting (the time of declaration). The proposed dividend for the financial year is disclosed as a separate item under Equity.

### **Cash flow statement**

The cash flow statement shows the cash flow divided into operating, investing and financing activity for the year, changes in the cash in bank and in hand and the cash in bank and in hand at the beginning and end of the year.

The cash flow statement contains a share of the cash flows from consolidated companies.

A separate cash flow statement has not been prepared for the parent company as this is included in the consolidated cash flow statement.

### **Cash flow from operating activities**

Cash flows from operating activities are stated as the operating profit/loss adjusted for non-cash operating items, financial income and expenses paid, corporation tax paid and changes in working capital. The working capital comprises the change in Current assets less the change in Current liabilities exclusive of items included in cash in bank and in hand. Changes in working capital are adjusted for changes that have no effect on liquidity.

### **Cash flows from investment activities**

Cash flows from investment activities include purchases and sales, etc., of fixed assets.

### **Cash flows from financing activities**

Cash flows from financing activities comprise proceeds from raising loans, repayment and instalments on liabilities and dividend received and paid.

### **Cash at bank and in hand**

Cash in bank and in hand includes cash and short-term securities with insignificant currency risk.

### **Other accounting policies applied**

Other accounting policies applied are listed under the respective relevant notes among the notes below.

**Section 2 - Operations**

- 2.1 Net revenue
- 2.2 Work performed by the entity at its own expense and capitalised
- 2.3 Other operating income
- 2.4 Commercial property development
- 2.5 Expenses for raw materials and consumables
- 2.6 Other external expenses
- 2.7 Consultancy fees excluding audit fees
- 2.8 Audit fees
- 2.9 Remuneration of Board of Directors and Executive Board
- 2.10 Staff costs

**Section 3 - Operating equipment**

- 3.1 Intangible fixed assets
- 3.2 Tangible fixed assets
- 3.3 Amortisation, depreciation and write-downs of intangible and tangible fixed assets

**Section 4 - Financing and capital structure**

- 4.1 Financial income and expenses
- 4.2 Allocation of the results
- 4.3 Financial fixed assets
- 4.4 Borrowing
- 4.5 Interest-bearing liabilities, net
- 4.6 Net financial items, paid

**Section 5 - Taxation**

- 5.1 Tax on earnings for the year
- 5.2 Deferred tax liabilities

**Section 6 - Working capital**

- 6.1 Inventories
- 6.2 Receivables
- 6.3 Prepayments (assets)
- 6.4 Prepayments (liabilities)
- 6.5 Change in working capital

**Section 7 - Financial conditions**

- 7.1 Interest risk
- 7.2 Currency exchange rate risk
- 7.3 Raw materials price risk
- 7.4 Liquidity risk
- 7.5 Counterparty risk
- 7.6 Fair values calculated in the equity
- 7.7 Information on fair values

**Section 8 - Other notes**

- 8.1 Other provisions
- 8.2 Contingent assets and liabilities as well as other financial obligations
- 8.3 Related parties
- 8.4 Gain and loss on sale and scrapping of intangible and tangible fixed assets
- 8.5 Events after the balance sheet date

## 1.2 Significant accounting estimates

A number of accounting estimates have been used for establishing and complying with accounting practices.

The measurement of the carrying value of certain assets and liabilities are based on estimates of how future events will impact the value of these assets and liabilities on the balance sheet date. Estimates that are significant to delivering the accounts are made, among other things, for the life expectancy of fixed assets, the money flows from investments and the associated discounting rates, sales values, deferred provisions and contingent liabilities.

The estimates and assumptions are also based on historical experiences, special circumstances due to COVID-19 and other factors that senior management assess as reasonable under the circumstances, but which, due to their nature, are uncertain and unpredictable.

The assumptions may be incomplete or inexact, and unexpected events or circumstances may occur. Furthermore, the business activities are subject to risks and uncertainties that cannot be controlled and which may lead to the actual results deviating from these estimates.

### Rolling stock

The valuation of rolling stock is – also due to the current COVID-19 situation – associated with significant accounting estimates in 2020.

The significant accounting estimates apply to, among other things, expectations for the future income, application of the rolling stock, the scrap value and the technical and financial life expectancy.

The estimates made are further described in the note for Tangible fixed assets (section 3).

## 1.3 Materiality in financial reporting

When preparing the annual report, there is an individual assessment of whether an item is material. This assessment is based on both qualitative and quantitative factors. If individual presentation in the income statement, balance sheet and notes is not assessed to be relevant for the reader's decisions the information is considered to be immaterial.



## Section 2 Operations

This section concerns items that are included in Operating profit.

The section includes information on earnings and costs in connection with the carrying out of operations.

The main events of 2020 are described in further detail under Profit/loss - Financial activities.

This section contains the following notes:

- 2.1 Net revenue
- 2.2 Work performed by the enterprise and capitalised
- 2.3 Other operating income
- 2.4 Commercial property development
- 2.5 Expenses for raw materials and consumables
- 2.6 Other external expenses
- 2.7 Consultancy fees excluding audit fees
- 2.8 Audit fee
- 2.9 Remuneration of Board of Directors and Executive Board
- 2.10 Staff costs

### Note 2.1: Net revenue

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
		Passenger revenues distributed on business areas:		
3,711	2,324	Long-distance & Regional Trains - after effect of Metro double factor	2,303	3,690
1,483	1,108	S-trains - after effect of Metro double factor	1,108	1,483
5,194	3,432	Total passenger revenue - after effect of Metro double factor	3,411	5,173
4,025	4,819	Traffic contract revenues	4,819	4,025
6	8	Corrective and planned maintenance of rolling stock, etc.	312	298
50	265	Sale and leasing of rolling stock	159	50
9,275	8,524	Total	8,701	9,546
Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
		DSB's passenger revenue - the impact of the Metro double factor:		
3,770	2,359	Long-distance & Regional trains - before effect of Metro double factor	2,338	3,749
59	35	Metro double factor	35	59
3,711	2,324	Long-distance & Regional Trains – after effect of Metro double factor	2,303	3,690
1,650	1,232	S-trains - before effect of Metro double factor	1,232	1,650
167	124	Metro double factor	124	167
1,483	1,108	S-trains – after effect of Metro double factor	1,108	1,483

Total passenger revenues in the parent company and the Group include penalty fares of DKK 66 million (2019: DKK 49 million).

In 2020, traffic contract revenues is affected by compensation from the state of DKK 914 million as a result of the financial consequences of COVID-19 in the period March-August. The amount is recognized under traffic contract revenues as the compensation is considered part of the traffic contract.

The sale and leasing of rolling stock in 2020 are impacted by the parent company having sold 3 EB electric locomotives to an affiliated company. The sales are presented as Net revenue, as the sale of rolling stock is a natural extension of the purpose of running a railway business.

### Accounting practices

Passenger revenues are recognised at the time of carriage. Provision is made in respect of the value of tickets sold that have not been used at the balance sheet date. Discounts in connection with sales and payments relating to the travel time guarantee schemes are deducted from the net revenue. Revenues from control fees are measured after the deduction of expected losses.

Traffic contract revenues are recognised over the periods to which they relate.

Revenues from corrective maintenance of rolling stock, etc., are recognised concurrently with production, which means that revenues correspond to the selling price of work performed for the year (production method).

Revenues from the sale of rolling stock that has been acquired with the intent to sell are included when the delivery and transfer of risk has taken place.

### Note 2.2: Work performed by the entity at its own expense and capitalised

In the parent company, the influx of capitalised development projects that are covered by the rules of the Danish Financial Statements Act for binding of separate equity reserve amounts to DKK 57 million in 2020 (2019: DKK 25 million). As of 31 December 2020, the reserve amounts to DKK 89 million. (2019: DKK 106 million), and has been reduced with write-offs and deferred taxes.

### Accounting practices

This item includes work performed by the enterprise at its own expense in connection with the carrying out of, for example, major maintenance inspections of trains, which are capitalised. The value is measured based on registered expenses for the performance of the work performed based on registrations of the expenses incurred in the form of own work, etc., The item also includes directly attributable expenses and a proportionate share of indirect production costs.

### Note 2.3: Other operating income

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
3	1	Sales from shops, etc.	643	823
155	155	Renting and leasing	195	202
10	17	Profit on sales of intangible and tangible fixed assets	118	46
354	346	Intragroup revenues	-	-
268	238	Others	338	288
<b>790</b>	<b>757</b>	<b>Total</b>	<b>1,294</b>	<b>1,359</b>

In 2020, Other operating income in the group was affected by income from selling properties, etc., amounting to net profits of DKK 110 million. (2019: DKK 21 million).

Earnings from shops, etc., relate to the sales from the 7-Eleven stores at stations where DSB is the franchisee.

Others are affected by salary and cost compensation received from the state's compensation packages in connection with COVID-19.

### **Accounting practices**

Other operating income includes income of a secondary nature in relation to the railway business, including income from the group's properties, either through rental activities or profits from selling land and buildings - and income from commissions and shop sales, etc.

Intragroup income in the parent company includes trading with affiliated companies.

Revenues are recognised when delivery and transfer of risk have taken place at the fair value of the agreed consideration exclusive of VAT, discounts and taxes collected on behalf of a third party.

## Note 2.4: Commercial property development

Key figures for DSB Ejendomsudvikling A/S, DKK million	2020	2019
Other operating income	149	82
Profit or loss before tax	120	35
Total equity	495	393
Total assets	526	457

In 2020 a partnership with Ny Valby Udvikling A/S has been made regarding around 29,000 m2 built for residential purposes in the development area Grønttorvet in Copenhagen.

Furthermore, Komplementarselskabet Downtown CBD ApS, Carsten Niebuhrs Gade 10 ApS and P/S Downtown CBD were founded to establish partnerships for areas in the range of 20,000 m2 of floor space for residential building rights and 5,000 m2 of floor space for commercial purposes in Carsten Niebuhrs Gade in Copenhagen.

## Note 2.5: Expenses for raw materials and consumables

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
476	450	Energy for train operation	450	477
24	14	Sales from shops, etc.	459	567
0	228	Spare parts and rolling stock, etc.	1,032	914
<b>500</b>	<b>692</b>	<b>Total</b>	<b>1,941</b>	<b>1,958</b>

In 2020, spare parts and rolling stock, etc., in the parent company were impacted by the acquisition of 3 EB electric locomotives intended for onward sale to an affiliated company.

### Accounting practices

Expenses for raw materials and consumables include the year's purchases and the year's change in the valuation of inventory of Oil for train operation, Goods for sale in shops, etc., and Spare parts, etc.

Energy for train operation is adjusted for the effect of realised diverted financial instruments.

## Note 2.6: Other external expenses

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
610	583	Infrastructure charges	583	610
2,210	2,134	Corrective maintenance, maintenance and cleaning, etc.	767	748
607	563	Administrative expenses	609	651
117	111	Leasing of buildings and premises, etc.	179	183
427	538	Consultancy fees etc., including audit fee	540	425
216	218	Leasing of rolling stock	79	81
144	102	Replacement transport, etc.	102	144
291	263	Commissions, etc.	216	233
123	80	Sales and marketing	80	123
78	72	Staff-related costs	84	93
104	78	Payroll tax	103	138
21	8	Losses upon sale and scrapping of intangible and tangible fixed assets	8	21
159	197	Other expenses	178	227
<b>5,107</b>	<b>4,947</b>	<b>Total</b>	<b>3,528</b>	<b>3,677</b>

## Accounting practices

Other external expenses include expenses in relation to the railway business and other operating activities. Non-deductible VAT is presented as part of the related expense.

### Note 2.7: Consultancy fees excluding audit fees

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
36	37	Lawyers	37	36
190	248	IT consultants	248	187
52	28	Management consultants	28	52
3	3	Tax, VAT and accounting assistance	3	3
63	84	Technical consultancy	85	63
77	120	Programme management	120	77
<b>421</b>	<b>520</b>	<b>Total</b>	<b>521</b>	<b>418</b>

Programme management mainly covers the costs for the following programmes: The train of the future, The S-train track of the future and New workshops, where in 2020 there has been increased activity.

### Note 2.8: Audit fee

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
		<b>Statutory audit:</b>		
3.8	3.9	EY Godkendt Revisionspartnerselskab	4.5	4.5
0.1	-	The National Audit Office of Denmark	-	0.1
		<b>Other assurance statements:</b>		
0.9	0.8	EY Godkendt Revisionspartnerselskab	0.9	1.0
		<b>Tax and VAT consultancy:</b>		
0.3	0.3	EY Godkendt Revisionspartnerselskab	0.3	0.3
		<b>Other services:</b>		
1.3	13.3	EY Godkendt Revisionspartnerselskab	13.3	1.3
<b>6.4</b>	<b>18.3</b>	<b>Total</b>	<b>19.0</b>	<b>7.2</b>

The note Consultancy fees excluding audit fees and the note Audit fees together constitute Consultancy fees etc., including audit fee in the note Other external costs.

Auditing fee includes a fee for external auditor appointed at the Annual Meeting. National Audit Office of Denmark no longer charges a fee.

In 2020, Other services are affected by a single task, which has been approved and followed by the Audit Committee.

## Note 2.9: Remuneration of Board of Directors and Executive Board

Amounts in DKK 1,000	2020	2019
Remuneration of Board of Directors	2,502	2,518
Remuneration of committees	816	749
<b>Remuneration of Board of Directors, total</b>	<b>3,318</b>	<b>3,267</b>
Fixed remuneration	17,076	15,428
Pension	2,576	1,557
Value of employee benefits	611	572
Performance-based salary	2,423	1,164
<b>Remuneration of Executive Board, total</b>	<b>22,686</b>	<b>18,721</b>
<b>Remuneration of Board of Directors and Executive Board, total</b>	<b>26,004</b>	<b>21,988</b>

Conversion of performance pay to fixed salary has had the consequence that the salary for 2020 has included both conversion of performance pay for 2020 and performance pay earned on the basis of the results for 2019, which results in a higher gross salary in 2020 than it will be in the future.

Remuneration of Board of Directors and Executive Board is elaborated upon in "Vederlagsrapport 2020" (Remuneration Report 2020), which can be found at [www.dsb.dk](http://www.dsb.dk)

## Note 2.10: Staff costs

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
2,376	2,370	Wages and salaries	3,264	3,307
266	268	Pensions	371	375
43	48	Other social security costs	58	54
<b>2,685</b>	<b>2,686</b>	<b>Total</b>	<b>3,693</b>	<b>3,736</b>
<b>4,586</b>	<b>4,576</b>	<b>Average number of full-time employees</b>	<b>6,757</b>	<b>6,866</b>

Severance pay of senior employees in connection with dismissal by the company not due to breach of contract or similar on the part of the employee does not exceed 12 months' salary.

Pension contributions for civil servants paid to the state are recognised as an expense. The pension contribution in 2020 amounted to 15% (2019: 15%) of the pensionable salary. See also the note Contingent assets and liabilities as well as other financial obligations. Pension contributions for other employees are expensed in accordance with collective and individual agreements.

Previously, DSB had performance-based salary agreements which as of 1 January 2020 have now been converted to a fixed salary agreement.

### Accounting practices

Staff expenses include wages, pension contributions, remuneration and other expenses for social security for the company's employees - including the Executive Board and the Board of Directors.



## Section 3

### Operating equipment

This section on operating equipment contains information on DSB's intangible and fixed assets.

The main events of 2020 are described in further detail under Financial activities and Operating activities.

This section contains the following notes:

- 3.1 Intangible fixed assets
- 3.2 Tangible fixed assets
- 3.3 Amortisation, depreciation and write-downs of intangible and tangible fixed assets

#### Note 3.1: Intangible fixed assets – parent company

Amounts in DKK million

	Development projects	Intangible fixed assets in progress and prepayments	Intangible fixed assets total
<b>Cost price at 1 January 2020</b>	<b>1,487</b>	<b>29</b>	<b>1,516</b>
Adjustment of cost price at 1 January 2020	-266		-266
<b>Cost price at 1 January 2020 - adjusted</b>	<b>1,221</b>	<b>29</b>	<b>1,250</b>
Additions	-	57	57
Retained	13	-13	0
Disposals	-	-	-
<b>Cost price at 31 December 2020</b>	<b>1,234</b>	<b>73</b>	<b>1,307</b>
<b>Depreciation, amortisation and write-downs at 1 January 2020</b>	<b>-1,350</b>	<b>0</b>	<b>-1,350</b>
Adjustment of depreciation, amortisation and write-downs at 1 January 2020	266	-	266
<b>Depreciation, amortisation and write-downs at 1 January 2020 - adjusted</b>	<b>-1,084</b>	<b>0</b>	<b>-1,084</b>
Amortisation, depreciation and write-downs for the year	-62	-	-62
Write-downs for the year	-11	-6	-17
Disposals	-	-	-
<b>Depreciation, amortisation and write-downs at 31 December 2020</b>	<b>-1,157</b>	<b>-6</b>	<b>-1,163</b>
<b>Carrying amount at 31 December 2020</b>	<b>77</b>	<b>67</b>	<b>144</b>
Carrying amount at 31 December 2019	137	29	166

### Note 3.1: Total intangible fixed assets - group

Amounts in DKK million	Development projects	Intangible fixed assets in progress and prepayments	Intangible fixed assets total
<b>Cost price at 1 January 2020</b>	<b>1,503</b>	<b>33</b>	<b>1,536</b>
Adjustment of cost price at 1 January 2020	-266	-	-266
<b>Cost price at 1 January 2020 - adjusted</b>	<b>1,237</b>	<b>33</b>	<b>1,270</b>
Additions	-	62	62
Retained	13	-13	0
Disposals	-	-	-
<b>Cost price at 31 December 2019</b>	<b>1,250</b>	<b>82</b>	<b>1,332</b>
<b>Depreciation, amortisation and write-downs at 1 January 2020</b>	<b>-1,366</b>	<b>0</b>	<b>-1,366</b>
Adjustment of depreciation, amortisation and write-downs at 1 January 2020	266	-	266
<b>Depreciation, amortisation and write-downs at 1 January 2020 - adjusted</b>	<b>1,100</b>	<b>0</b>	<b>-1,100</b>
Amortisation, depreciation and write-downs for the year	-62	-	-62
Write-downs for the year	-11	-6	-17
Disposals	-	-	-
<b>Depreciation, amortisation and write-downs at 31 December 2020</b>	<b>-1,173</b>	<b>-6</b>	<b>1,179</b>
<b>Carrying amount at 31 December 2020</b>	<b>77</b>	<b>76</b>	<b>153</b>
Carrying amount at 31 December 2019	137	33	170

The new Development projects and Intangible fixed assets being completed and prepayments mainly cover the development of new planning tools for train and staff management, new processes for loading sales transactions in SAP and systems aimed at improving customer loyalty. The additions of the year are essentially costs for external consultants, direct salaries and acquisitions of systems.

#### Accounting practices

Intangible fixed assets comprise primarily development projects, including rights of use and software.

Development projects are included as intangible fixed assets if the cost price can be measured reliably and there is a sufficient degree of certainty that the future earnings can cover the sales and administration costs in addition to the development costs themselves. It is a prerequisite that the projects are clearly defined and identifiable and that the technical feasibility, sufficient resources and a potential future market or development opportunity in the company can be indicated. Other development costs are recognised as expenses in the income statement as and when they are incurred. Development costs included in the balance sheet are measured at cost price less accumulated depreciation, amortisation and write-downs.

The cost price of development projects includes costs - also staff costs and amortisation - that can be directly linked to the company's development activities. Interest and borrowing expenses on loans for financing of development projects are recognised in cost provided they relate to the development period. All other financing expenses are recognised in the income statement. After completion of the development work, development projects are amortised on a straight-line basis over their expected useful lives. The amortisation period is usually 3-10 years.

Profits and losses on disposal are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profits and losses are included in the income statement under Other operating income or Other external expenses.

The costs of development projects are tied to the equity, as described under accounting policies in section 1 under Reserve for development costs.

### Note 3.2: Tangible fixed assets – parent company

Amounts in DKK million	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings and other equipment	Tangible fixed assets in progress and advance payments	Tangible fixed assets, total
<b>Cost price at 1 January 2020</b>	<b>7,603</b>	<b>24,121</b>	<b>2,371</b>	<b>154</b>	<b>34,249</b>
Additions	0	401	1	127	529
Retained	53	82	41	-176	0
Disposals	-51	-329	-	-	-380
<b>Cost price at 31 December 2020</b>	<b>7,605</b>	<b>24,275</b>	<b>2,413</b>	<b>105</b>	<b>34,398</b>
<b>Depreciation, amortisation and write-downs at 1 January 2020</b>	<b>-3,725</b>	<b>-20,025</b>	<b>-1,768</b>	<b>0</b>	<b>-25,518</b>
Amortisation, depreciation and write-downs for the year	-183	-822	-84	-	-1,089
Write-downs for the year	-13	-14	-	-	-27
Disposals	22	206	-	-	228
<b>Depreciation, amortisation and write-downs at 31 December 2020</b>	<b>-3,899</b>	<b>-20,655</b>	<b>-1,852</b>	<b>0</b>	<b>-26,406</b>
<b>Carrying amount at 31 December 2020</b>	<b>3,706</b>	<b>3,620</b>	<b>561</b>	<b>105</b>	<b>7,992</b>
Carrying amount at 31 December 2019	3,878	4,096	603	154	8,731

### Note 3.2: Tangible fixed assets - group

Amounts in DKK million					
	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings and other equipment	Tangible fixed assets in progress and advance payments	Tangible fixed assets, total
<b>Cost price at 1 January 2020</b>	<b>8,318</b>	<b>25,223</b>	<b>3,045</b>	<b>366</b>	<b>36,952</b>
Adjustment of cost price at 1 January 2020	-31		-8		-39
<b>Cost price at 1 January 2020 - adjusted</b>	<b>8,287</b>	<b>25,223</b>	<b>3,037</b>	<b>366</b>	<b>36,913</b>
Additions	26	469	6	322	823
Retained	53	71	54	-189	0
Disposals	-65	-344	-5	-	-414
<b>Cost price at 31 December 2020</b>	<b>8,301</b>	<b>25,430</b>	<b>3,092</b>	<b>499</b>	<b>37,322</b>
<b>Depreciation, amortisation and write-downs at 1 January 2020</b>	<b>-4,101</b>	<b>-20,285</b>	<b>-2,295</b>	<b>0</b>	<b>-26,681</b>
Adjustment of depreciation, amortisation and write-downs at 1 January 2020	11		11	-	22
<b>Depreciation, amortisation and write-downs at 1 January 2020 - adjusted</b>	<b>-4,090</b>	<b>-20,285</b>	<b>-2,284</b>	<b>0</b>	<b>-26,681</b>
Amortisation, depreciation and write-downs for the year	-186	-931	-125	-	-1,242
Write-downs for the year	-15	-	-5	-	-20
Disposals	24	206	-	-	230
<b>Depreciation, amortisation and write-downs at 31 December 2020</b>	<b>-4,267</b>	<b>-21,010</b>	<b>-2,414</b>	<b>0</b>	<b>-27,691</b>
<b>Carrying amount at 31 December 2020</b>	<b>4,034</b>	<b>4,420</b>	<b>678</b>	<b>499</b>	<b>9,631</b>
Carrying amount at 31 December 2019	4,217	4,938	750	366	10,271

COVID-19 has not affected DSB's ability to support the value of Rolling stock, which is relatively low - partly due to the significant write-downs in 2019. In 2020, no basis has been found for writing down Rolling stock

The disposals of Rolling stock during the year can be attributed to larger maintenance projects which, in accounting terms, are fully written off and which were replaced by new equivalent maintenance projects during the year. In connection with the operation of the Coastal Line/Øresund traffic, collateral has been provided in the form of 10 train sets at a book value of DKK 259 million. The financing amounted to EUR 36.8 million as of 31 December 2020.

Based on previous experiences, the scrap value of Rolling stock is estimated to be DKK 0.

### Note 3.3: Amortisation, depreciation and write-downs of intangible and tangible fixed assets

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
73	79	Development projects	79	73
203	197	Land and buildings	201	216
3,249	835	Rolling stock	931	3,138
90	84	Operating equipment, fixtures and fittings and other equipment	130	130
-6	-6	Set-off for received grants	-6	-6
<b>3,609</b>	<b>1,189</b>	<b>Total</b>	<b>1,335</b>	<b>3,551</b>

### Accounting practices

Land and buildings, Rolling stock, Operating equipment, fixtures and fittings and other equipment are measured at their cost price less accumulated depreciation, amortisation and write-downs. Land is not amortised.

Cost includes the purchase price and costs directly related to the purchase up to the time where the asset is ready for use. With regard to own produced assets (primarily major maintenance inspections (Life Cycle Cost (LCC)) of capitalised train sets, the cost price covers direct and indirect costs for materials, components, subcontractors and wages/salaries as well as costs of borrowing from specific and general borrowing in direct connection with the construction of the individual asset.

Expenses for major maintenance inspections (LCC) of train sets are recognised separately and amortised over the useful life, which corresponds to the period until the next major maintenance inspection or to when the train is phased out of operations. The costs for major maintenance inspections for litra that have not yet been assigned a specific time for phasing out are depreciated based on an individual assessment.

Assets are depreciated linearly over their expected useful lives based on the following assessment of their expected useful lives:

Buildings	30-60 years
Installations	10-15 years
Rolling stock	2-25 years
Operating equipment, fixtures and fittings and other equipment	3-25 years

In connection with capitalisation, the cost price is distributed on the most important individual components (decomposition) and amortised over their useful life. The basis of depreciation is calculated, taking into account the scrap value of the asset after the end of its useful life and reduced by any write-downs. The amortisation period and the scrap value are fixed at the time of acquisition and reassessed annually. If the scrap value exceeds the carrying amount of the asset, amortisation stops.

If the amortisation period or the scrap value changes, the impact on amortisation in the future is recognised as a change of accounting estimates.

Profits and losses on disposal or scrapping of tangible fixed assets are calculated as the difference between the sales price less cost of sales and the carrying amount at the time of sale or scrapping. Profits and losses are included in the income statement under Other operating income or Other external expenses.

### Commercial Properties

Commercial properties include Land and buildings that have been sold or are expected to be sold - but where the transfer of risk is only expected to take place within 12 months.

Commercial properties are stated at cost price. Commercial properties that were previously classified as tangible fixed assets are stated at cost price minus accumulated write-downs made before the reclassification from tangible fixed assets to Commercial properties, after which no further write-downs are applied.

### Leasing

In terms of accounting, leasing obligations are divided into finance and operating leases. Expenses regarding operational leases are recognised in the income statement over the term of the lease. Total commitments regarding operational leasing and rent agreement are disclosed under Contingent assets and liabilities in addition to Other financial obligations.

## Section 4

### Financing and capital structure

This section describes the financing of DSB's activities.

The interest-bearing net debt was reduced by DKK 494 million in 2020.

This section contains the following notes:

- 4.1 Financial income and expenses
- 4.2 Allocation of the results
- 4.3 Financial fixed assets
- 4.4 Borrowing
- 4.5 Interest-bearing liabilities, net
- 4.6 Net financial items, paid

#### Decrease in value of fixed assets

The carrying amount of fixed assets is reviewed on the balance sheet date to decide whether there are any indications of impairment other than what is expressed through amortisation. If there are signs of such impairment, an impairment test is carried out for the relevant asset or group of assets to determine whether the recoverable amount is lower than the carrying amount. If so, a write-down is made to that lower recoverable amount. Any write-downs are recognised in the income statement.

In case of subsequence reversals of write-downs as a consequence of changes in the preconditions for the calculated recoverable value, the value of the asset is increased to the adjusted recoverable value, but not to more than the carrying amount the asset would have had if it had not been written down for impairment.

#### Note 4.1 Financial income and expenses

Parent company		Financial income	Group	
2019	2020	Amounts in DKK million	2020	2019
5	10	Interest on balances with affiliated companies	-	-
2	2	Interest on balances with associated companies	2	2
0	1	Foreign currency exchange gains, etc.	9	0
5	2	Others	2	5
<b>12</b>	<b>15</b>	<b>Total</b>	<b>13</b>	<b>7</b>

Parent company		Financial expenses	Group	
2019	2020	Amounts in DKK million	2020	2019
102	81	Interest on loans, debt to credit institutions etc.	83	105
6	0	Foreign currency exchange losses, etc.	0	6
<b>108</b>	<b>81</b>	<b>Total</b>	<b>83</b>	<b>111</b>

#### Accounting practices

Financial income and expenses, net, comprises interest income and costs, capital and exchange rate gains and losses relating to liabilities and transactions in foreign currencies and amortisation of financial assets and liabilities.



## Note 4.2 Allocation of the results

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
		<b>The earnings for the period are distributed as follows:</b>		
		company participant in DSB	-57	-1,276
		<b>Total</b>	<b>-57</b>	<b>-1,276</b>
		<b>The parent corporation's result is proposed to be allocated as follows:</b>		
0	0	Dividend for the Ministry of Transport		
-32	-17	Reserve for development costs		
-1,244	-40	Retained earnings		
<b>-1,276</b>	<b>-57</b>	<b>Total</b>		

## Note 4.3: Financial fixed assets – parent company

Amounts in DKK million	Equity investments in affiliated companies	Equity investments in associated companies	Loans, etc., to affiliated companies	Subordinated loan capital in associated companies	Other receivables	Financial fixed assets total
<b>Cost price at 1 January 2020</b>	<b>1,789</b>	<b>413</b>	<b>584</b>	<b>165</b>	<b>46</b>	<b>2,997</b>
Foreign currency translation adjustments	0	-	-	-	-	0
Additions	257	-	50	2	7	316
Disposals	-1	-	-65	38	-29	-133
<b>Cost price at 31 December 2020</b>	<b>2,045</b>	<b>413</b>	<b>569</b>	<b>129</b>	<b>24</b>	<b>3,180</b>
<b>Value adjustments at 1 January 2020</b>	<b>-242</b>	<b>-413</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-655</b>
Foreign currency translation adjustments	0	-	-	-	-	0
Earnings for the year	88	0	-	-	-	88
Received dividend	-128	-	-	-	-	-128
Disposals	-	-	-	-	-	-
Other adjustments	-159	-	-	-	-	-159
<b>Value adjustments at 31 December 2020</b>	<b>-441</b>	<b>-413</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-854</b>
<b>Carrying amount at 31 December 2020</b>	<b>1,604</b>	<b>0</b>	<b>569</b>	<b>129</b>	<b>24</b>	<b>2,326</b>
Carrying amount at 31 December 2019	1,547	0	584	165	46	2,342

### Note 4.3: Financial fixed assets – parent company (continued)

#### Equity investments in affiliated companies:

Name	Registered office	Equity interest, percent	Share capital	Share of book value in parent company, DKK million
DSB Ejendomsudvikling A/S	Denmark	100	DKK 101 million	495
- Frugtmarkedet 11 Holding ApS <sup>1)</sup>	Denmark	50	DKK 80,000	-
- Ejendomsselskabet Frugtmarkedet 11 ApS <sup>1)</sup>	Denmark	50	DKK 80,000	-
- Komplementaranpartsselskabet Downtown CBD	Denmark	100	DKK 40,000	-
- Carsten Niebuhrs Gade 10 ApS	Denmark	100	DKK 185 million	-
- P/S Downtown CBD	Denmark	100	DKK 185 million	-
DSB Service & Retail A/S <sup>2)</sup>	Denmark	100	6.0 million DKK	41
DSB Vedligehold A/S	Denmark	100	DKK 28.5 million	757
Selskabet af 23.05.2017 46DD A/S	Denmark	100	DKK 1.5 million	134
Selskabet af 28.08.2017 67DD A/S	Denmark	100	DKK 1.5 million	150
Selskabet af 04.09.2020 A/S	Denmark	100	DKK 1.4 million	22
DOT - Din Offentlige Transport I/S <sup>1)</sup>	Denmark	33	DKK 0.9 million	0
BSD ApS	Denmark	100	DKK 125,000	0
DSB Deutschland GmbH <sup>3)</sup>	Germany	100	EUR 25,000	5
<b>Total</b>				<b>1,621</b>

<sup>1)</sup> Companies owned and operated jointly with others and where the parties together exercise a controlling influence (joint ventures) are consolidated on a book value basis.

<sup>2)</sup> Previously Kort & Godt A/S.

<sup>3)</sup> DSB Deutschland GmbH is under liquidation.

#### Accounting practices

Equity investments in affiliated companies are measured according to the book value method. This means that equity investments are measured at the proportionate share of the companies' book value, calculated according to the accounting policies of the group less or plus unrealised intragroup profits and losses.

Equity investments in affiliated companies with a negative book value are measured at DKK 0, and any potential receivables from these companies are depreciated to the extent that the receivable is irrecoverable. To the extent that the parent company has a legal or actual obligation to cover a deficit exceeding the receivable, the remaining amount is recognised in Other Provisions.

The net value adjustment of equity investments in affiliated companies is shown as Reserve for net value adjustment according to the book value method in equity, to the extent that the carrying amount exceeds the cost price.

In the parent company's income statement, the proportionate share of affiliated company's profit/loss after tax, less the proportionate share of internal profit/loss, is recognised.

### Note 4.3: Financial fixed assets - group

Amounts in DKK million	Equity investments in associated companies	Equity investments in joint ventures	Subordinated loan capital in associated companies	Other receivables	Financial fixed assets total
Cost price at 1 January 2020	413	-	165	48	626
Additions	0	75	2	7	84
Disposals	0	0	-38	-29	-67
Cost price at 31 December 2020	413	75	129	26	643
Value adjustments at 1 January 2020	-413	-	0	-	-413
Earnings for the year	0	0	-	-	0
Value adjustments at 31 December 2020	-413	0	0	-	-413
Carrying amount at 31 December 2020	0	75	129	26	230
Carrying amount at 31 December 2019	0	-	165	48	213
Equity investments in associated companies					

### Accounting practices

Equity investments in associated companies and joint ventures are measured according to the book value method. This means that equity investments are measured at the proportionate share of the companies' book value, calculated according to the accounting policies of the group less or plus unrealised intragroup profits and losses.

Equity investments in associated companies and joint ventures with a negative book value are measured at DKK 0 and any receivables from these companies are depreciated to the extent that the receivable is irrecoverable. To the extent that the parent company has a legal or actual obligation to cover a deficit exceeding the receivable, the remaining amount is recognised in Other Provisions.

Subordinated loan capital in associated companies and Other receivables is measured at amortised cost.

In both the parent company's and group's income statement, the proportionate share of the associated companies' and joint ventures Profit/loss after tax, less the proportionate share of internal profit/loss, is recognised.

#### Note 4.4: Borrowing

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
2,063	1,600	Bonds issued	1,600	2,063
185	0	Credit institutions	0	185
1,000	500	Bank facilities	500	1,000
305	1,860	Others	1,860	305
<b>3,553</b>	<b>3,960</b>	<b>Total</b>	<b>3,960</b>	<b>3,553</b>

All foreign currency loans have been converted into DKK via currency swaps.

In the parent company and the group, DKK 3,673 million of the debt portfolio was raised without state guarantee (2019: DKK 2,801 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

#### Accounting practices

Liabilities are recognised at the date of borrowing at the net proceeds received after deduction of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other financial liabilities are measured at amortised cost price.

#### Note 4.5: Interest-bearing liabilities, net

Amounts in DKK million		Group	
		2020	2019
Long-term loans		3,228	2,277
Current portion of non-current liabilities		574	484
Short-term loans		0	497
Credit institutions		0	185
Others		158	110
<b>Interest-bearing liabilities</b>		<b>3,960</b>	<b>3,553</b>
Cash at bank and in hand		963	30
Deposits		42	38
Subordinated loan capital, receivable		129	165
<b>Interest-bearing assets</b>		<b>1,134</b>	<b>233</b>
<b>Total</b>		<b>2,826</b>	<b>3,320</b>

In the parent company and the group, long-term debt liabilities, which fall due after more than 5 years, amounted to DKK 2,855 million per 31 December 2020 (2019: DKK 1,894 million).

**Note 4.6: Net financial items, paid**

<b>Amounts in DKK million</b>	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
Financial income	13	7
Financial expenses	-83	-111
Other - including financial instruments	-5	10
<b>Total</b>	<b>-75</b>	<b>-94</b>

## Section 5 Taxation

In 2020, Tax on earnings for the year amounted to an expense of DKK 57 million in the parent company and a revenue of DKK 47 million in the group.

This section contains the following notes:

- 5.1 Tax on earnings for the year
- 5.2 Deferred tax liabilities

### Note 5.1: Tax on earnings for the year

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
-112	0	Tax on profit/loss for the year	-9	-138
530	44	Change in deferred tax regarding the profit/loss for the year	39	530
-	-	Tax regarding internal profit	6	-28
<b>418</b>	<b>44</b>	<b>Tax on earnings for the year</b>	<b>36</b>	<b>364</b>
1	13	Adjustment of tax relating to previous years	11	1
<b>419</b>	<b>57</b>	<b>Total</b>	<b>47</b>	<b>365</b>
<b>Reconciliation of tax rate:</b>				
22.0%	22.0%	Tax on earnings for the year	22.0%	22.0%
0.1%	0.0%	Tax effect of non-taxable income and non-deductible expenses	10.5%	-1.5%
1.1%	16.9%	Tax effect concerning affiliated companies	-	-
0.0%	11.7%	Adjustment of tax relating to previous years	12.9%	0.0%
<b>23.2%</b>	<b>50.6%</b>	<b>Effective tax rate for the year</b>	<b>45.4%</b>	<b>20.5%</b>
<b>252</b>	<b>68</b>	<b>Tax paid for the year</b>	<b>68</b>	<b>252</b>

### Accounting practices

The corporation is covered by the Danish rules on compulsory joint taxation of the group's Danish affiliated companies. The affiliated companies are included in the joint taxation from the time at which they are included in the consolidation and until they are excluded from the consolidation.

The parent company is the administration unit for the joint taxation and consequently settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is distributed by settlement of the joint taxation contributions between the jointly taxed companies relative to their taxable income. In this connection, any companies with a tax loss receive joint taxation contributions from companies that were able to use this loss to reduce their own tax profit.



The total tax for the year, comprising current corporation tax, the year's joint taxation contribution and changes in deferred tax, including differences as a consequence of changed tax rates, is recognised in the income statement with the share attributable to the profit/loss for the year and directly in equity by the share which may be attributed to items entered directly on equity.

Current tax liabilities and receivables are included in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are included in the balance sheet as balances with affiliated companies.

#### Note 5.2: Deferred tax liabilities

Parent company		Amounts in DKK million	Group	
2019	2020		2020	2019
<b>819</b>	<b>287</b>	<b>Deferred tax liabilities at 1 January</b>	<b>248</b>	<b>755</b>
-1	-	Adjustment at 1 January	2	-4
-1	-	Adjustment regarding previous years	2	-1
-	-	Change in deferred tax regarding group profit	-6	28
-530	-44	Change in deferred tax regarding the profit/loss for the year	-39	-530
-	-55	Change in deferred tax regarding joint taxation	-55	-
<b>287</b>	<b>188</b>	<b>Deferred tax liabilities at 31 December</b>	<b>152</b>	<b>248</b>
<b>Deferred tax concerns:</b>				
12	18	Intangible fixed assets	20	10
384	361	Tangible fixed assets	398	421
2	-2	Current assets	-2	-38
-111	-81	Other provisions	-88	-130
-	-	Intragroup profits	-20	-15
-	-108	Tax losses	-156	-
<b>287</b>	<b>188</b>	<b>Deferred tax liabilities at 31 December</b>	<b>152</b>	<b>248</b>

The group's Danish companies are jointly and severally liable for tax on the consolidated taxable income, etc., The total corporation tax liability is DKK 0 million at 31 December 2020 (2019: DKK 80 million). The group's Danish companies are jointly and severally liable for Danish withholding tax in the form of tax on dividend, royalty and interest. Any subsequent corrections of corporation and withholding taxes may increase the corporation's liability.

DSB, DSB Service & Retail A/S, DSB Ejendomsudvikling A/S and DSB Vedligehold A/S are jointly registered for VAT and payroll tax purposes and are jointly and severally liable for payment of the companies' aggregate VAT and payroll tax liabilities.

#### Accounting practices

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items, where temporary differences, apart from business acquisitions, arise at the date of acquisition without affecting the profit/loss for the year or the taxable income. In cases where the calculation of the tax value may be made according to different taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the value of a tax loss allowed for carry forward and net financing expenses, are recognised as an asset at the expected value of utilisation, either through elimination of tax on future earnings or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intragroup profits and intragroup losses.

Deferred tax is measured based on the tax rules and tax rates in the individual countries applicable according to the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

## Section 6 Working capital

The most important items regarding working capital include inventories, receivables, prepayments, supplier debt and other debt.

This section contains the following notes:

- 6.1 Inventories
- 6.2 Receivables
- 6.3 Prepayments (assets)
- 6.4 Prepayments (liabilities)
- 6.5 Change in working capital

### Note 6.1: Inventories

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
10	8	Oil for train operation	8	10
0	0	Spare parts, etc.	390	417
2	2	Sales from shops, etc.	37	36
<b>12</b>	<b>10</b>	<b>Total</b>	<b>435</b>	<b>463</b>

Spare parts, etc., are used for corrective maintenance of rolling stock. For certain groups of Spare parts, etc., there is an element of uncertainty regarding the time they are used, while emergency stockpiles are created for critical product groups with long delivery times.

As of 31 December 2020, the inventory has been written down due to inventory obsolescence with a total of DKK 400 million. (2019: DKK 291 million), almost entirely related to Spare parts, etc.

#### Accounting practices

Oil for trains and Spare parts are measured at cost according to the average cost method. The cost price comprises the purchase price plus delivery costs and any processing and other costs directly or indirectly attributable to inventories.

Goods for sale in shops, etc., are measured at cost, calculated in accordance with the FIFO method. The cost price comprises the purchase price plus delivery costs.

Inventories are written down to the net realisable value if this is lower than the cost price. The net realisable value for inventories is calculated as the sales amount less completion costs and costs incurred to effect the sale.

### Note 6.2: Receivables

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
		<b>Thus, trade receivables from sales and services comprise the following:</b>		
10	25	Receivables from issued control fares	25	10
123	118	Receivables, passenger revenue	118	123
80	69	Reimbursements from government agencies	69	80
137	115	Others	283	253
<b>350</b>	<b>327</b>	<b>Total</b>	<b>495</b>	<b>466</b>

DSB is not significantly exposed to single customers, since receivables from sales and services are distributed across a significant number of customers, including private individuals, private companies and public institutions. There is

no significant amount of collateral received for Trade receivables. Paid deposits are considered as collateral for receivables from leasing activities.

All Trade receivables are due for payment within 1 year.

#### Provision for losses on receivables

There is an ongoing assessment of indications for loss of value for Trade receivables.

In the statement of provisions for expected losses, a segmentation of the population of Trade receivables has been made. The segmentation separates the portfolio into types of customers, types of receivable and historical experiences in relation to determining losses. An average expected loss percentage is calculated based on the segmentation.

As of 31 December 2020, provisions for losses have not been made concerning Receivables from affiliated companies, Receivable joint taxation contribution, Other receivables, Prepayment, Loans to affiliated companies, or Subordinated loan capital in associated companies.

#### Accounting practices

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions for expected losses are based on historical experience and is made when there is an objective indication that a receivable or portfolio for receivables has decreased in value. If there is an objective indication that an individual receivable has lost value, provision is made for losses at the individual level.

<b>Note 6.3: Prepayments (assets)</b>				
<b>Parent company</b>			<b>Group</b>	
<b>2019</b>	<b>2020</b>	<b>Amounts in DKK million</b>	<b>2020</b>	<b>2019</b>
185	377	Prepaid costs, etc.	88	89
6	9	Financial instruments	9	6
38	36	Prepaid wages and salaries and pension contributions (civil servants)	43	45
<b>229</b>	<b>422</b>	<b>Total</b>	<b>140</b>	<b>140</b>

#### Accounting practices

Prepayments (assets) comprise costs incurred relating to subsequent financial years.

#### Note 6.4: Prepayments (liabilities)

Parent company			Group	
2019	2020	Amounts in DKK million	2020	2019
284	240	Tickets sold but not used	240	284
282	231	Pre-paid contract payment	231	282
77	72	Subsidies for facilities	72	77
11	11	Financial instruments	11	11
18	2	Others	10	50
<b>672</b>	<b>556</b>	<b>Total</b>	<b>564</b>	<b>704</b>

Prepayments (liabilities) fall due in the following periods:				
266	379	Within 1 year	387	298
406	177	After 1 year	177	406
<b>672</b>	<b>556</b>	<b>Total</b>	<b>564</b>	<b>704</b>

#### Accounting practices

Prepayments (liabilities) comprise payments received regarding income in the subsequent financial years.

Sold but un-utilised travel capacity covers tickets sold where the travel time is scheduled after 31 December.

#### Note 6.5: Change in working capital

	Group	
Amounts in DKK million	2020	2019
Total change in receivables	194	-1
Total change in inventories	28	-67
Change in trade payables and other liabilities, etc.	-92	-117
<b>Total</b>	<b>130</b>	<b>-185</b>

## Section 7

### Financial conditions

DSB defines risk as an uncertainty associated with future targets that can have wide-ranging impacts on safety, punctuality, reputation and finances. Financial risks include interest rates, foreign exchange rates, raw material prices, liquidity and counterparties.

Interest rate risks are related to changes in financing interest rates.

The primary currency risks relate to oil purchases and trade with international counterparties in EUR and SEK, respectively.

Raw materials price risk occurs in connection with the purchase of electricity and oil.

Liquidity risks relate to the opportunities for ensuring liquidity.

Counterparty risk arises when counterparties fail to fulfil their obligations.

This section contains the following notes:

- |     |                                      |
|-----|--------------------------------------|
| 7.1 | Interest risk                        |
| 7.2 | Currency exchange rate risk          |
| 7.3 | Raw materials price risk             |
| 7.4 | Liquidity risk                       |
| 7.5 | Counterparty risk                    |
| 7.6 | Fair values calculated in the equity |
| 7.7 | Information on fair values           |

As a result of its operations, investments and financing, DSB is exposed to changes in risk relating to interest, currency exchange rates, raw material prices and liquidity and counterparty risks. The financial management aims to address the associated financial risks. The overall framework is set out in the financial policy, which is approved by the Board of Directors.

In accordance with this policy, DSB must monitor, calculate, administer and manage risks, in addition to continuously monitoring risk exposure and cash resources.

The purpose of the financial hedging is to limit and control the impact on profit caused by fluctuations in the financial markets. There are no significant changes in risk exposure or risk management compared with 2019.

#### Accounting practices

Initial recognition of derivative financial instruments is made in the balance sheet at cost and they are subsequently measured at fair value. Positive and negative changes in fair values of derivative financial instruments are recognised in Other receivables and Other liabilities, respectively.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for hedging of the fair value of a recognised asset or recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for hedging of future assets or liabilities are recognised in Other receivables or Other liabilities and in Equity. If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity will be transferred at the cost price of the respective asset or liability. If the future transaction results in income or expenses, amounts previously recognised as equity will be transferred to the income statement in the period in which the hedged item impacts the income statement.

In respect of derivative financial instruments which do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised in the income statement on an ongoing basis.

## Note 7.1: Interest risk

	Remaining debt, local currency (million)	Remaining debt, DKK (million)	At variable interest rates	At fixed interest rates	Remaining loan period	Average effective interest rate	Duration (years)	Fair value of currency and interest swaps
<b>As of 31 December 2020</b>								
DKK	990	990	-	100%	9.9	0.4%	9.7	-2
JPY	20,000	1,314	-	100%	19.5	4.4%	14.8	-575
SEK	371	286	-	100%	3.9	0.4%	3.9	-15
NOK	682	500	-	100%	0.4	-0.2%	0.4	-25
EUR	117	870	-	100%	2.2	1.0%	2.3	-52
<b>Total</b>		<b>3,960</b>	<b>-</b>	<b>100%</b>	<b>9.8</b>	<b>1.8%</b>	<b>9.5</b>	<b>-669</b>
<b>As of 31 December 2019</b>								
DKK	200	200	-	100%	0.1	0.0%	0.1	-
JPY	20,000	1,314	-	100%	20.6	4.4%	14.9	-322
SEK	924	749	-	100%	2.4	0.2%	2.5	-84
NOK	682	500	-	100%	1.4	-0.2%	1.5	22
EUR	41	302	-	100%	5.2	4.0%	4.8	-52
USD	44	300	-	100%	0.1	0.0%	0.1	-3
<b>Total</b>		<b>3,365</b>	<b>-</b>	<b>100%</b>	<b>9.3</b>	<b>2.1%</b>	<b>8.7</b>	<b>-439</b>

As a result of financing activities, DSB is exposed to fluctuations in interest rates, both in Denmark and abroad. The primary interest rate exposure in this regard relates to fluctuations in CIBOR, STIBOR, NIBOR and EURIBOR. The policy is to raise all loans so that interest rate risks are only associated with CIBOR and EURIBOR. Interest rate risks are normally hedged using interest rate swaps in which variable rate loans are converted to a fixed rate.

Within a 12-month period, interest rate sensitivity shall not exceed DKK 100 million (with a percentage point change in interest rates), the debt portfolio must have a duration of at least 15 years, and at least 25% of the liability portfolio must be at a fixed rate. Accordingly, the weighted average duration of gross debt is 9.5 years (2019: 8.7 years). Of the financial liabilities, 100% were converted to a fixed rate of interest with maturity of longer than one year (2019: 100%). Variable-rate debt is adjusted regularly during the year.

## Note 7.2: Currency exchange rate risk

Currency risks in recognised financial assets and liabilities are hedged so that the risk is in DKK. In relation to the financial policy, risks in EUR or other currencies are only permitted if they are included in the affiliated companies' financing or hedging of exposure from affiliated companies.

The most significant currency exposure relates to loans in JPY, SEK, NOK and EUR, which are hedged using derivative financial instruments. After hedging, DSB is not exposed to significant currency risks from financing activities.

Other registered positions represent an insignificant share of the currency exposure; the future cash flow in currency is hedged 30-70% on average, as calculated for a rolling 12-month period.

Currency risks associated with operations are primarily related to oil consumption (USD). Other currency risks in relation to trade with international counterparts are limited, apart from SEK and EUR. The exposure to EUR is particularly related to the acquisition of rolling stock.



The net assets in equity investments in foreign-affiliated companies are affected by currency fluctuations when converting to DKK in the consolidated financial statements. This conversion risk is not hedged.

DSB has no other significant currency risks.

The hypothetical impact on profit for the year and equity due to sensitivity to changes in exchange rates is as follows:							
	Nominal position in local currency (million)				Sensitivity in DKK million		
	Cash and cash equivalents, and receivables, total	Financial liabilities (non-derivative)	Derivative financial instruments for securing future cash flows	Total	Change in exchange rate	Hypothetical impact on Profit before tax	Hypothetical impact on equity before tax
<b>As of 31 December 2020</b>							
JPY	0	-20,000	20,000	0	10.0%	0	-
SEK	15	-379	408	44	10.0%	3	31
NOK	0	-682	682	0	10.0%	0	48
EUR	2	-134	116	-16	0.5%	-1	12
USD <sup>1)</sup>	0	-21	22	1	10.0%	1	195
<b>At 31 December 2019</b>							
JPY	0	-20,000	20,000	0	10.0%	0	-
SEK	28	-937	784	-125	10.0%	-9	58
NOK	0	-682	682	0	10.0%	0	52
EUR	1	-47	41	-5	0.5%	0	92
USD <sup>1)</sup>	-1	-76	75	-2	10.0%	-1	138

<sup>1)</sup> The hypothetical impact on pre-tax equity is due to interest payments and loan repayments in JPY being paid in USD.

The position in SEK represents a hedging of future cash flow.

Conditions for sensitivity analysis:

- Unchanged price and interest rate level.
- Financial instruments which are recognised in the balance sheet at 31 December 2020 (2019).

### Note 7.3: Raw materials price risk

	Nominal		Sensitivity			
Amounts in DKK million	Fair value of raw material price agreements	Next year's expected raw materials consumption	Raw material price agreements	Changes to raw materials price	Hypothetical impact on Profit before tax	Hypothetical impact on equity before tax
<b>As of 31 December 2020</b>						
Raw materials – oil	-17	43,144 ton	40,000 ton	10.0%	0	10
Raw materials – electricity	-17	324,331 MWh	309,808 MWh	10.0%	0	7
<b>As of 31 December 2019</b>						
Raw materials – oil	2	52,956 ton	48,000 ton	10.0%	0	19
Raw materials – electricity	22	332,950 MWh	300,209 MWh	10.0%	0	8

Conditions for sensitivity analysis:

- Financial instruments which are recognised in the balance sheet at 31 December 2020 (2019).

DSB uses oil and electricity in its operations and is, therefore, exposed to raw materials price risks which are hedged. The hedging is ongoing throughout the year and is carried out through the conclusion of raw materials price agreements.

93% of the expected oil consumption in 2021 is hedged as of 31 December 2020 (2019: 91%). Similarly, 96% of the expected electricity consumption in 2021 is hedged as of 31 December 2020 (2019: 90%).

#### Note 7.4: Liquidity risk

##### Amounts in DKK million

Group	Carrying amount	Contractual cash flows, total	Within 1 year	Year 1-5	After 5 years
Long-term loans and Subordinated loan capital	3,802	3,960	574	1,090	2,296
Long-term loans and Subordinated loan capital - interest	644	1,235	68	283	884
Other financial instruments	44	224	205	19	-
Short-term loans and Credit institutions	0	0	0	-	-
Trade accounts payable	1,482	1,482	1,482	-	-
<b>In total, at 31 December 2020</b>	<b>5,972</b>	<b>6,901</b>	<b>2,329</b>	<b>1,392</b>	<b>3,180</b>

##### Amounts in DKK million

Group	Carrying amount	Contractual cash flows, total	Within 1 year	Year 1-5	After 5 years
Long-term loans and Subordinated loan capital	2,761	2,865	484	847	1,534
Long-term loans and Subordinated loan capital - interest	383	1,283	71	277	935
Other financial instruments	10	6	5	1	-
Short-term loans and Credit institutions	682	682	682	-	-
Trade accounts payable	1,631	1,631	1,631	-	-
<b>In total, at 31 December 2019</b>	<b>5,467</b>	<b>6,467</b>	<b>2,873</b>	<b>1,125</b>	<b>2,469</b>

DSB's policy is to always maintain sufficient cash reserves. The target is to have a cash reserve corresponding to the development in the approved budget year's expected net debt plus DKK 200 million, though at least DKK 1,000 million. The cash reserve is calculated as cash in bank and in hand plus access to drawing on bank facilities.

At 31 December 2020, agreements are concluded on revocable bank facilities of DKK 3,616 million and irrevocable bank facilities of DKK 5,225 million, expiring during the period 2021-2025 (2019: revocable for DKK 2,500 million and irrevocable for DKK 1,750 million, expiring during the period 2020-2024). Of these cash resources, DKK 8,317 million is not utilised. (2019: DKK 3,069 million).

In 2020, a non-terminable facility of EUR 400 million was signed with Den Nordiske Investeringsbank (NIB) with a loan series profile from 2025 and an expiry date in 2035. Additionally, a non-terminable facility of EUR 150 million was signed with The European Investment Bank (EIB) with a total pledged amount of EUR 500 million, expiring no later than 2045.

#### Note 7.5: Counterparty risk

Counterparty risk arises when financial derivative instruments are concluded to hedge financial risks or when liquidity is placed with financial counterparties. The risk is that the counterparties will fail to fulfil their obligations.

All Cash in bank and in hand and agreements on financial instruments are either placed in banks or as part of agreements with financial institutions rated as a minimum of A according to Standard & Poor's rating.

Receivables from derivative financial instruments, Cash in bank and at hand and deposits amount to a total of DKK 1,013 million as of 31 December 2020. (2019: DKK 107 million). If the access to offsetting exposure in financial contracts with financial counterparties is included, the receivables from these items as of 31 December 2020 amount instead to DKK 368 million. (2019: DKK 2 million).

#### Note 7.6: Fair values calculated in the equity

Parent corporation			Group	
2019	2020	Amounts in DKK million	2020	2019
-212	-431	Currency swaps	-431	-212
-58	-55	Interest swaps	-55	-58
-15	-17	Electricity price swaps	-17	-15
2	-17	Oil price swaps	-17	2
3	-11	Foreign exchange contracts	-11	3
60	117	Deferred tax	117	60
<b>-220</b>	<b>-414</b>	<b>Total</b>	<b>-414</b>	<b>-220</b>

The fair value of the received financial instruments that are classified as ensuring future cash flows are included directly in the equity.

The fair value of derivative financial instruments used for hedging foreign exchange and interest rate risks associated with the above borrowing and liquidity is DKK -669 million at 31 December 2020 (2019: DKK -439 million), of which DKK -486 million is recognised in equity (2019: DKK -270 million).

As of 31 December 2020, derivative financial instruments with a positive and a negative fair value amounted to DKK 8 million (2019: DKK 39 million) and DKK 721 million. (2019: DKK 473 million).

#### Note 7.7: Information on fair values<sup>1)</sup>

Parent corporation			Group	
2019	2020	Amounts in DKK million	2020	2019
-220	-414	Fair value at 31 December	414	-220
-	-	Value adjustments in the income statement	-	-
-78	-194	Changes recognised in the Reserve for hedging transactions	-194	-87
2	2	Fair value level	2	2

<sup>1)</sup> Fair value exclusively relates to derivative financial instruments. DSB holds no listed equities or bonds.

The valuation of the derivative financial instruments takes place based on common methodologies, as observable prices at fixed times are spread out over the lifetime of the instruments for the purposes of forming price curves. They are used to discount the payment of the instruments. The prices are provided by a major and well-known information system, and the calculations of the valuations are made in a treasury system. The calculated fair values are compared with the fair values calculated by the counterparties.

## Section 8

### Other notes

This section includes notes that are significant but not related to the other sections.

In 2020, the group has sold properties and the profits are recognised under Other operating income and losses are recognised under Other external expenses.

This section contains the following notes:

- 8.1 Other provisions
- 8.2 Contingent assets and liabilities, as well as other economic obligations
- 8.3 Closely related parties
- 8.4 Revenue and loss on sale and scrapping of intangible and tangible assets
- 8.5 Events after the balance sheet date

#### Note 8.1: Other provisions

Amounts in DKK million

	Restructuring - Staff	Other liabilities	Other provisions total
<b>Parent corporation</b>			
<b>Other provisions at 1 January 2020</b>	<b>19</b>	<b>114</b>	<b>133</b>
Provisions	-	6	6
Applied	-19	-11	-30
Reversed	-	-5	-5
<b>Other provisions at 31 December 2020</b>	<b>0</b>	<b>104</b>	<b>104</b>

Amounts in DKK million

	Restructuring - Staff	Other liabilities	Other provisions total
<b>Group</b>			
<b>Other provisions at 1 January 2020</b>	<b>25</b>	<b>121</b>	<b>146</b>
Provisions		3	3
Applied	-25	-11	-36
Reversed	-	-5	-5
<b>Other provisions at 31 December 2020</b>	<b>0</b>	<b>108</b>	<b>108</b>

Restructuring - Staff covers the severance costs in connection with the streamlining of the administration in 2019.

Other provisions include obligations regarding civil servants on loan and compensation obligations, etc.

#### Accounting practices

Provisions are recognised when, as a consequence of an event that occurred at the balance sheet date at the latest, DSB has a legal obligation or an actual obligation, and it is likely that financial advantages must be given up to meet that obligation.

Provisions are recognised and measured as the best estimate of the costs necessary to liquidate the obligations. If fulfilment of the obligation is expected to be far in the future, the obligation is measured at fair value.

## Note 8.2: Contingent assets and liabilities, as well as other economic obligations

Parent corporation			Group	
2019	2020	Amounts in DKK million	2020	2019
0	624	Contingent assets	624	0
44	34	Contingent liabilities	149	94
3,715	4,982	Other financial obligations	4,622	3,217

Contingent assets includes possible compensation from the state in connection with the financial consequences as a result of COVID-19 for the period September-December 2020.

Contingent liabilities include guarantees at a total of DKK 3 million (DKK 13 million) for affiliated business. This comprises an operating guarantee for deliveries under the Signal Programme for the S-train rail network.

DSB pays an ongoing pension contribution for civil servants, calculated as a percentage of the pensionable salary, to cover the state's pension obligation to civil servants. Upon retirement, the state assumes the full pension obligation. The contribution rate for the ongoing pension contributions is based on assumptions about expected pension age, wage development, etc. Deviations from these assumptions, under certain conditions, can result in an adjustment of the contributions in the form of additional payment to or from the state at the time of retirement.

DSB has an obligation to pay redundancy payment for three years to civil servants who are dismissed for a cause that is not the fault of the civil service, see section 32 of the Danish Civil Servant Act. DSB also has a commitment to the Agency for Public Finance and Management to pay pension costs for civil servants until the expected retirement age of 62 years. On the balance sheet date, DSB has only recognised a liability for dismissed civil servants.

In 2018, DSB has cancelled the contract with DXC concerning data centre and SAP operations. In 2019, DSB has raised claims against DXC. DXC has raised counterclaims against DSB. The final outcome and the financial consequences are uncertain. DSB has not included any potential compensation payments in 2020.

In addition to this, DSB is also a party to a small number of other pending cases. The outcome of these cases, individually or jointly, is not expected to have a significant impact on the financial position of the Company.

Other financial obligations include the leasing of rolling stock at a total of DKK 0 million (DKK 29 million, which fell due in 2020).

The increase in Other financial obligations relates to agreements for the purchase of new rolling stock.

As part of DSB's agreement with Rejsekort & Rejseplan A/S concerning the use of the Rejsekort system, DSB is obliged to pay an annual subscription fee until the year 2028. The total liability amounts to DKK 1,615 million (DKK 1,677 million), of which DKK 194 is due for payment in 2021 (DKK 185 million in 2020) and DKK 808 million is due in the period 2022-2025 (DKK 744 million in the period 2021-2024).

DSB has outsourced the majority of its IT operations covering IT services and operations of networks, telephony, data centres and systems. The total liability in this regard is DKK 302 million. (DKK 292 million) of which DKK 182 million falls due in 2021 (DKK 144 million in 2020) and DKK 120 million falls due in the period 2022-2025 (DKK 148 million in 2021-2024).

DSB has signed a contract for leasing Telegade 2 in Taastrup. The lease is non-terminable by DSB for the period until 2026 for parts of the premises. The total liability in this regard is DKK 114 million. (DKK 147 million) of which DKK 23

million falls due in 2021 (DKK 32 million in 2020) and DKK 91 million falls due in the period 2022-2025 (DKK 92 million in the period 2021-2024).

As part of its normal business operations, DSB has service and maintenance obligations as well as purchase and selling obligations.

DSB is a partner in DOT - Din Offentlige Transport I/S - and is jointly and severally liable to the partnerships total debts and liabilities of DKK 13 million (DKK 16 million). The other partners include the traffic company Movia and Metroselskabet A/S.

### Accounting practices

Contingent assets and liabilities, as well as other financial obligations, include conditions or situations existing at the balance sheet date, but whose accounting effects cannot be finally determined until the outcome of one or more uncertain future events becomes known.

### Note 8.3: Closely related parties

Closely related parties	Basis
Ministry of Transport	100% owner
Board of Directors and Executive Board	Management control

DSB's transactions with the Ministry of Transport and related agencies and institutions (primarily the Danish Transport, Building and Housing Authority and Banedanmark, the railway infrastructure provider) comprise:

Amounts in DKK million	Group	
	2020	2019
<b>Income</b>		
Income from transport contracts, net	4,819	4,025
Other rental and sale of corrective maintenance, goods and services	12	16
<b>Expenses, etc.</b>		
Infrastructure charges	583	610
Guarantee provision	3	5
<b>Prepayments</b>		
Pre-paid traffic contract payment	231	282

Transactions with closely related parties are conducted on market terms - including on the basis of cost allocation. The transactions are disclosed due to their special nature.

### Note 8.4: Revenues and losses on the sale and scrapping of intangible and tangible fixed assets

Amounts in DKK million	Group	
	2020	2019
Revenues on sales of intangible and tangible fixed assets	118	46
Losses on sale and scrapping of intangible and tangible fixed assets	-8	-21
<b>Total</b>	<b>110</b>	<b>25</b>

#### **Note 8.5: Events after the balance sheet date**

An agreement has been entered into with the Ministry of Transport on how DSB can be compensated in 2021 for losses due to COVID-19. The agreement will enter into force when the Danish Government approves it.

No events have occurred after 31 December 2020 which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2020.

#### **Other matters**

There are no other events which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2020.



## Supplemental key figures

Total journeys (thousand)	2016	2017	2018	2019	2020
Øresund – bridge crossing	12,067	11,902	12,386	12,261	4,984
Zealand, including Kystbanen/The Coastal Line and the Kastrup Line	40,828	41,539	41,757	41,374	23,598
West (Jutland and Funen)	15,154	13,810	13,252	13,131	9,734
East/West (across the Great Belt):	7,982	8,010	7,644	7,844	5,151
Other <sup>1)</sup>	728	667	637	689	274
<b>Long-distance &amp; Regional Trains</b>	<b>76,759</b>	<b>75,928</b>	<b>75,676</b>	<b>75,299</b>	<b>43,741</b>
S-trains	116,410	112,571	111,067	111,917	76,346
<b>Danish activities, total</b>	<b>193,169</b>	<b>188,499</b>	<b>186,743</b>	<b>187,216</b>	<b>120,087</b>
Upptåget <sup>2)</sup>	3,900	2,733	-	-	-
VIAS <sup>3)</sup>	2,165	2,165	2,165	-	-
<b>Total foreign activities</b>	<b>6,065</b>	<b>4,898</b>	<b>2,165</b>	<b>-</b>	<b>-</b>
<b>Total train journeys</b>	<b>199,234</b>	<b>193,397</b>	<b>188,908</b>	<b>187,216</b>	<b>120,087</b>

Passenger kilometres (million)	2016	2017	2018	2019	2020
Øresund – bridge crossing	241	238	315	313	126
Zealand, including Kystbanen/The Coastal Line and the Kastrup Line	1,496	1,480	1,479	1,428	846
West (Jutland and Funen)	932	902	808	828	592
East/West (across the Great Belt):	1,745	1,787	1,705	1,691	1,082
Other <sup>1)</sup>	116	102	102	112	44
<b>Long-distance &amp; Regional Trains</b>	<b>4,530</b>	<b>4,509</b>	<b>4,409</b>	<b>4,372</b>	<b>2,690</b>
S-trains	1,354	1,317	1,303	1,304	893
<b>Danish activities, total</b>	<b>5,884</b>	<b>5,826</b>	<b>5,712</b>	<b>5,676</b>	<b>3,583</b>
Upptåget <sup>2)</sup>	163	114	-	-	-
VIAS <sup>3)</sup>	64	64	64	-	-
<b>Total foreign activities</b>	<b>227</b>	<b>178</b>	<b>64</b>	<b>-</b>	<b>-</b>
<b>Total passenger kilometres</b>	<b>6,111</b>	<b>6,004</b>	<b>5,776</b>	<b>5,676</b>	<b>3,583</b>

<sup>1)</sup> Other includes IC Bornholm until 9 December 2017 and International.

<sup>2)</sup> The operations have been transferred to Transdev Sverige as of 1 September 2017.

<sup>3)</sup> The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)					
Total train kilometres (1,000 km)	2016	2017	2018	2019	2020
East	13,365	13,205	13,409	13,625	13,142
West	8,001	6,592	6,401	6,349	5,928
Long distance traffic <sup>1)</sup>	18,687	19,549	18,496	18,579	18,871
International trains <sup>2)</sup>	826	629	357	247	-
<b>Long-distance &amp; Regional Trains</b>	<b>40,879</b>	<b>39,975</b>	<b>38,663</b>	<b>38,800</b>	<b>37,941</b>
S-trains	15,595	15,149	14,916	15,329	15,087
<b>Danish activities, total</b>	<b>56,474</b>	<b>55,124</b>	<b>53,579</b>	<b>54,129</b>	<b>53,028</b>
Upptåget <sup>3)</sup>	2,992	1,995	-	-	-
VIAS <sup>4)</sup>	2,300	2,300	2,300	-	-
<b>Total foreign activities</b>	<b>5,292</b>	<b>4,295</b>	<b>2,300</b>	<b>-</b>	<b>-</b>
<b>Total train kilometres</b>	<b>61,766</b>	<b>59,419</b>	<b>55,879</b>	<b>54,129</b>	<b>53,028</b>

<sup>1)</sup> Long-distance traffic in Denmark includes IC Bornholm in Denmark until 9 December 2017.

<sup>2)</sup> International trains in Denmark, IC Bornholm in Sweden until 9 December 2017 and charter trains abroad.

<sup>3)</sup> The operations have been transferred to Transdev Sverige as of 1 September 2017.

<sup>4)</sup> The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)					
Rolling stock in operation <sup>1)</sup>	2016	2017	2018	2019	2020
IC4 train sets	77	77	75	63	63
IC3 train sets	96	96	96	96	96
IR4 train sets	44	44	44	44	44
Øresunds train sets <sup>2)</sup>	111	111	111	111	34
Leased double-decker coaches	67	-	-	-	-
Double-decker coaches	46	113	113	113	113
MR train sets	30	12	12	-	-
Leased Desiro train sets <sup>3)</sup>	12	12	12	12	-
Desiro train sets <sup>3)</sup>	4	4	4	4	-
Desiro train sets on loan/leased from the Ministry of Transport, Building and Housing <sup>3)</sup>	4	4	4	4	-
Leased ICE-TD train sets	4	-	-	-	-
ME diesel locomotives	33	33	32	29	28
EA electric locomotives	5	5	5	5	-
EB electric locomotives	-	-	-	-	3
S-trains (eight coach train sets)	104	104	104	104	104
S-trains (four coach train sets)	31	31	31	31	31
Upptåget – Electric train sets <sup>4)</sup>	12	-	-	-	-
VIAS – Electric train sets <sup>5)</sup>	19	19	19	-	-
Shunting locomotives/tractors	14	14	14	14	5

<sup>1)</sup> Rolling stock included in DSB Group's operations at year-end.

<sup>2)</sup> 34 Øresund train sets are owned and maintained by DSB. They are part of the operator partnership with SJ, which as of December 2020 has 77 Øresund train sets at its disposal.

<sup>3)</sup> All Desiro train sets have been sold and handed over to Arriva as of 13 December 2020.

<sup>4)</sup> The operations have been transferred to Transdev Sverige as of 1 September 2017.

<sup>5)</sup> The activities in Germany were sold as of 1 January 2019.

### Supplemental key figures (continued)

Number of kilometres travelled between incidents <sup>1)</sup> (1.000 km)	2016	2017	2018	2019	2020
IC4 train sets	3.6	4.5	4.7	8.1	10.0
IC3 train sets	33.3	42.8	28.9	35.0	34.9
IR4 train sets	10.9	12.4	12.4	17.5	26.0
Øresund train sets	21.3	21.2	21.0	22.5	36.5
Double-decker coaches	19.7	18.2	18.5	22.1	26.1
MR train sets	9.7	10.2	9.0	1.6	-
Desiro train sets <sup>2)</sup>	17.6	14.1	8.6	12.0	13.1
ME diesel locomotives	16.4	26.4	22.5	25.0	34.5
EA electric locomotives <sup>3)</sup>	4.1	6.7	5.8	4.2	6.5
EB electric locomotives <sup>4)</sup>	-	-	-	-	n/a
S-train sets	13.9	14.6	14.2	16.9	20.7

<sup>1)</sup> A technical incident on the rolling stock which causes a delay.

<sup>2)</sup> All Desiro train sets have been sold and handed over to Arriva as of 13 December 2020.

<sup>3)</sup> As of 13 December 2020 no EA electric locomotives are in operation.

<sup>4)</sup> The litra kilometre count for EB electric locomotives has not been calculated for 2020.

### Supplemental key figures (continued)

Average number of full-time employees	2016	2017	2018	2019	2020
DSB	4,756	4,735	4,667	4,586	4,572
- of which social chapter <sup>1)</sup>	140	90	94	85	80
DSB Service & Retail A/S <sup>2)</sup>	636	605	575	550	516
- of which social chapter <sup>1)</sup>	12	12	13	12	11
DSB Vedligehold A/S	1,706	1,797	1,760	1,726	1,659
- of which social chapter <sup>1)</sup>	55	30	34	31	25
DSB Ejendomsudvikling A/S	1	1	1	4	10
- of which social chapter <sup>1)</sup>	-	-	-	-	-
<b>Danish activities, total</b>	<b>7,099</b>	<b>7,138</b>	<b>7,003</b>	<b>6,866</b>	<b>6,757</b>
Upptåget <sup>3)</sup>	96	66	-	-	-
VIAS <sup>4)</sup>	90	88	89	-	-
<b>Total foreign activities</b>	<b>186</b>	<b>154</b>	<b>89</b>	<b>-</b>	<b>-</b>
<b>DSB Group, total</b>	<b>7,285</b>	<b>7,292</b>	<b>7,092</b>	<b>6,866</b>	<b>6,757</b>

<sup>1)</sup> The social chapter includes programmes such as flex jobs, light jobs, rehabilitation, partial pension and early retirement benefit, which was introduced in 1996 with the aim of promoting employment in the government labour market for people with reduced working capacity in Denmark.

<sup>2)</sup> Previously Kort & Godt A/S

<sup>3)</sup> The operations have been transferred to Transdev Sverige as of 1 September 2017.

<sup>4)</sup> The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)					
Organisation entitled to negotiation (total employees – year-end)	2016	2017	2018	2019	2020
AC	509	508	499	488	484
Individual	212	236	247	251	254
DJ	3,545	3,522	3,464	3,448	3,400
FO DSB	1,118	1,162	1,186	1,127	1,045
HK	2,124	2,019	1,926	1,907	1,829
Others	49	42	49	35	32
<b>Total</b>	<b>7,557</b>	<b>7,489</b>	<b>7,371</b>	<b>7,256</b>	<b>7,044</b>

Supplemental key figures (continued)					
Employee group – form of employment (total employees – year-end)	2016	2017	2018	2019	2020
Contract staff	212	236	247	251	254
Collective agreement employees	5,295	5,383	5,424	5,443	5,351
Hourly-paid employees	44	20	22	17	11
Civil servants	2,006	1,850	1,678	1,545	1,428
<b>Total</b>	<b>7,557</b>	<b>7,489</b>	<b>7,371</b>	<b>7,256</b>	<b>7,044</b>

Supplemental key figures (continued)					
Total operated railway stations (year-end)	2016	2017	2018	2019	2020
Long-distance train stations, including joint stations	144	144	135	140	126
S-train, including joint stations	85	85	85	86	87
S-train joint stations with Long-distance & Regional trains	-9	-9	-9	-11	-10
S-train, excluding joint stations	76	76	76	75	77
Stations in Sweden operated by Upptåget <sup>1)</sup>	17	-	-	-	-
Stations in Germany operated by VIAS <sup>2)</sup>	28	28	28	-	-
<b>Total operated railway stations</b>	<b>265</b>	<b>248</b>	<b>239</b>	<b>215</b>	<b>203</b>
<b>Km of track operated by DSB in Denmark</b>	<b>1,593</b>	<b>1,593</b>	<b>1,593</b>	<b>1,576</b>	<b>1,406</b>
<b>Km track operated by DSB in Sweden<sup>1)</sup></b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Km track operated by DSB in Germany<sup>2)</sup></b>	<b>504</b>	<b>504</b>	<b>504</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> The operations have been transferred to Transdev Sverige as of 1 September 2017.

<sup>2)</sup> The activities in Germany were sold as of 1 January 2019.

## Income statement by quarter

Group	2020				2019			
Amounts in DKK million	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Passenger revenue - before the impact of the metro double factor	1,094	605	1,012	859	1,307	1,353	1,318	1,421
Metro double factor	47	38	46	28	56	56	55	59
Passenger revenue - after the impact of the metro double factor	1,047	567	966	831	1,251	1,297	1,263	1,362
Traffic contract revenues	975	976	980	1,888	985	1,057	994	989
Sale of corrective and planned maintenance services for rolling stock, etc.	75	73	81	83	81	72	71	74
Sale and leasing of rolling stock	14	7	18	120	20	10	11	9
<b>Net revenue</b>	<b>2,111</b>	<b>1,623</b>	<b>2,045</b>	<b>2,922</b>	<b>2,337</b>	<b>2,436</b>	<b>2,339</b>	<b>2,434</b>
Work performed by the entity and capitalised under assets	136	106	105	121	155	124	74	127
Other operating income	269	361	329	335	345	341	317	356
<b>Total revenues</b>	<b>2,516</b>	<b>2,090</b>	<b>2,479</b>	<b>3,378</b>	<b>2,837</b>	<b>2,901</b>	<b>2,730</b>	<b>2,917</b>
Expenses for raw materials and consumables	485	405	435	616	495	493	469	501
Other external expenses	900	868	805	955	931	909	902	935
Staff costs	914	967	922	890	956	977	899	904
<b>Total expenses</b>	<b>2,299</b>	<b>2,240</b>	<b>2,162</b>	<b>2,461</b>	<b>2,382</b>	<b>2,379</b>	<b>2,270</b>	<b>2,340</b>
<b>Earnings before amortisation and depreciation</b>	<b>217</b>	<b>-150</b>	<b>317</b>	<b>917</b>	<b>455</b>	<b>522</b>	<b>460</b>	<b>577</b>
Amortisation, depreciation and write-downs of intangible and tangible fixed assets	318	323	332	362	462	462	461	2,166
<b>Operating profit/loss</b>	<b>-101</b>	<b>-473</b>	<b>-15</b>	<b>555</b>	<b>-7</b>	<b>60</b>	<b>-1</b>	<b>-1,589</b>
Net financials	-18	-15	-19	-18	-26	-26	-31	-21
<b>Profit or loss before tax</b>	<b>-119</b>	<b>-488</b>	<b>-34</b>	<b>537</b>	<b>-33</b>	<b>34</b>	<b>-32</b>	<b>-1,610</b>
<b>Net profit or loss for the period</b>	<b>-91</b>	<b>-371</b>	<b>-32</b>	<b>437</b>	<b>-26</b>	<b>27</b>	<b>-24</b>	<b>-1,253</b>
<b>Total equity</b>	<b>4,191</b>	<b>3,770</b>	<b>3,679</b>	<b>4,092</b>	<b>5,639</b>	<b>5,598</b>	<b>5,503</b>	<b>4,345</b>
EBITDA margin	10.3	-9.2	15.5	31.4	19.5	21.4	19.7	23.7
Return on invested capital after tax (ROIC after tax) p.a.	-4.0	-19.0	-0.9	25.3	-0.2	2.0	0.0	-59.5

## Key figure definitions

### Key figure definitions

Key figures and designations have been prepared in accordance with the below

**Earnings before interest, taxes, depreciation and amortisation margin** (EBITDA margin) = Earnings before amortisation and depreciation x 100 / net revenue

**Earnings before interest and taxes margin** (EBIT margin) = operating profit x 100 / net revenue

**Return on invested capital after tax** (ROIC after tax) = operating profit after tax (NOPLAT) x 100 / (average equity + average net interest-bearing debt)

**Gearing** = Interest-bearing debt, net / Earnings before amortisation and depreciation

**Equity ratio** = Equity x 100 / balance sheet total

**Interest coverage** = (operating profit + financial income) / financial expenses





# Corporate issues

## Safety

In 2020, DSB has continued working with the ongoing consolidation of safety management as a natural part of everyday life throughout DSB. The maturity of the railway safety area continues to be high and is showing positive developments.

In 2020, DSB began the initial work of ensuring compliance with legislation concerning EU's 4th railway package's technical pillar, with which DSB must comply by the time the current safety certificate is to be renewed on 31 December 2021. DSB has found that there is a high degree of compliance and has initiated a positive and constructive dialogue with the Danish Transport, Building and Housing Authority and ERA (EU Agency for Railways) concerning the coming certification process.

DSB has also been in dialogue with the Danish Transport, Building and Housing Authority in 2020 in the context of reporting on operational changes that may impact DSB's safety certificate. None of the year's changes - such as commissioning the new EB electric locomotives and termination of operations in the northern part of Lille Syd and Svendborgbanen - have resulted in changes to DSB's safety certificate.

In Q3 and Q4, the Danish Transport, Building and Housing Authority has also carried out physical inspections that ended with satisfactory results, and this reinforces the view that DSB has a well-functioning safety management system which is based on learning and development and which can be improved on an ongoing basis.

As in previous years, DSB also continued working in 2020 on reducing the number of signal overruns and significant accidents, with a particular focus on accidents involving personal injuries.

**Table 1: Incidents<sup>1-2)</sup>**

Number	Increase			
	2020 <sup>3)</sup>	2019 <sup>3)</sup>	Abs.	Pct.
<b>Significant accidents</b>	<b>8</b>	<b>10</b>	<b>-2</b>	<b>-20</b>
<b>Injuries</b>				
- Fatalities	3	13	-10	-77
- Serious injuries	3	6	-3	-50
- Minor injuries	32	81	-49	-60
<b>Signal overruns</b>				
- Secured area (A-B-C)	168	217	-49	-23
- Unsecured area (D-E)	97	75	22	29
Hereof signal overruns involving a high danger potential	29	19	10	53
<b>Defective wheel or axle</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>-</b>

<sup>1)</sup> The table includes the most important safety indicators for Long-distance & Regional trains and S-trains.

<sup>2)</sup> The table does not include suicides and attempted suicides.

<sup>3)</sup> The figures for 2019 have been changed in relation to previously published figures as a result of final calculations. Similarly, the figures for 2020 represent the status at the time of reporting, but may be changed at a later date in connection with the reporting for the annual safety report.

With eight significant accidents, DSB has met the safety targets for 2020. The majority of the significant accidents in 2020 were yet again due to people getting injured as a result of moving into unauthorised locations and displaying inappropriate behaviour in railway areas.

DSB uses campaigns to inform about the importance of being careful and avoiding exposing oneself to danger. It is, however, a difficult task to influence this kind of inappropriate behaviour.

In 2020, DSB also had a high number of signal overruns. The registered signal overruns were, however, still below the year's safety targets and the number of signal overruns has been reduced compared to 2019. Among other things, this can be attributed to the ongoing focus on causes of signal overruns, training and the launching of concrete activities - including adapting training needs and physical conditions.

In 2021, DSB will continue using initiatives to address railway-related safety incidents on an ongoing basis and will have a particular focus on significant accident and signal overruns. The work with safety management also continues, aimed at maintaining the safety levels and improving them on an ongoing basis and to ensure that safety management is a natural part of everyday life at DSB.

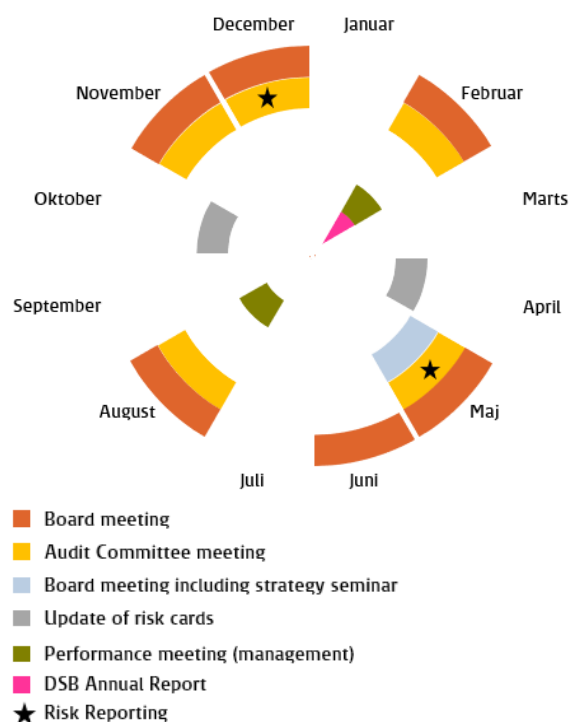
## Risk management

As a train operator, DSB is exposed to a number of different risks and possibilities that can impact train operations. Risk management is, therefore, an integrated component of DSB's business processes - including when approving significant investments and implementing major construction and infrastructure programmes.

Risk management is aimed at preventing and preparing the company for incidents that interrupt operations, reducing uncertainty, taking advantage of opportunities and supporting the fulfilment of the strategic goals.

The Board of Directors has overall responsibility for the risk management process, while the ongoing monitoring and follow-up on the process are handled by the Auditor Committee. The management is responsible for the ongoing updating and development of the process.

### Planning wheel - risk management



## **Commercial risks**

### **Long-distance & Regional trains impacted by the pandemic**

COVID-19 has had significant consequences for the Long-distance & Regional train traffic in 2020. An otherwise promising start to the year (with growing market shares for Great Belt crossings and growth in regional traffic) was in March replaced with requirements from the authorities about customer distancing and encouraging avoidance of using public transport during rush hours to prevent the spread of infection. This has resulted in a significant decrease in the number of journeys with Long-distance & Regional trains.

In order to ensure safe journeys for both customer and employees, DSB has launched a number of safety initiatives, including distancing markers on stations and in trains, providing hand sanitisers at the stations, requiring seat reservations in Long-distance & Regional trains and cleaning services while the trains are in operation to supplement the daily cleaning rounds. The initiatives are intended to make it safer for customers to return to using trains on a large scale.

DSB is working hard to ensure that the customers it has lost will not give up entirely on public transport and DSB is, therefore, following the development of the pandemic closely. In addition, there are ongoing dialogues with the authorities about adapting activities to make it safer to travel by train.

### **S-trains impacted by the pandemic**

The authorities' recommendation to avoid public transport during rush hour and the general encouragement to work from home has also resulted in a significant decrease in the number of journeys taken via S-trains.

Ensuring a safe journey is an important factor influencing customers' return to travelling by train. Besides the distancing markers in trains and at stations, DSB has, among

other things, developed an online app (pladspaaarejsen.dk), which shows whether there is plenty of space, limited space or no space on the next S-train. In addition, initiatives have been launched to disinfect interior surfaces in S-trains in operation - for example, doorknobs, support bars, and handles on the routes between Copenhagen-Valby and Copenhagen-Ny Ellebjerg in order to prevent the spread of infection in areas with particularly high numbers of people testing positive for COVID-19.

## **Risks concerning rolling stock and infrastructure**

### **Changes to infrastructure works**

As a train operator, DSB is, to a significant degree, dependent on investments in infrastructure works on the rail network being carried out according to the fixed schedules. Delays in the infrastructure projects, such as the Signal Programme and the Electrification Programme, mean that scheduled train operations are impaired, and this has a major impact on the customers.

In order to ensure that the customers have trains that arrive on schedule, DSB is continually working on improving its planning in relation to rolling stock, maintenance and the deployment of personnel, and it also strives to ensure that planned track closures are incorporated as soon as possible into the train time tables.

### **Delivery of spare parts and components for an ageing train fleet**

Ongoing maintenance of the train fleet is crucial for the ability to deliver a good and safe product to the customers. The purchase of spare parts and corrective maintenance of components for the ageing fleet is, however, prone to types of faults that lead to a need for new spare parts and components, as many of the parts are unique and no longer produced by the supplier. The consequence of this is that rolling stock is out of service for longer periods, and this impacts the ability to maintain stable railway operations.

In order to reduce the risk, there is a constant focus on development in operations - including workshop management, the purchase of spare parts and changes to traffic patterns.

### **Electric and standardised train fleet**

In the coming years, DSB will be investing massively in new electric trains that will replace the ageing train fleet. A new standardised fleet is expected to help simplify operations and result in higher operational stability. The investments come with significant risks that in the worst-case scenario can delay the deployment of the new electric trains as this depends on the plan for the deployment and completion of new infrastructure works being followed. A lack of operational permits can also delay the deployment.

The deliveries are monitored during the execution of the works in order to reduce the risk of a delayed phase-in, and DSB will monitor the changes to the approval processes themselves in order to alleviate potential changes in relation to authorities and documentation.

### **Safety**

Safety precedes everything else at DSB, where accidents or breaches of safety regulations can have far-reaching consequences. The safety of customers and employees is, therefore, of the highest priority in the risk management process and in carrying out the daily work. In order to reduce risks, emergency response plans that aim to ensure the ability to handle unforeseen incidents at very short notice have been established, among other things. In addition, DSB is subject to a number of requirements from the authorities that are continually monitored and controlled by the Ministry of Transport.

### **IT-related risks**

#### **IT security**

DSB relies on well-functioning and reliable IT systems that support its ability to run an

effective business and ensure the safety of its employees and customers.

Cybercrime is a real and serious threat, since viruses and internet crime can lead to operational disruptions that go far beyond the incident itself, and the customer's personal data can also be compromised.

DSB focuses, therefore, on protecting its IT systems and data, and it works in a targeted manner to develop a culture where e-learning is used to improve the employees' awareness of the importance of IT security and the protection of personal data.

### **Increased growth through digitalisation**

Creating a market-oriented DSB requires massive digitalisation initiatives.

DSB wants digitalisation to contribute to creating growth through simplified and more competitive products in addition to contributing to an optimal utilisation of capacity. This digitalisation must also contribute to ensuring efficiency through the simplification and automation of processes across the business areas.

### **Other risks**

#### **Reputation**

DSB carries out an important societal function, and it is, therefore, of the utmost importance that DSB is perceived as a responsible company that runs its business operations with a focus on ethics and compliance with legislation, while at the same time, creating growth and value for society as a whole.

DSB is aware of the significance of having a good reputation, and it manages risk by having clear guidelines and policies aimed at ensuring that DSB's reputation is not harmed, but instead continually improves.

#### **Social and employee conditions**

DSB focusses on ensuring a good working environment. There continues to be a focus

on local campaigns to minimise falling and stumbling accidents, and long-term campaigns are being worked on to prevent work-related injuries.

Furthermore, there is a focus on ensuring that employees and customers are safe at the stations and on the trains, and there are several initiatives underway at the local level to teach employees' conflict resolution skills.

### **Environment**

With sustainability being high on the agenda and an increasing focus on the environmental impact and energy consumption of DSB's operations from neighbours, customers and employees, there is a risk of increasing external and internal requirements for investments to reduce the environmental footprint.

DSB monitors developments and expects to see significant improvements in pace with the updating of rolling stock and the acquisition of electric trains that meet new standards and contribute to more climate-friendly railway traffic in Denmark.

In addition, new workshops will be set up in eastern and western Denmark. These workshops must be ready to implement maintenance and preparation work in connection with the phasing in and operation of new trains. The workshops are set up based on guiding principles of sustainability and functionality, and they must be certified according to the DGNB Gold standard, which is the second-highest sustainability certification that can be achieved.

### **Financial risks**

For more information on the management of DSB's most important financial risks concerning interest rate and currency fluctuations, see Section 7, Financial conditions.

## **Corporate governance**

### **Recommendations for corporate governance**

As an independent public corporation, DSB follows the state's recommendations for corporate governance as they appear in "The State's Ownership Policy". The policy contains guidelines for the management of state corporations, including requirements, expectations and recommendations for corporate governance.

In addition, DSB follows the recommendations of the Committee for good Corporate Governance. DSB complies with the recommendations to the extent that they are relevant.

The account of good corporate governance according to the "comply with or explain" principle has been published on [www.dsb.dk](http://www.dsb.dk).

### **Openness and transparency**

#### **Communication**

DSB aims to make the dialogue between the corporation and its stakeholders (owner, customers, partners and employees) as open and broad as possible, and to ensure that communication is simple, factual and professionally correct.

#### **Customer ambassador**

The customer ambassador processes customer complaints and considers cases at his/her own initiative. The customer ambassador shall contribute to ensuring that customers receive the service that they are entitled to. The customer ambassador considers enquiries from customers who have previously had their case processed by DSB, but who do not feel that they have received a satisfactory reply to their complaint.

The customer ambassador prepares half-yearly status reports published on [www.dsb.dk](http://www.dsb.dk).

### **Publication of important content**

DSB notifies the Danish Business Authority as soon as possible of all important matters relating to the corporation which may be presumed to be of importance to DSB's future, owner, creditors or employees.

### **Annual and interim reports**

As an independent public corporation, financial reporting complies with the Danish Financial Statements Act and the DSB Act. The annual report is audited by a state-authorized public accountant and the Auditor General.

The Board of Directors shall submit quarterly reports in accordance with the requirements of the Danish Financial Statement Acts. The quarterly reports are sent to the Minister for Transport and the Danish Business Authority.

DSB holds quarterly meetings with the Minister of Transport where, amongst others, the financial situation is discussed.

The Ministry of Transport lays down DSB's accounting regulations pursuant to the Danish Railway Act.

### **Corporate Social Responsibility (CSR)**

Pursuant to the Danish Financial Statements Act, DSB is required, as an independent public corporation, to publish a report on the corporation's approach to corporate social responsibility. Among other things, the report must include information on policies for corporate social responsibility and how these policies are put into practice. The report for 2020 is incorporated in the annual report under the 'Reporting on corporate social responsibility' section.

### **Ethics**

DSB has developed a Code of Conduct which, in accordance with DSB's compliance policy, shall ensure that the company is run in an ethical and sustainable manner. This Code of Conduct applies to all of DSB's employees. The Code of Conduct is based on

DSB's fundamental values and is a guideline for how employees, the management and the Board of Directors should act, make the right decision on an everyday basis and how they should treat each other, the customers and other stakeholders.

The whistle-blower scheme is managed by the head of the internal audit function, who reports to the Auditing Committee. If the report concerns the Board of Directors, company directors or the internal audit, the case will be processed by an external attorney. The external attorney will sort all the reports before they are passed on to the administrator. Employees can use the whistle-blower scheme to report anonymously on suspicious or irregular behaviour such as, for example, violations of DSB's Code of Conduct or financial fraud. In 2020, five reports were submitted via the scheme. None of these cases was assessed as having material consequences for DSB.

### **Diversity in the Board of Directors**

The Board of Directors has set the target figures for the underrepresented gender on the Board of Directors. As an independent public company, DSB is subject to the provisions of the Gender Equality Act relating to public sector administration. These provisions state that the company's Board of Directors should have a balanced composition in terms of gender. This target is met as there is an equal gender distribution on the current board (not including the employee representatives). The activities related to ensuring diversity at other management levels are described in the section on 'Reporting on corporate social responsibility'.

### **The General Public**

In accordance with the articles of association, the ordinary annual meeting is held once a year before the end of April. The annual meeting, which corresponds to the annual general meeting in a limited liability company, is open to the press.



The articles of association and the annual report are published on [www.dsb.dk](http://www.dsb.dk).

According to the Danish DSB Act, the Danish Act on Public Access to Documents on Public File, the Danish Public Administration Act and the Danish Act on the Parliamentary Ombudsman will apply to cases concerning employees and the railway activities carried out as part of the provision of negotiated traffic.

### **DSB regulation**

DSB is governed by Consolidation Act no. 1184 of 12 October 2010 with the latest amendment being the Executive Order concerning The DSB Act of 7 May 2019 (The DSB Act). DSB's Articles of Association dated 16 May 2019 were issued pursuant to the DSB Act.

### **The management**

#### **Board meetings**

In 2020, the Board of Directors held six board meetings, four extraordinary board meetings and participated in one strategy seminar where, among other things, the following subjects were dealt with:

- Overall strategy
- Annual report and interim reports
- Budget for the coming year
- The trains and workshops of the future
- Signal programme
- Electrification
- Rolling stock
- The S-train of the future
- Digitalisation
- Fare adjustments
- Supplementary contracts to the traffic contract
- Compliance
- Corporate Governance
- Railway safety
- Significant policies
- Sustainability
- Punctuality
- Traffic information
- Commercial and operational activities

- Sector collaboration
- The COVID-19 situation.

### **Management committees**

The Board of Directors has set up three management committees: The Rolling stock, Remuneration and Audit committee.

#### **Rolling Stock Committee**

The Rolling Stock Committee assists the Board of Directors in preparing arrangements regarding acquisitions, reinvestments and the sale of rolling stock. The framework for the committee's work is set out in a mandate.

At the end of 2020, the Rolling Stock Committee comprised the following members, of which two are independent:

Christina Grumstrup Sørensen, chairman  
Peter Schütze  
Preben Steenholdt Pedersen, elected by employees

The Committee has held seven meetings in 2020, at which, among other things, the following topics were dealt with:

- Long-term plan for rolling stock
- Signal programme
- Electrification
- Environmental upgrades
- The train of the future
- Operational status
- The S-train of the future
- Cosmetic upgrade
- Disposal of rolling stock.

#### **Remuneration Committee**

The remuneration committee assists the Board of Directors with the preparation of recommendations concerning remuneration policy and remuneration. The framework for the committee's work is set out in a mandate.

At the end of 2020, the Remuneration Committee comprised the following members, all of whom are independent:



Annette Sadolin, chairman  
Peter Schütze  
Hanne Blume

The Committee has held four meetings in 2020, at which, among other things, the following topics were dealt with:

- Remuneration policy
- Remuneration of the Board of Directors
- Pay conditions for the Executive Board, Directors, those reporting directly to the CEO and highly paid employees
- Remuneration report
- Analysis and evaluation of salary developments and trend applying to all salaries
- Performance-based salary
- Targets for the underrepresented gender in the top management.

#### **Audit Committee**

The Audit Committee assists the Board of Directors with an independent assessment of whether the company's financial reporting, internal control, risk management and statutory audit are organised appropriately in the light of DSB's size and complexity. The framework for the work of the Committee is defined in a mandate.

By the end of 2020, the Audit Committee comprised the following members, all of whom are independent:

Carsten Gerner, chairman  
Annette Sadolin  
Henrik Amsinck

The Committee has held six meetings in 2020, at which, among other things, the following topics were dealt with:

- Annual report and interim reports
- Audit reports and reports from internal and external auditors
- Reports from the whistle-blower scheme
- External auditor's independence and delivery of non-audit services
- Risk management

- IT security - including, among other things, a completed penetration test and preparing for an ISO-27001 certification.
- Internal control structure
- Policies dealing with, among other things, IT security and taxes
- Notification of GDPR and compliance function activities

#### **The Board of Directors, election and eligibility**

The Board of Directors includes both members selected by the Minister for Transport and members elected by the employees.

The members elected by the minister must be elected based on social, managerial and business considerations so that the Board of Directors as a whole has insight into traffic-related issues. Furthermore, the composition of the Board of Directors ensures insight into financial issues.

The board members elected by the employees are elected in accordance with the Danish Companies Act's provisions concerning the election of employee representatives.

The chairman of the board carries out an annual evaluation of the work in the Board of Directors and the Executive Board. In addition to complying with the recommendations on corporate governance, the aim is to ensure that the Board of Directors, via its composition and competences, always supports DSB and DSB's objectives in the best possible manner.

The evaluation takes place as a group discussion and is supported by an electronic questionnaire-based survey. One-to-one discussions between the chairman of the board and the individual board members are also completed. In relation to the recommendations for good corporate governance, external assistance is brought in for the evaluation at least every three years. All board members have participated in the evaluation and it was concluded that the board included the required competencies.

The special competencies of the Board of Directors are described on [www.dsb.dk](http://www.dsb.dk).

Members of the Board of Directors are elected for a period of one to two years. It is possible to be re-elected. The Minister for Transport may at any time during a general meeting remove the members selected by the minister.

### **Composition of the Board of Directors, 2020**

In 2020, the Board of Directors comprised nine members, six of whom were selected by the Ministry for Transport and three elected by the employees. An overview of the Board of Directors can be found in the section on Organisation.

The members of the Board of Directors elected at the annual meeting are considered to be independent.

### **The management's tasks and responsibilities**

The Board of Directors is in charge of the general and strategic management of DSB's affairs. The Board of Directors employs and dismisses the Executive Board and specifies its terms of employment. The Articles of Association include a detailed description of the tasks of the Board of Directors.

The Executive Board can comprise one or more members whose appointment is registered with the Danish Business Authority. The Executive Board is in charge of day-to-day management.

## Reporting on corporate social responsibility

COVID-19 has had a significant impact on DSB in 2020 - also when it comes to DSB's social responsibility. As a part of society's critical infrastructure, DSB has been tasked with ensuring that Danes can have a safe and reliable public transport available on an everyday basis, despite large parts of the country being shut down.

The operations in 2020 have demanded a special focus on avoiding the spread of infection and ensuring responsible behaviour in the public transport system - for both customers and employees.

DSB's approach throughout the period has been to follow the recommendations of the authorities. Specifically, this has resulted in communications aimed at public safety towards the customers both in the media and online and also specific recommendations and nudging in the form of, for example, loudspeaker messages, posters, pictograms and distancing markers at stations and in trains.

The employees have had access to relevant protective gear. Together with a special staff and communications setup, all COVID-19 related questions across the organisation have been followed up continually. DSB has worked with both customer-facing issues and with - in light of the pandemic - securing the working environment for employees.

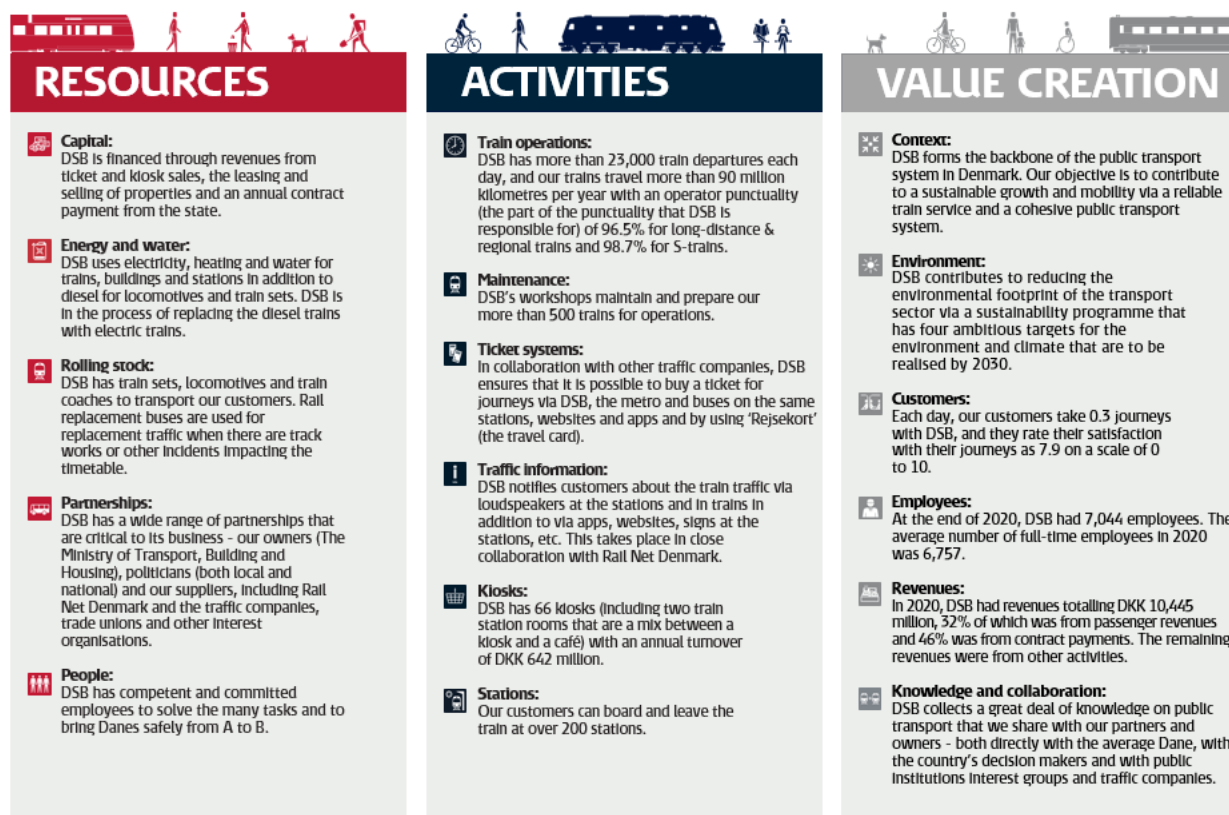
Among other things, the employees have been provided with relevant protective equipment and instructions in working safely under COVID-19. DSB has also planned and ensured that non-critical employees have worked at home during the periods recommended by the authorities to minimize the risk of infection.

In addition to the above, DSB's initiatives in connection with COVID-19 are also described in the Management's Report, Initiatives in connection with COVID-19 and Commercial risks.

The initiative is a natural extension of DSB's work with corporate social responsibility as described in this section.

DSB's focus on corporate social responsibility contributes to the creation of a framework within which:

- The company's customers can travel easily, safely and securely with DSB. This includes elderly and disabled customers.
- An environmentally and climate-friendly public transport company benefits society, customers, employees and DSB.
- There is a good working environment, where, amongst others, diversity contributes to the development of DSB.
- There is an internal pride in working for a company that makes a positive contribution to society.



DSB's purpose is to: Provide room for everyone on this journey towards sustainability. Work towards creation of a more sustainable company focusing on reducing congestion and promoting that transition in Denmark. The part of DSB's work that involves corporate social responsibility is described in further detail under Results - Sustainability.

DSB complies with the UN Global Compact's 10 universal principles, focusing on human rights and employee rights. The ethical rules require that our suppliers comply with national and international rules regarding child labour, health and safety at work, discrimination, use of forced or involuntary labour, corruption, bribery and the environment. DSB's ethical policy also includes a whistle-blower scheme providing good opportunities for handling any irregularities as quickly as possible.

The environmental policy describes the work involved in actively reducing the company's climate impact and is described in more detail below under Environment and climate.

Additionally, DSB has a policy for working environment, diversity and communication and staff, which creates the framework for proper and safe working conditions and open and honest communication. DSB also has an accessibility policy, which ensures that customers with disabilities can make use of DSB's services.

The procurement policy aims to ensure that DSB handles acquisitions in a professional manner and prevents bribery. Social responsibility is also expressed in the requirements that are

made of suppliers. DSB's focuses on purchasing items that support DSB's goals for sustainability and, when signing contracts with external suppliers, DSB ensures that they are familiar with the code of ethics to a relevant extent.

Safety and security is a human right. The combined expression of DSB's work in this context is reflected in the above policies and are documented through the activities below.

### **Collaboration and support**

Since 2009, DSB has been a part of the UN Global Compact and reports annually on its work related to social responsibility.



In 2018, DSB entered into a 4-year strategic partnership with the UN's association for children, UNICEF. The purpose of the collaboration was to make it easy for DSB's customers and employees to become involved in helping the world's most vulnerable children, and in that manner contribute towards the creation of a more fair and sustainable future. The goal is to collect at least DKK 1 million per year in the period 2019-2021. In 2020, over DKK 1.3 million was collected for UNICEF's work.

Since 2008, DSB has collaborated with 'Natteravnene', a night watch group consisting of 4,000 adult volunteers who patrol the cities at night - including at stations and in trains - to create a safer environment. DSB continues to provide financial support to Natteravnene. They can travel by all DSB trains free of charge when they carry out their volunteer work. In addition, DSB has added Natteravnene's logo and colours to 2 S-trains.

DSB collaborates with a number of aid organisations in Denmark by allowing them to collect donations for their charitable causes and to hand out materials to customers at the stations. These organisations include 'Danmarks Indsamlingen' (Denmark's Fundraising) (DR and 12 of Denmark's largest humanitarian organisations), DanChurchAid, the Danish Cancer Society, Mellemfolkeligt Samvirke (ActionAid), Save the Children Denmark, Danish Red Cross, the Danish Refugee Council and the World's Best News.

At election time in Denmark, DSB also supports the democratic process by permitting the political parties and their candidates to distribute material at the stations in the period leading up to the election.

### **Safety and security**

It must be safe and secure to be a customer and employee of DSB. Safety is deeply integrated in the way that DSB operates. In the safety policy, it is stated: Our customers need to be able to take safety for granted - but we must never do so!

Surveillance in trains and at stations contributes to safety and security. At the end of 2020, over 2,500 cameras were installed at 143 stations and almost 4,000 cameras in S-trains. As an example, the camera surveillance is used to ensure that police and extra personnel are called in when the situation requires it, and also to help police solve crimes such as vandalism, violent assaults, pick-pocketing, etc.

DSB has installed heart defibrillators in trains and at certain stations. In 2020, the heart defibrillators have been used in both stations and trains, and in several cases, this has helped to save lives. Due to COVID-19 restrictions, no courses have been held in 2020 on how to use heart defibrillators.

Suicides and attempted suicides are, unfortunately, recurring events. Besides being a tragedy for those run over by trains as well as for their families, it also has an impact on customers and employees in the form of both mental strain and more trivial impacts such as cancelled trains and delays. 22 suicides and 16 attempted suicides were registered in 2020.

In January 2020, automated lighting was added to dark areas at Valby Station and signs were also erected with the number to Livslinien (a Danish suicide hotline). Amongst the calls made to Livslinien, it is believed that one call resulted in a single person aborting an attempted suicide involving jumping in front of a train. Work continues with similar initiatives at other stations where the number of suicides has been relatively high.



<sup>1)</sup> Due to COVID-19, customer satisfaction levels have not been measured throughout the whole of 2020. At the same time, the data collection methodology has been changed and this may result in minor shifts compared to previous surveys.

The customers' perception of security in trains and at stations is monitored continually in customer surveys. The surveys show that customers feel a bit less secure in 2020 compared to 2019. The decrease is assumed to be related to the COVID-19 situation which has resulted in customers feeling a bit more insecure travelling by train due to the risk of infection. The customer satisfaction levels for 2020 are

- Security in trains: 8.6
- Security at stations: 8.1

Overall, the reported 'satisfaction with this journey' was 7.9 in 2020, which is 0.1 percentage points lower than in 2019.

In 2020, DSB also spent large sums on removing graffiti and creating attractive and safe environments for customers both in trains and at stations. Among other things, this took place

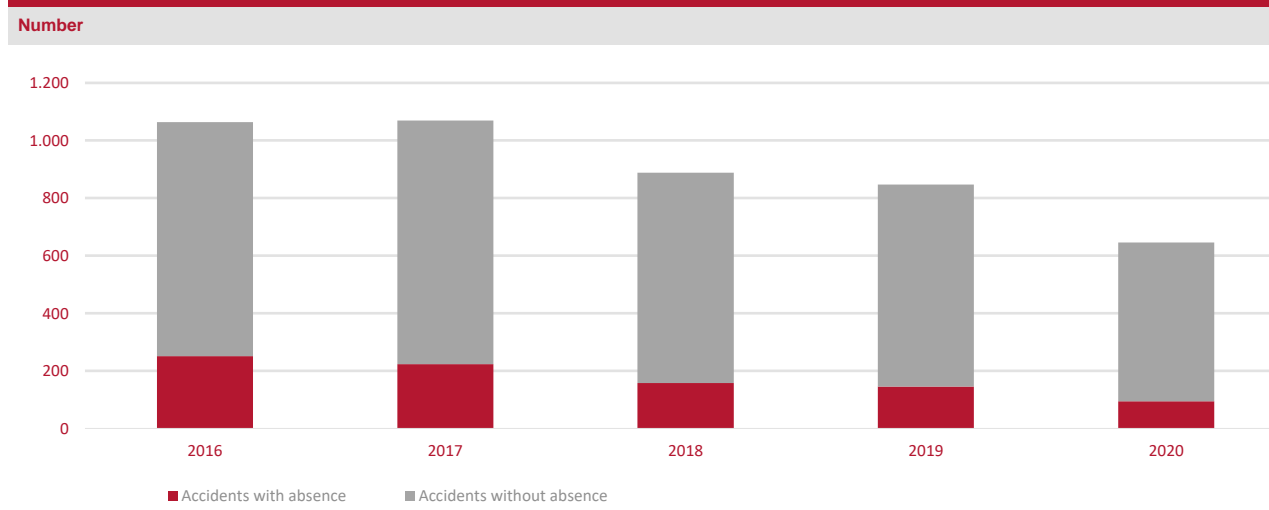
via preventive efforts such as security guards, etc. and targeted cleaning of trains and buildings. DSB's partnership with Banedanmark on a zero-tolerance policy for graffiti at all stations continues. The stations most at-risk are checked for graffiti on a daily basis while the other stations are checked once a week. The organised graffiti actions at the stations have been virtually eliminated, but there is still a lot of 'tagging' going on - though these are quickly removed. The additional anti-graffiti initiatives have made customers feel more secure in trains.

DSB is focused on ensuring that the stations are kept as clean and tidy as possible, as this makes customers feel more secure there as well. The presence of service staff and monitoring initiatives also make our customers feel more secure and they can also help the police in any investigative work. Finally, in several cities, DSB has a close and ongoing partnership with the police and the relevant authorities when it comes to the collaboration between schools, social authorities and the police.

### Health and safety

Part of DSB's strategy involves being an attractive place to work where health and safety issues are a natural part of decision-making processes and the day to day work. This is, among other things, supported via a systematic approach to health and safety issues. In 2020, DSB has, therefore, chosen to become working environment certified based on the new ISO45001 standard.

**Figure 2: Work accidents**

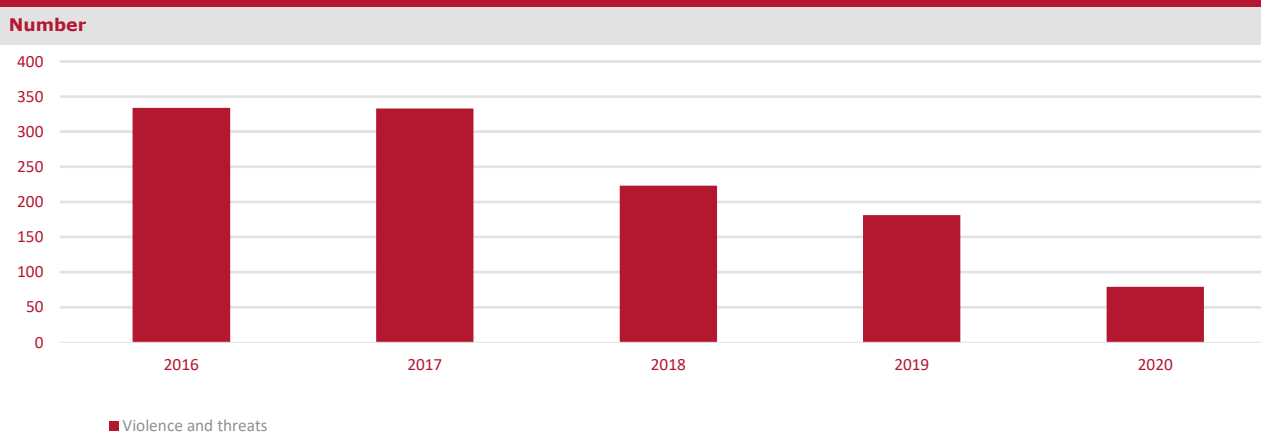


DSB is continually focused on creating a better working environment and reducing the number of work-related accidents and absences. Accidents with absences declined to 94 in 2020 from 146 in 2019. Accidents without absences declined to 552 in 2020 from 701 in 2019. Altogether, the number of work accidents declined from 847 in 2019 to 646 in 2020.

The decrease is the result of increased systematic analysis of the causes and extent of work accidents in addition to a decrease in violence, threats and accidents involving falls and stumbles resulting from a great focus and effort dedicated to these areas. In addition, the COVID-19 situation has also resulted in fewer customers taking the train and thus fewer conflict situations.

When many people are bunched together at stations, kiosks and in trains, and also when it comes to ticket controls, disagreements may occur that can escalate to threats and violence against employees. DSB makes every effort to become better at preventing and managing these situations. This is accomplished, amongst other things, by training employees in conflict management and collaborating with the police. Following the introduction of new guidelines in 2018 to prevent and manage violence and threats, there has been a continual decrease of such incidents. The guidelines are focused on ensuring that the employees' health is always the top priority and that they receive support when violence and threats occur.

**Figure 3: Violence and threats against employees**



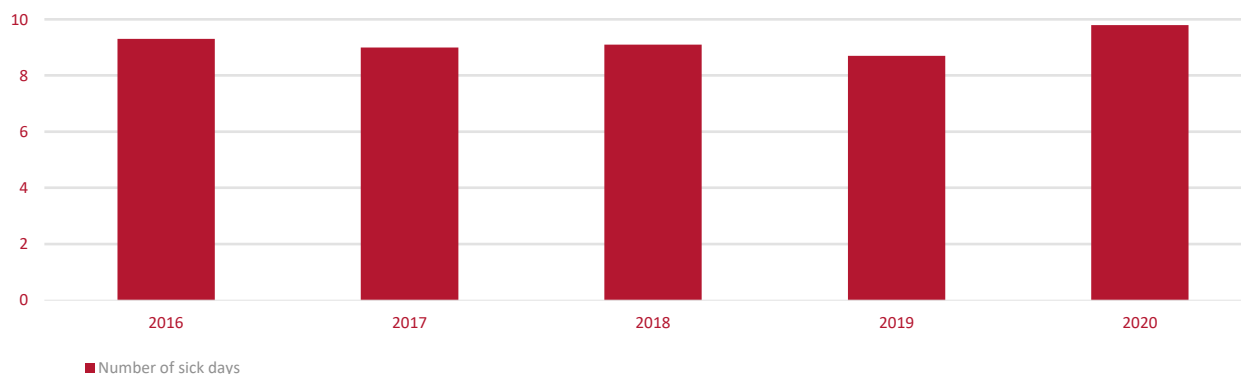
DSB has zero-tolerance for abusive behaviour in all situations - both external and internal. This applies to sexual harassment, bullying, violence, threats or other abusive behaviour. In 2020, DSB has made this very clear in its guidelines for sexual harassment. DSB's annual workplace assessment includes an investigation of the scope of abusive behaviour internally in DSB, and this forms the basis for a management-level follow-up.

In 2020, DSB has also worked on reducing stress. This has been done by providing information and tools to employees, managers and the working environment organisation. The proportion of employees who respond that they have experienced work-related stress was 28% in the latest workplace assessment in 2018. Part of the action plans includes a focus on preventing and dealing with stress.



**Figure 4: Absence due to sickness**

Number of sick days, average



In 2020, DSB has focused on reducing the general level of absence due to sickness and the absence policy has been revised. The average absence due to sickness has increased in 2020 for the customer-oriented areas and in general, but has decreased among the administrative staff. At the start of the pandemic, absence due to sickness increased, but it has normalized by the end of the year.

### Accessibility

DSB wants to ensure that it is easy for everyone to take the train - including those challenged by disabilities.

DSB offers assistance for the disabled, and it can be ordered around the clock - however, at least 12 hours before the planned start of the journey. Similarly, DSB has a companion scheme that allows the disabled person to bring along a companion at a reduced price.

In 2020, DSB provided disabled assistance in 9,167 cases (2019: 18,481) and sold 38,029 disability/disability companion tickets (2019: 60,377).

DSB has trained 70 children's guides who take care of these children in a special train carriage where only these children have seat reservations. In 2020, 11,411 tickets were sold for children's guides (2019: 15,591).

As for other journeys, the numbers above have decreased compared to 2019 due to the COVID-19 pandemic.

A parliamentary majority has set aside DKK 25 million per year from 2021 for reducing fares for pensioners. The funds are divided between East and West Denmark based on the current passenger revenue for pensioner products provided by the traffic companies.

### Reporting on diversity

DSB is an accommodating company with room for diversity. The diversity policy is, among other things, used in the recruitment, development and retention of employees. DSB believes that diversity is a strength and makes it a more competitive company.



## Gains from Diversity

The work with diversity is focused on:

- Adding more traineeships
- Hiring more employees on special terms
- Hiring more employees with minority backgrounds
- Hiring more women.

In order to appeal to a wide range of potential candidates, DSB's job adverts include pictures of people of different genders, ages and ethnic backgrounds. DSB also works in a focused manner with digitalisation where, among other things, e-learning videos emphasise that DSB is a workplace with room for everyone.

DSB has developed a recruitment process for the future which involves DSB hiring trainees twice a year.

In 2020, an additional 21 office trainees were hired, bringing the total throughout DSB to 43. In addition, DSB employs two sales trainees and 56 apprentices. The number of apprentices is closely correlated with the daily operations. Fewer apprentices were, therefore, recruited in 2020 compared to 2019 due to the changes to operations in coming years.

DSB has also chosen to help to integrate refugees into the Danish labour market. The last three years, around 100 refugees participated in brief 4-week internships and six refugees were enrolled in a special 13-week introductory labour market course.

There are also ongoing internship programmes in several of DSB's 7-Eleven stores. These programmes are aimed at, for example, refugees or citizens who need to be integrated back into the labour market after a period of illness or the like.

The number of DSB employees with ethnic minority backgrounds has increased in 2020.

Equal representation at management levels is an integral part of the staff policy. DSB's Board of Directors has an even gender distribution (not counting the board members elected by employees). The gender composition of the Board of Directors thus meets the target of having a balanced gender composition.

DSB wants to ensure that the gender composition includes at least 1/3 of the under-represented gender. At the end of 2020, the gender distribution amongst the directors was 29% female. 30% of all managers in DSB were also women, and this more or less matches the proportion of total female employees. As in previous years, the proportion of female managers increased in 2020 across all management tiers.

Further resources who will work intensively on continuing to develop and update DSB's diversity initiatives will be added to HR in 2021. As part of this process, new initiatives will be identified and new targets will be set.

### **Bribery**

DSB does not tolerate corruption, and it has clear internal guidelines for receiving gifts. The guidelines are communicated to the employees via e-learning courses on the intranet and are also a topic in the introductory training for new employees.

DSB also has an acquisition policy with a Code of Conduct to which all suppliers must adhere. DSB trades with both Danish and international suppliers as an integrated part of maintenance works, the acquisition of new trains and other activities. DSB makes a very large proportion of its purchases from known suppliers.

Finally, DSB has a whistle-blower scheme that is administered by the head of internal auditing. DSB has recorded no instances of bribery in 2020.

### **Environment and climate**

DSB is part of the green transition in Denmark. In 2019, DSB specified four ambitious targets for the climate and environment in 2030 as part of the journey towards a sustainable future.

- Carbon neutral - all of DSB is to be supplied with renewable energy
- Reducing energy consumption by 50% - via a focus on increasing energy efficiency
- No particle emissions from train engines - avoid harming the environment
- At least 90% of waste is to be reused - i.e., turned into new resources.

DSB has changed the basis for three out of the four objectives in order to focus on the areas where DSB is responsible for operations and thus has the opportunity to meet the targets via optimisations. The changes can be seen in the notes under the diagrams below.

More detailed information on policies, initiatives and results are available in the Environmental Annual Report 2020, which can be found at [www.dsb.dk](http://www.dsb.dk).

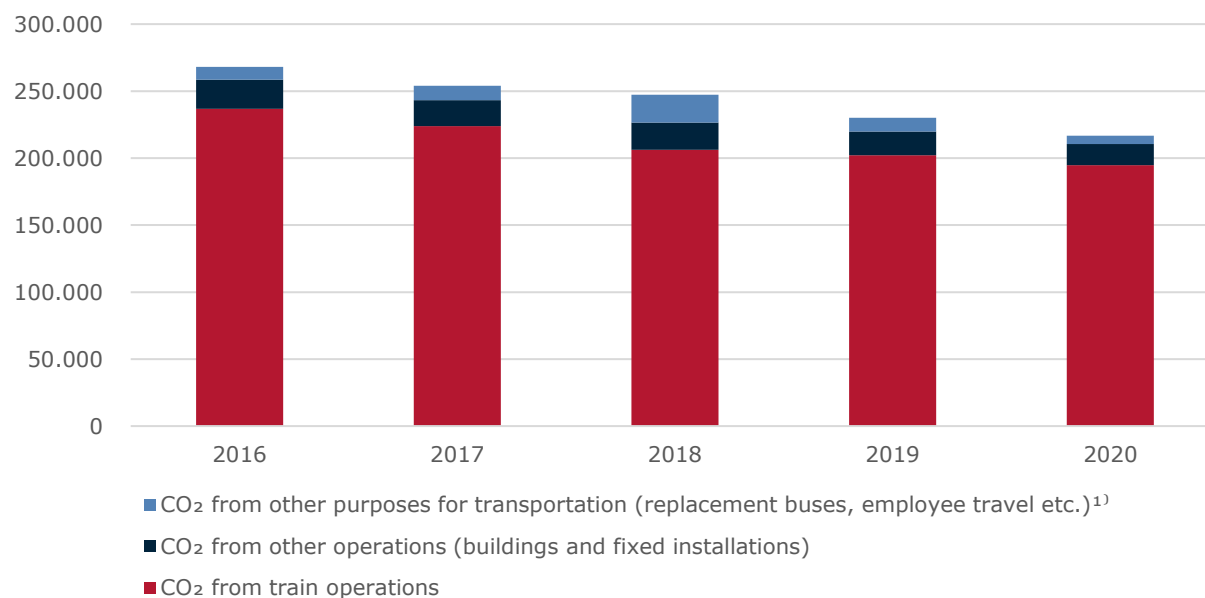
#### **CO<sub>2</sub> emissions**

DSB's objective is to be carbon neutral by 2030, making all trains and other operations supplied with renewable energy.

DSB's future electrical locomotives and train sets will provide a significant contribution to reducing CO<sub>2</sub> emissions. As the transition is made to electrical rolling stock, new and more energy-efficient workshops will be established and this will also have a positive effect.

## Objective 1: CO<sub>2</sub>-neutral

Ton CO<sub>2</sub>



<sup>1)</sup> The carbon neutrality target no longer includes employee commutes. Comparative figures have been adjusted.

The total CO<sub>2</sub> emissions in 2020 have fallen by 6% compared to 2019. The development is affected by a slight reduction in DSB's diesel consumption together with a greater reduction in the CO<sub>2</sub> emissions from electricity production in Denmark.

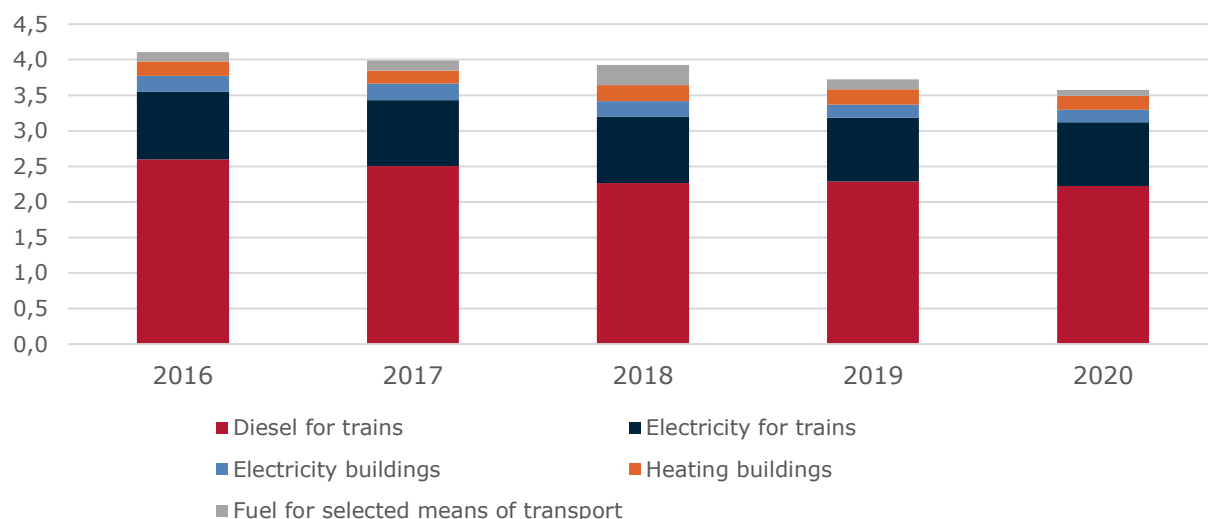
### Energy consumption

DSB's objective for energy consumption in 2030 is to halve this compared to 2018. The future electrical locomotives and trains will play a major part in energy optimisation and so will the new and more energy-efficient workshops. At the same time, DSB will continue to optimise the operation in general of workshops and other types of buildings.

Through the environmental policy and the certification of workshops and preparation centres, DSB focuses on reducing both its impact on the local environment and reducing energy consumption.

## Objective 2: Energy consumption reduced by 50%<sup>1)</sup>

GJ (million)



<sup>1)</sup> The target for energy reduction now also includes fuel for selected modes of transport (replacement traffic, school and work-related trips). Comparative figures have been adjusted.

89% of DSB's total energy consumption in 2020 was used for train operations, which is similar to the 2019 level.

The total energy consumption for train operations in 2020 fell by 2% compared to 2019. The energy consumption of diesel trains fell by 3% while the electricity consumption for train operations remained the same.

In October, DSB commissioned the first of the new EB electric locomotives. Two more locomotives were commissioned in December. As more electric locomotives are commissioned during 2021, the phasing out of diesel locomotives will be seen in the energy consumption levels.

The energy consumption for buildings and facilities fell by 7% in 2020 compared to 2019. The development in energy consumption is, among other things, due to a large decrease in the consumption of both electricity and heating.

In 2020, the following initiatives have had an impact on developments in energy consumption:

- An increased focus on optimising operations in heating plants in two large workshops in Copenhagen have resulted in energy savings in 2020
- A focus on energy optimisation and better lighting has resulted in a decrease in electricity consumption in DSB's 7-Eleven stores, workshops and preparation centres
- COVID-19 has impacted the energy and water consumption levels - mainly in DSB's administration and at DSB's course centre at Knudshoved. This is due to employees working from home and cancelled seminars and courses.

In 2020, DSB has completed a mandatory energy inspection of the trains and the workshop in Taastrup.

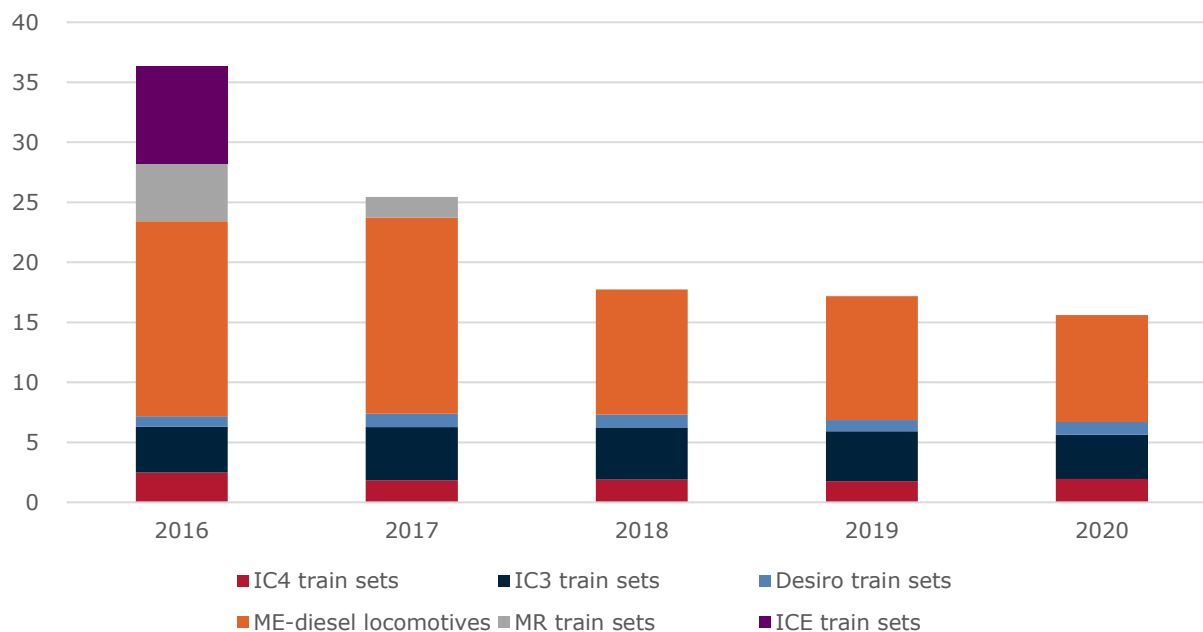
#### Particle emissions

DSB's objective is zero particle emission from train engines by 2030. This is to be achieved via using electrical rolling stock, though it requires that Banedanmark continues its work on electrification.

Diesel trains make a local impact on air quality in the form of particles, NO<sub>x</sub>, etc. DSB's main focus is on a reduction of particles, including ultrafine particles. The electric train sets and locomotives do not emit particles from the train's engines.

#### Objective 3: No particle emissions from the train's engines

Particles, tonnes



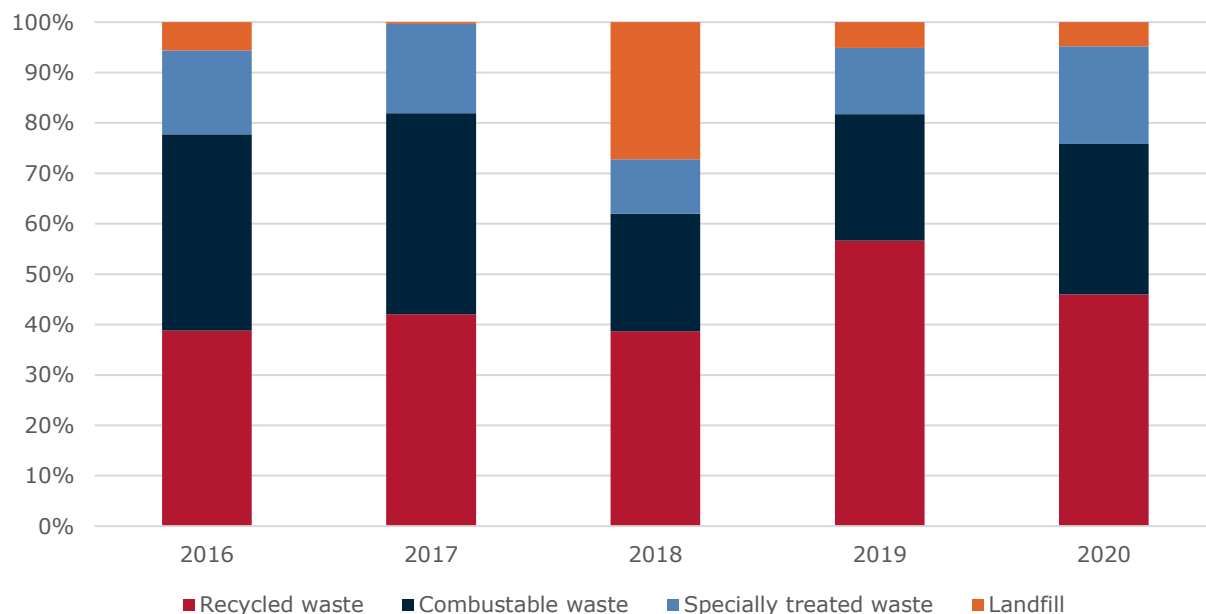
The total emission of particles, calculated by mass, from diesel trains has fallen by 9% in comparison to 2019 and by 39% since 2017. This decrease is due to the reduced consumption of diesel, the ongoing retrofitting of ME diesel locomotives with new cylinders and injectors and changing the injector settings.

#### Waste

DSB's objective is to reuse at least 90% of waste in 2030. In order to reach this goal, DSB will focus on how waste management at workshops, when preparing the trains, at stations and in the administration can be optimised so that the amount of waste is reduced and the waste is reused to a higher degree than at present. The remaining 10% of the waste in 2030 will be waste that requires other treatment.

#### Objective 4: At least 90% of waste is to be reused<sup>1)</sup>

##### Distribution of waste



<sup>1)</sup> The objective of recycling 90% of waste now also applies to building and facility waste. Comparative figures have been adjusted.

In 2020, the overall recycling percentage was 46%. This is a decrease of 57% compared to 2019 and is mainly attributed to the fact that during 2020 DSB only scrapped one IC4 train set and sold one EA electric locomotive to the Danish Railway Museum in Odense. In 2019, the recycling percentage was higher, as it was affected by more train sets being scrapped for recycling.

The relatively large amount of landfilled waste in 2018 primarily relates to contaminated soil in connection with the establishment of a parking area.

During 2020, DSB has set up two 'station rooms' (a kiosk and café in one) at Haslev Station and Rungsted Kyst station. From December, it has been possible to sort waste into four different categories. This solution was implemented so that more categories of waste sorting can be implemented in the future. Starting in November, a pilot project was initiated at the train stations in Roskilde and Vejle with customer-facing waste sorting at source in the categories plastic/metal, residual waste and cans/bottles with a deposit that can be returned to the benefit of others.

During 2020, all of DSB's 7-Eleven stores were enrolled in the 'Too Good to Go' scheme. In 2020, this has resulted in almost 28,000 meals being saved, which amounts to 28 tonnes of food that would otherwise have been thrown out.

The waste disposal area at Copenhagen Central Station has been renovated in 2020 and a new waste scheme has been created for all stores, involving an external supplier sorting the waste. During 2021, a model will be developed for how to manage customer-facing waste at Copenhagen Central Station.

#### Other environmental issues

##### *DSB will set up three new workshops*

The new workshops in Copenhagen and Aarhus will be used for the new train sets and are expected to open in 2025 and 2027 respectively. The new workshop in Næstved is to be used for train coaches and electric locomotives and is expected to open in 2025.

All three workshops will be certified by the DGNB Gold sustainability standard.

For the workshop in Copenhagen, the environmental impact assessment and related Section 25 permits have been the subject of a public hearing process in 2020. The zoning plan for the workshop in Næstved was approved in 2020. In coming years, the workshops will obtain the remaining zoning and environmental approvals.

##### *Noise from diesel locomotives at Køge*

From 28 March - 30 November, Banedanmark has carried out infrastructure works that have resulted in track closures between Ringsted and Næstved. Trains to and from Nykøbing Falster were, therefore, re-routed via Køge during this period. The use of ME diesel locomotives and double-decker coaches has in that connection resulted in many complaints about noise and smoke nuisances. In this period, DSB has been in dialogue with Køge Municipality to reduce the noise nuisance.

##### *The oil spill at the supply facility in Nykøbing Falster*

At the end of 2018, diesel oil was observed in a ditch. DSB was ordered to clean it up and has subsequently removed the contaminated soil and water. In May 2019, DSB was also ordered by Guldborgsund Municipality to investigate the cause of the oil spill. DSB has investigated the extent of the contamination and an oil separator at the supply plant will be replaced by the beginning of 2021.



## **Notifications to the Danish Business Authority**

5 February 2020

Notification regarding the awarding of contract for new train coaches

6 February 2020

DSB's Annual Report for 2019

25 February 2020

Notice convening the ordinary annual meeting, 2020

23 March 2020

Minutes of ordinary annual meeting of DSB

19 May 2020

Interim report, Q1 2020

27 August 2020

Interim report, first half 2020

6 November 2020

Interim report, Q3 2020.

## Organisation

### Board of Directors

The Board of Directors' directorships in Danish and foreign commercial enterprises. The special competencies of the Board of Directors are described on [www.dsb.dk](http://www.dsb.dk).



#### **Peter Schütze, Chairman**

Joined DSB's Board of Directors on 1 June 2011 (at the extraordinary annual meeting).

Re-elected - elected as Chairman on 8 March 2019 (ordinary company meeting)

Term of office ends: 2021.

Chairman of:

- the Board of Directors of Falck A/S
- the Board of Directors of Nordea-fonden (The Nordea Fund) and Nordea Bank-fonden (The Nordea Bank Fund)
- the Board of Directors of Simcorp A/S
- Investeringskomiteen - The Danish SDG Investment Fund
- Dronning Margrethe II's Arkæologiske Fond (Queen Margrethe II's Archaeological Fund)

Vice-chairman of:

- the Board of Directors of Lundbeckfonden (The Lundbeck Fund)

Member of:

- Industrial Board Axcel and Axcel Future
- the Board of Directors for Generalkonsul Gösta Enboms Fond (General consul' Gösta Enbom's Fund)
- Det Systemiske Risikoråd (The System Risk Council)



#### **Annette Sadolin, Vice Chairman**

Joined DSB's Board of Directors on 28 April 2009 (ordinary annual meeting)

Re-elected – elected as Vice Chairman – on 8 March 2019 (ordinary annual meeting)

Term of office ends: 2021.

Member of:

- the Board of Directors of DSV A/S
- the Board of Directors of Blue Square Re. N.V.
- the Board of Directors of KNI A/S, Greenland



### **Henrik Amsinck**

Joined DSB's Board of Directors on 19 May 2017 (at the extraordinary annual meeting).

Re-elected on 8 March 2019 (ordinary annual meeting)

Term of office ends: 2021.

Member of:

- the Board of Directors of LEGO GmbH
- the Board of Directors of LEGO India, Private Limited
- Entreprenør 50 (CIO network)



### **Hanne Blume**

Joined DSB's Board of Directors on 29 June 2018 (at the extraordinary annual meeting).

Re-elected on 10 March 2020 (ordinary annual meeting)

Term of office ends: 2022.

Chairman of:

- the Board of Insero Horsens

Member of:

- the Board of Directors of NEL ASA
- University College Syddanmark (UC Syd)
- Bestyrelsen for Danmarks Cykle Union



### **Carsten Gerner**

Joined DSB's Board of Directors on 24 April 2012 (ordinary annual meeting)

Re-elected on 10 March 2020 (ordinary annual meeting)

Term of office ends: 2022.

Vice-chairman of:

- the Board of Directors of Ib Andresen Industri A/S
- the Board of Directors of IAI Holding A/S

Member of:

- the Board of Directors of Boligfonden DTU
- the Board of Directors of Impero A/S



### **Christina Grumstrup Sørensen**

Joined DSB's Board of Directors on 17 March 2015 (ordinary annual meeting).

Re-elected on 8 March 2019 (ordinary annual meeting)

Term of office ends: 2021.

**Thomas Bryan-Lund**

Joined DSB's Board of Directors on 10 March 2020 (elected by employees).

Train driver, driving instructor (S-trains)

**Preben Steenholdt Pedersen**

Joined DSB's Board of Directors on 27 April 2011 (elected by employees).

Re-elected on 8 March 2019 (elected by employees).

Locomotive instructor.

Chairman of:

Vejlekassen c/o Tjenestemændenes Forsikring

Vice-chairman of:

Dansk Jernbaneforbund (Danish Railway Union).

Member of:

- the Board of Directors of Dan Ejendomsservice A/S
- the Board of Directors of Tjenestemændenes Forsikring
- the Board of Directors of Interesseforeningen
- the Board of Directors of Forsikringsagenturforeningen afd. 1
- the Board of Directors of Transporterhvervets Uddannelser (TUR)

**Lone Riis Stensgaard**

Joined DSB's Board of Directors on 8 March 2019 (elected by employees).

Senior Traffic Controller

Local trade union representative

Chairman of constituency and vice-chairman of:

- HK Trafik & Jernbane

## Executive Board

The Executive Board's directorships in Danish and foreign commercial enterprises



### **Flemming Jensen, CEO**

Employed with DSB since 2015

Chairman of:

- Board of Directors, TP Aerospace.

Member of:

- Board of Directors, Industriens Arbejdsgivere i København
- the business committee and main Board of Directors for Dansk Industri



### **Thomas Thellersen Børner, CFO**

Employed with DSB since 2013.



### **Jan Sigurdur Christensen, Director of Commercial**

Employed with DSB since 2014.

Chairman of:

- the Board of Directors of DOT I/S

Vice-chairman of:

- the Board of Directors of Rejsekort & Rejseplan A/S

Member of:

- the Board of Directors of DI Transport
- the committee of DI Transport og Infrastruktur



### **Jürgen Müller, Executive Vice President, Strategy & Rolling Stock**

Employed with DSB since 2015

Chairman of:

- the Board of Directors for Bladins Foundation

Member of:

- the Board of Directors of Rejsekort & Rejseplan A/S



**Per Schrøder, Director of Operations**

Employed with DSB since 2018.

## Management

The Management's directorships in Danish and foreign commercial enterprises.



**Mette Rosholm, Director of Purchases & Legal Affairs**

Employed with DSB since 2014.

Member of:

- the Board of Directors of Rejsekort & Rejseplan A/S
- the Board of Directors of M/S Museet for Søfart



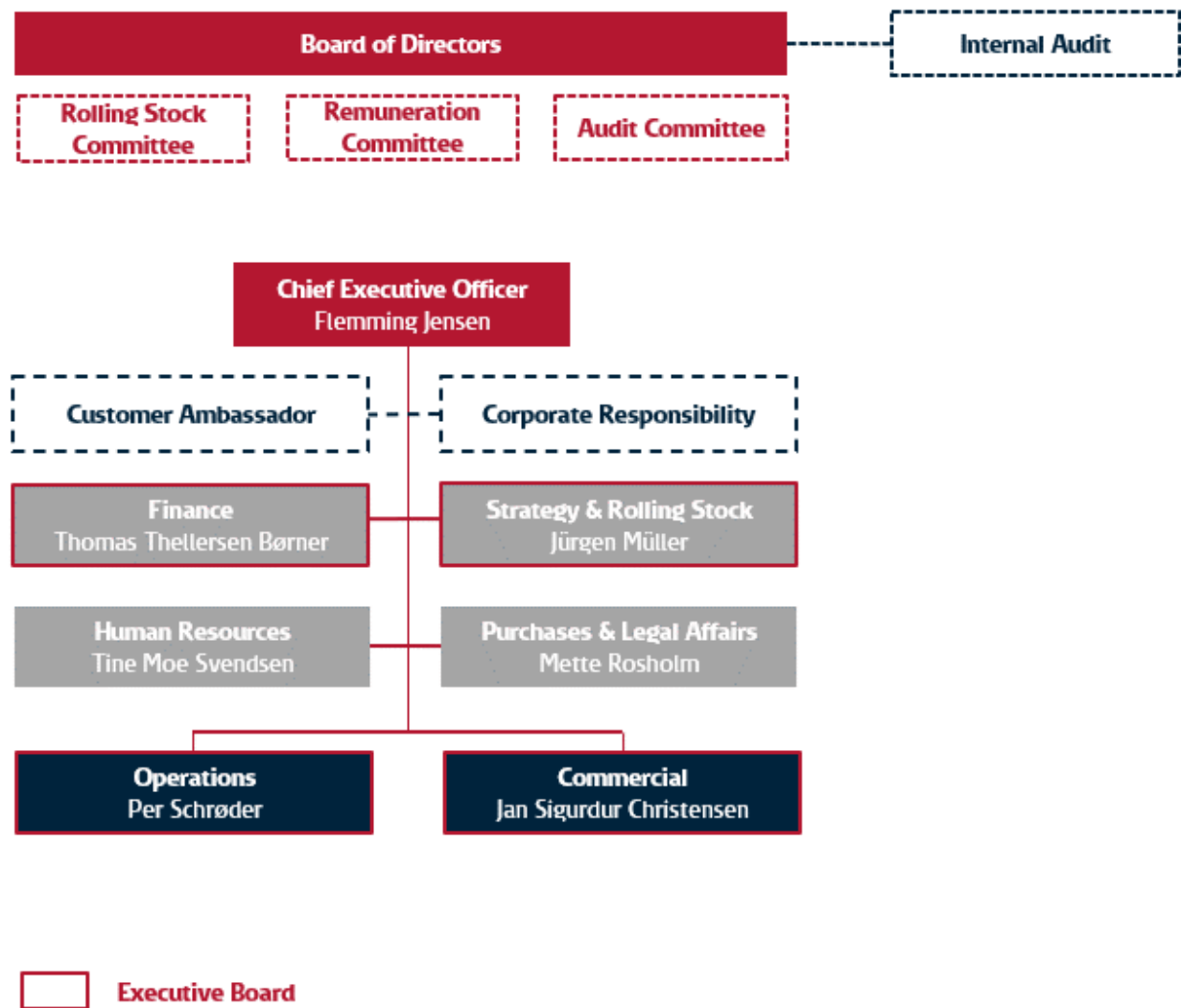
**Tine Moe Svendsen, HR Director**

Employed with DSB since 2015

Member of:

- the Board of Directors for Jernbanernes Arbejdsgiverforening

Organisational chart



## Financial calendar 2021

Expected publication of quarterly and interim reports:

1st quarter 2021	12 May 2021
1st half 2021	24 August 2021
3rd quarter 2021	4 November 2021

## Publications

The annual report for 2020 can be found at [www.dsb.dk](http://www.dsb.dk)

Environmental reports for 2020 can be found at [www.dsb.dk](http://www.dsb.dk).

The remuneration report for 2020 can be found at [www.dsb.dk](http://www.dsb.dk).

## Company details

### Address

DSB  
Telegade 2  
DK-2630 Taastrup  
Tel. +45 70 13 14 15

[www.dsb.dk](http://www.dsb.dk)

CVR no. 25050053

### Municipality of domicile

Høje-Taastrup

### Ownership

DSB is an independent public corporation owned by the Ministry of Transport

### Auditors

EY  
Godkendt Revisionspartnerselskab  
CVR no. 30700228

The National Audit Office of Denmark

### Bank

Nordea Bank Danmark A/S

### Editors

Gert Mikkelsen  
Malene Richter Christensen  
Anders Reinholt  
Niels-Otto Fisker

### Graphic design

Communication & Branding





# Line accounts

## Management statement

DSB's management has today discussed and approved DSB's line accounts for 2020.

The accounts are presented in accordance with the principles and methods specified in the DSB Accounting Regulations, taking into account the interpretations agreed with the Ministry of Transport, Building and Housing.

It is our view that:

- the Accounting Regulations have been respected in 2020, including implementing the necessary accounting breakdown, see Section 2 of the Accounting Regulations, such that DSB can account for the need for subsidies for the passenger traffic.
- The model instrument and the basis of allocation used are documented in accordance with Section 3 of the Accounting Regulations so that DSB can account for the financial allocation to the routes.

Taastrup, 11 February 2021

---

Flemming Jensen  
CEO

---

Thomas Thellersen Børner  
CFO

## Accounts

DSB has prepared reports on the finances of the train operations divided into activity areas in order to promote transparency in their finances and results. Combined with a division of operator tasks by lines, this contributes to adding transparency to DSB's train operations, and DSB continually uses the line accounts to streamline operations.

The following is highlighted:

- COVID-19 has had a big impact on passenger revenues, and all three Train Service areas have seen significantly lower revenues than usual.
- DSB has received DKK 914 million in compensation for the financial losses (mainly in the form of lost passenger revenue) incurred due to COVID-19. The compensation has been classified as traffic contract payments, as the compensation is viewed to have been provided as a part of the traffic contract's renegotiation provision.
- In 2019, the Long-distance & Regional train rolling stock has been written down. The write-down has resulted in lower depreciation in 2020 and has thus lowered the cost levels in general for Long-distance & Regional traffic and Øresund traffic.
- In 2020, S-train traffic had a negative pre-tax result of DKK 77 million, including DKK 335 million in distributed contract payments. There were no write-downs of S-train rolling stock in 2019, and the cost levels in 2020 were slightly higher than in 2019.

### Activity Area Accounts

Public services delivered by DSB pursuant to the traffic contract are divided between Train Service, Train System, and General Obligations, see **Fejl! Henvisningskilde ikke fundet..**

- Train Service relates to the operator task of running trains.
- Train System is a collective designation for the activities that support the task of running trains, from operation of stations, provision of rolling stock, planning and monitoring the daily train operations to traffic information and the sale of tickets.
- General obligations are activities that are independent of train operations - for example, subsidies to the Danish Railway Museum and the relative costs for Arriva stations that are not covered by Arriva.

Train Service is furthermore categorised as Long-distance and Regional train traffic, S-train traffic and Øresund traffic. Train System is categorised as Stations, Rolling Stock and Systems & Channels. Systems & Channels includes Sales Channels and Customer Service as well as Traffic Handling and Shared Functions.

For 2020, revenues before the leasing of rolling stock amounted to DKK 9,185 million. The revenues finance the delivered Public service traffic.

In 2020, passenger revenues amounted to DKK 3,432 million, and in the route accounts this is distributed to the Train Operations Services<sup>2)</sup>, i.e., the passenger traffic, while the Train

---

<sup>2)</sup> This is an analytical choice, as the passenger revenues are in fact also used for co-financing, for example, stations, sales channels, timetable planning, traffic information, etc. If the passenger revenues were also allocated to Train System, the amount of the contract payment to be allocated to these areas of activities would be reduced.

System tasks in the model are almost entirely financed by the revenues from the traffic contract. Commission revenues from the sale of tickets by other operators are distributed to Systems & Channels and amount to DKK 68 million of Other operating revenues.

Danish train passenger traffic is characterised by a strong desire for cohesion in the public transport, including an integrated and uniform customer experience for the entire journey. In order to deliver this, the public transport sector is characterised by a high degree of integration and collaboration across traffic companies and operators, in addition to shared and integrated commercial solutions such as, for example, Rejsekort (Travel card), Rejseplanen (Travel planner) and DOT. Calculation of the passenger revenues has been based on the signed agreements between the traffic companies and operators on revenue sharing.

DSB undertakes an integrating role in the Danish train passenger traffic by, for example, co-financing the development of other traffic companies' traffic systems and traffic offers. An example of this is the passenger revenue sharing in the Greater Copenhagen area and the operation of contractor traffic services in central and western Jutland - though this has less of an impact after the transition to the K21 timetable as of 13 December 2020.

The current revenue-sharing model in the Greater Copenhagen area means that Metroselskabet I/S receives a share of the total passenger revenue that exceeds the metro's share of the total number of journeys in the Copenhagen area. This disproportionate share (the so-called metro double factor of 1.49) has a negative impact on DSB's passenger revenue.

It is expected that the revenue sharing between the parties on Zealand (Movia, Metroselskabet and DSB) will be based on a so-called source distribution of sales revenue based on Rejsekort (Travel card) data. This will result in a much better and more transparent basis for revenue sharing than the system that has been used so far and based on the companies' own counting systems and periodic customer counts in the individual modes of transport.

In 2020, some traffic has been contracted on behalf of Arriva Danmark on a single route in central and western Jutland. This should be viewed in the context of train services in that area generally having been handed over to Arriva Danmark from DSB as part of a political decision to do so. In practice, contracted traffic means that DSB pays for the costs of operating a number of departures from central and western Jutland in order to thereby ensure direct departures for customers to the rest of the country. The direct costs amount to DKK 13 million, and the revenues from the contracted traffic go to Arriva Danmark - but DSB is compensated in turn via contract payments from the state. This is a route where DSB does not have a large production and, therefore, not a lot of passenger revenues go to Arriva Danmark instead of DSB - an estimate would be DKK 1-2 million per year in 2020, which is also a year that has been hit hard by COVID-19.

In 2020, the total revenues from traffic contracts amounted to DKK 4,819 million. These revenues finance the loss-making train traffic and other activity areas based on the principles determined in the traffic contract with the state. In 2020, DSB has received DKK 914 million in compensation for the financial losses incurred due to COVID-19 for the period 11 March to the end of August. This amount is treated as a normal contract payment in the model.

With the vision of a market oriented DSB, DSB has presented an ambitious plan that, together with the state's investments in the railway infrastructure and DSB's investments in the Train of the Future, will result in increased financial room for manoeuvre in DSB up to 2030.

This can either be used to reduce the contract payments from the state and/or to reduce ticket prices for the benefit of passengers and society at large. From a societal point of view, if a larger proportion of all transport activities were by rail, this would also contribute to a more sustainable Denmark and reduce congestion in and around the major cities.

Of the total Revenues before leasing of rolling stock, Passenger revenues amounted to 37 percent, Revenues from traffic contracts amounted to 53 percent and Other operating revenues amounted to 10 percent.

In accordance with the traffic contract, the contract payment is distributed such that, for Stations, it reflects a risk-adjusted return on the invested capital (ROIC) of 3 percent. For Material and General obligations, it reflects a cost coverage without return and, for Systems & Channels, it reflects a profit margin of 5 percent. The remaining contract payment is distributed to Train Service.

The positive result for Stations and for Systems & Channels is, therefore, due to the technical distribution of the contract payment.

Of the total revenues before leasing of rolling stock, 68 percent finances Train Services and 31 percent finances Train System tasks, while the remaining 1 percent finances General Obligations.



**Table 1: The results of DSB's Train Operations divided into areas of activity**

Amounts in DKK million	Public services	Train Service			Train System			General Obligations	
		Long-Distance & Regional train traffic	S-train traffic	Øresund traffic <sup>1)</sup>	Stations	Rolling stock	Systems & Channels	Historical <sup>2)</sup>	Others <sup>3)</sup>
Passenger revenue	3,432	1,962	1,107	363	0	0	0	0	0
Traffic contract revenues	4,819	2,023	335	234	637	342	1,232	16	0
Other operating revenues <sup>4)</sup>	934	136	42	19	113	291	226	97	10
<b>Revenues before leasing of rolling stock</b>	<b>9,185</b>	<b>4,121</b>	<b>1,484</b>	<b>616</b>	<b>750</b>	<b>633</b>	<b>1,458</b>	<b>113</b>	<b>10</b>
Leasing out of rolling stock	883	0	0	0	0	883	0	0	0
<b>Total revenues</b>	<b>10,068</b>	<b>4,121</b>	<b>1,484</b>	<b>616</b>	<b>750</b>	<b>1,516</b>	<b>1,458</b>	<b>113</b>	<b>10</b>
Costs of raw materials and consumables	692	322	117	25	0	225	3	0	0
Other external costs	4,895	2,388	486	303	404	401	741	129	43
Staff costs	2,675	1,271	470	220	106	58	563	-16	3
<b>Costs before leasing of rolling stock</b>	<b>8,262</b>	<b>3,981</b>	<b>1,073</b>	<b>548</b>	<b>510</b>	<b>684</b>	<b>1,307</b>	<b>113</b>	<b>46</b>
Leasing of rolling stock	883	315	474	94	0	0	0	0	0
<b>Total costs</b>	<b>9,145</b>	<b>4,296</b>	<b>1,547</b>	<b>642</b>	<b>510</b>	<b>684</b>	<b>1,307</b>	<b>113</b>	<b>46</b>
<b>Earnings before amortisation and depreciation</b>	<b>923</b>	<b>-175</b>	<b>-63</b>	<b>-26</b>	<b>240</b>	<b>832</b>	<b>151</b>	<b>0</b>	<b>-36</b>
Write-off and depreciation	1,141	41	14	7	162	839	78	0	0
<b>Operating profit/loss</b>	<b>-218</b>	<b>-216</b>	<b>-77</b>	<b>-33</b>	<b>78</b>	<b>-7</b>	<b>73</b>	<b>0</b>	<b>-36</b>
Net financials	-38	-1	-1	0	-35	7	-8	0	0
<b>Profit or loss before tax</b>	<b>-256</b>	<b>-217</b>	<b>-78</b>	<b>-33</b>	<b>43</b>	<b>0</b>	<b>65</b>	<b>0</b>	<b>-36</b>
Tax on earnings for the year	71								
<b>Profit or loss for the year</b>	<b>-185</b>								
Allocation in %:									
Traffic contract revenues		42%	7%	5%	13%	7%	26%	0%	0%
Revenues before leasing of rolling stock		45%	16%	7%	8%	7%	16%	1%	0%
Costs before leasing of rolling stock		48%	13%	7%	6%	8%	16%	1%	1%
<b>Costs, depreciation, amortisation, write-downs and net financials</b>	<b>10,324</b>	<b>4,338</b>	<b>1,562</b>	<b>649</b>	<b>707</b>	<b>1,516</b>	<b>1,393</b>	<b>113</b>	<b>46</b>

<sup>1)</sup> Øresund traffic includes Øresund - crossing the bridge and Kystbanen and the Kastrup line.

<sup>2)</sup> General obligations (Historical) cover grants to the railway museum, seconded civil servants, own redundant civil servants, the relative costs for Arriva stations not covered by Arriva and elimination items.

<sup>3)</sup> General obligations (Others) relate to the regulation of net profits from selling real estate in the parent company in previous years and extraordinary costs for preparing for the divestment of spare parts workshops.

<sup>4)</sup> Other operating revenues includes fees, compensation, rent, leasing of rolling stock, and revenues from Traffic-independent activities. Passenger revenues under Systems & Channels also covers commission revenues from the sale of tickets from other operators.

In 2020, Costs before leasing of rolling stock amounted to DKK 8,262 million for Public services. 68 percent of which are used for Train Service, 30 percent for Train System and the rest for General obligations.

For both income and costs, costs relating to leasing of rolling stock have been disregarded, as the rolling stock is considered in the line accounts as a result-neutral transfer within the company. It is assumed technically that the rolling stock is leased for Train Service without any return.

The breakdown of train operations into activity areas is based on Public Services, which is a statement of the activities carried out by DSB under the traffic contract.

The basis for this breakdown of the activities is the Route Economy Model. This model divides the profit and loss account into areas of activity and calculates the economy of each individual area of activity based on an estimate of the type of activities required in the respective area.

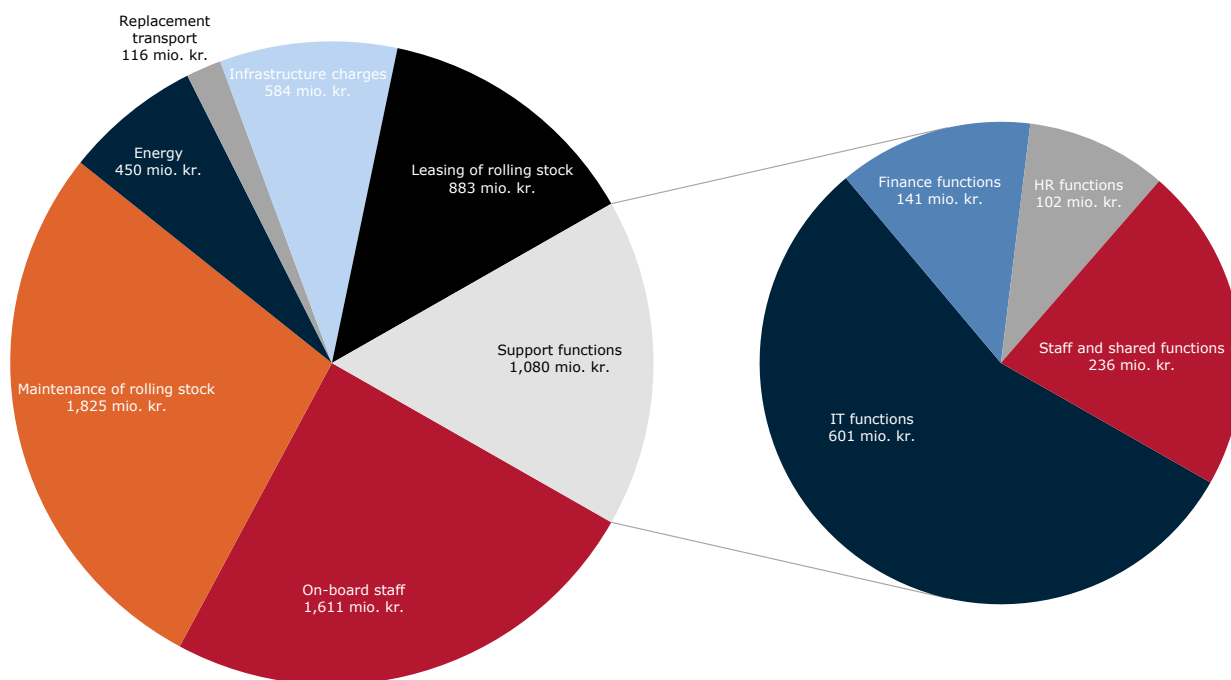
### **Costs of Train service**

Most of DSBs' costs for 2020, including depreciation, amortisation and write-downs and financial items relate to Train Services (DKK 6,549 million), distributed on Long-distance & Regional Trains (DKK 4,338 million), S-train traffic (DKK 1,562 million) and Øresund traffic (DKK 649 million), see **Fejl! Henvisningskilde ikke fundet..**

Rolling stock maintenance and Leasing total DKK 2,708 million or 41 percent of the total costs for Train Services, while costs for onboard personnel amount to DKK 1,611 million or 25 percent, see Figure 3.

**Figure 3: Costs of Train service**

Amounts in DKK million



In the coming years, a very large number of infrastructure works will be performed in Denmark. These works are absolutely essential and, once they have been completed, they will - together with the new electric trains - ensure a well-functioning and sustainable train operation that will benefit DSB's customers. During the infrastructure work, DSB's finances are impacted to a very significant degree. In particular, this is in the form of reduced passenger revenues as the customers opt out of taking the train and use other modes of transportation, but it is also in the form of increased costs for replacement traffic.

Banedanmark's grants cover the project costs of infrastructure works, while DSB pays the costs of replacement traffic when train operations are prevented due to track closures. In 2020, DSB has spent DKK 116 million on replacement traffic. It is Banedanmark that plans and carries out the infrastructure works.

In accordance with the Accounting Regulations, DSB shall allocate the complete costs of the activities and thus also a part of the Supporting functions, which constitute DKK 1,080 million or 16 percent of the train service costs. The support functions include cross-sector IT functions, Staff and common functions, and Finance and HR functions. More than half of the costs of Support functions are staff and consultancy costs. The remainder includes costs of software development, licences, outsourced data operations centre, insurance, rental of premises, and costs of consumption, marketing and depreciation/amortisation, etc.

Costs of Support functions are allocated to the activity areas based on the number of employees, converted into full-time employees involved in carrying out the individual activities. This means that employee-intensive activities account for a substantial part of the costs. Conse-



quently, Train Services, to which the largest share of employees contributes directly as members of the onboard personnel and indirectly in the workshops, carries a relatively large share of the costs of supporting functions.

The costs of support functions are only variable to a limited extent in relation to the extent of Train Services. The handover of traffic to other operators thus has no substantial effect on the costs for interdepartmental IT functions or other support functions.

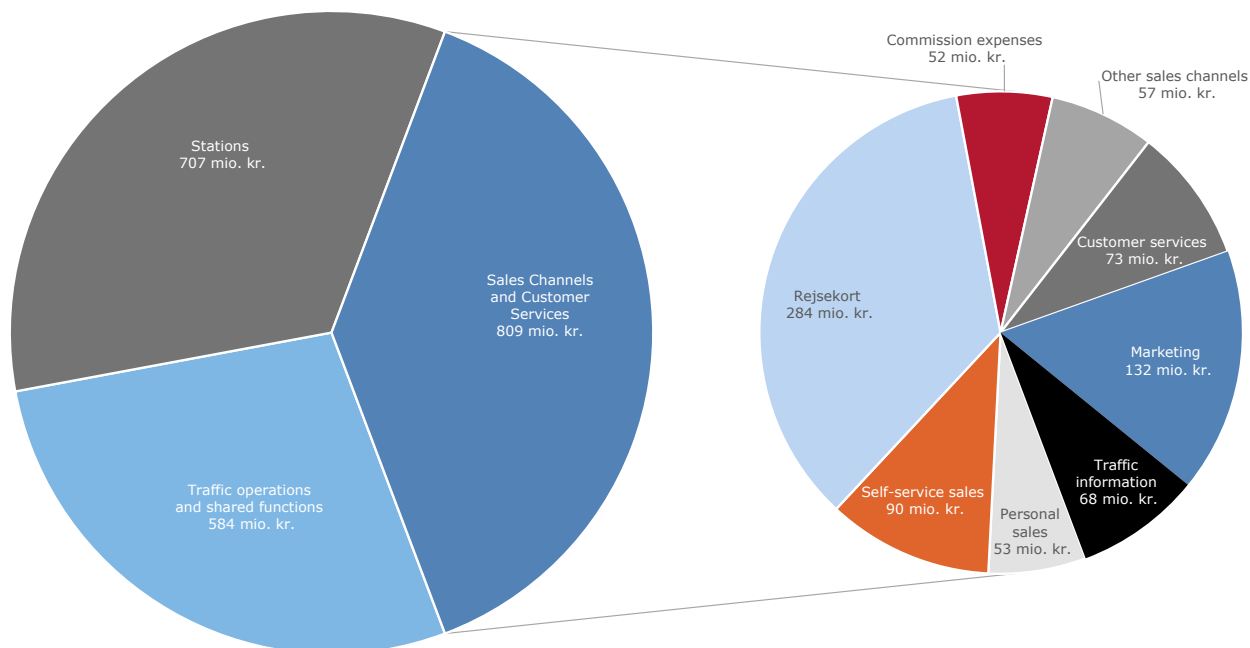
### Train System Costs

The Train System costs, excluding rolling stock, which ensures coherence in train services in Denmark, are DKK 2,100 million in 2020 including depreciation, amortisation, write-downs and financial revenues and costs, see **Fejl! Henvisningskilde ikke fundet..** Systems & Channels, which comprises Traffic Handling & Common Functions and Sales Channels & Customer Service, accounts for DKK 1,393 million or 66 percent of this while Stations accounts for DKK 707 million or 34 percent.

Sales Channels & Customer Service comprises customer-oriented activities such as ticket sales channels (personal service, self-service sales and other sales channels), Customer service, Traffic information, Rejsekort (Travel card) and Marketing. Traffic Handling & Common Functions includes traffic-oriented activities such as planning of personnel, rolling stock, and traffic, traffic education, safety, monitoring and control of railway traffic at the operations centres, etc. run by DSB together with Banedanmark. In line with Train service, the figures for Train systems must be calculated with the fully allocated costs and thus carry a share of DSB's total supporting functions.

**Figure 4: Train System Costs**

Amounts in DKK million



**VAT and tax**

DSB has partial right of deduction of incoming VAT, since the group has both VAT-liable and VAT-free activities. The non-deductible proportion of incoming VAT is included in the individual items in the income statement and the balance sheet.

For 2020, the non-deductible proportion of incoming VAT amounts to a total cost of DKK 334 million. DSB and a number of associated companies share a common VAT registration. The non-deductible VAT is distributed to the activity areas based according to the relative VAT weighting of the relevant activities. Subsequently, the non-deductible VAT matches the actual costs via the distribution model.

Corporation tax is not allocated to the activity areas and routes. In the General Accounts, corporation tax is divided between Public services according to the negotiated contract and Competitive activities. The corporate tax related to Public services has been calculated as revenues of DKK 73 million in 2020.

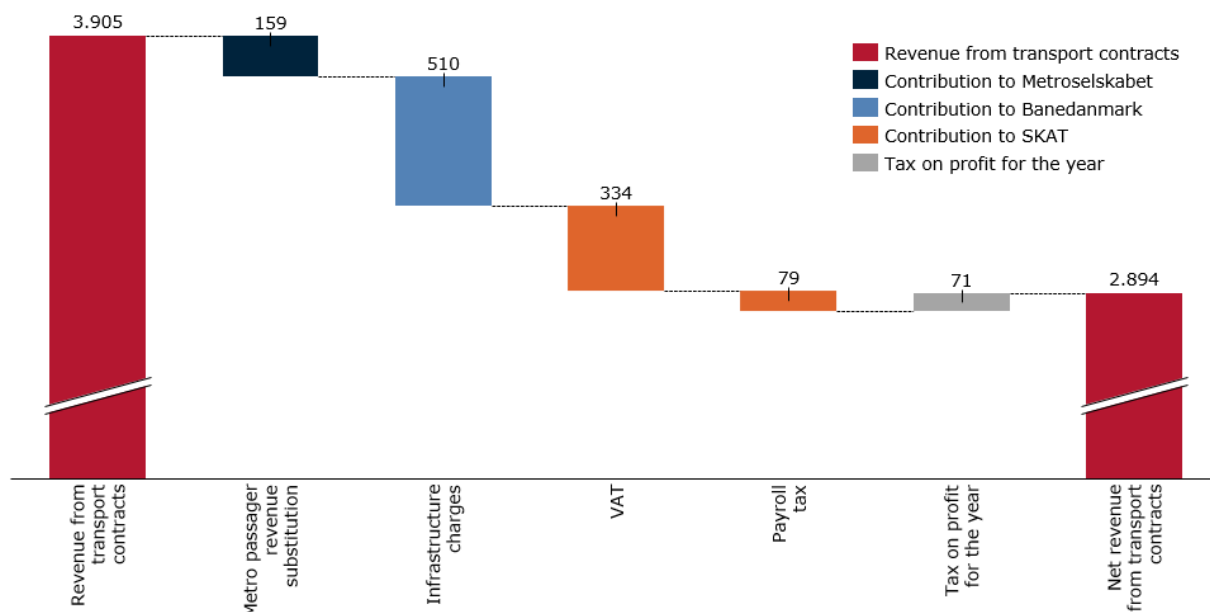
**Earnings for the year and statement of net contract payments**

Profit/loss for the year for Public services has been calculated as a deficit of DKK 185 million. Negative earnings are deducted from DSB's equity, and thus the owner's (the Danish state's) value of DSB. The contract payment also deducts/adds various levies such as taxes, VAT and payroll tax that are returned to the state, and DSB also pays infrastructure charges to use the infrastructure (tracks and bridges) that DSB uses for its Long-distance & Regional train operations.

Hence Figure 5 calculates the state's net contract payment to DSB once these factors have been taken into account - in other words when the contract payments have been deducted from the internal distribution of resources in the sector in addition to the redistribution to other state actors. The net contract payment is thus an expression of the state's actual payment to DSB for Train operations.

**Figure 5: The state's net contract payments to DSB**

Amounts in DKK million



Thus, the state's net contract payments to DSB amount to DKK 2,894 million. In addition, in 2020 DSB has received DKK 914 million as compensation for the financial consequences of COVID-19. The amount is calculated as a net loss, mainly comprising lost passenger revenues minus cost savings and compensation packages made use of, etc.

### Line accounts

The line accounts are primarily an internal analysis tool used by DSB to understand the correlations between operations and to analyse and optimise the financial structure of the individual lines. The information about the finances of train operations on individual routes provides a good overview of the societal priorities of Danish train operations.

In a broader perspective, the route accounts are suited for demonstrating the significant extent of DSB's activities outside the train service activities, which range from planning and monitoring of traffic, customer service and distribution systems to station operation. These are tasks that DSB also manages on behalf of, and in collaboration with, the other public transport operators.

However, the route accounts are not well suited to direct financial comparison between operators, even if such comparison focuses alone on the train operation activities. Furthermore, the route accounts cannot be used as a reference work with respect to adjustment of costs in connection with the transfer of routes.

The reason for this is partly that the line accounts are based on a distribution model and partly that DSB's costs, like all other companies' costs, are variable to differing degrees depending on the production volume. This means that parts of the costs are only vaguely or not at all correlated with the number of train or seat-kilometres driven. Therefore, it applies that there is no notable correlation between the extent of the train services and costs for, e.g.,

sales and distribution channels, planning systems and monitoring centres. When DSB transfers train traffic, it means that DSB loses economies of scale and opportunities for transversal synergy.

The route accounts are based on the activity area Train Services that reflects the costs of operating train services. The costs are allocated to the routes in relation to their use of activities and the supporting functions are allocated to the routes based on the number of full-time employees involved in the individual activities, see **Fejl! Henvisningskilde ikke fundet.** and **Fejl! Henvisningskilde ikke fundet.**

A positive result reflects that the route has operated at a profit and can, therefore, be operated without any state subsidies. On the other hand, negative results reflect that the route operates at a loss and financing must be added from profit-making routes and/or government contract payments.

According to the Accounting Regulations, DSB is required to also specify the individual routes, including all costs, regardless of whether the individual cost concerns the extent of production. Therefore, the Train System costs of both Stations and Systems & Channels are broken down into routes in **Fejl! Henvisningskilde ikke fundet.** and **Fejl! Henvisningskilde ikke fundet.** In practice, this means the inclusion, for example, of costs for operating stations, operating the Rejsekort (Travel card) system, ticket vending machines, traffic information and operations centres controlling traffic to limit delays, etc. The costs have been broken down by routes, even though these activities do not have any direct connection with the actual economy of the train traffic on the individual route.

The key figures for Passenger revenues per seat kilometre and Costs per seat-kilometre provide the best indication of how the seat capacity is utilised on the individual routes, see **Fejl! Henvisningskilde ikke fundet.** and **Fejl! Henvisningskilde ikke fundet.** The seat-kilometre takes into account the number of seats available in the individual train and the number of train sets/coaches coupled on a route. Train kilometres, which are often used as a key figure, do not take these differences into account. The statement of seat-kilometres is associated with some uncertainty, since the statement of journeys, and thus how far the individual customer travels, is to a great extent based on passenger studies based on spot checks, customer surveys and customer counts. For example, it cannot be stated precisely how often and how far a commuter with a season ticket travels, nor what route the commuter uses (see Figure 12).

**Table 2: The route accounts for Train Service for Long-distance trains, Regional West and East**

Amounts in DKK million	Passenger revenue	Total revenues	Onboard personnel	Maintenance of rolling stock	Energy	Replacement transport	Infrastructure taxes	Total direct costs	Leasing of rolling stock (avg. costs)	Supporting function costs	Profit/loss
Copenhagen - Aarhus - Aalborg (InterCityLyn)	581	607	166	211	58	38	109	582	63	111	-149
Copenhagen - Aalborg (InterCity)	428	458	206	209	56	14	151	636	65	137	-380
Copenhagen - Esbjerg (InterCity)	247	261	94	76	16	3	89	278	28	63	-108
Copenhagen - Odense - Hamburg (InterCity)	41	43	13	28	8	0	15	64	-15	9	-15
<b>Long-distance trains</b>	<b>1,297</b>	<b>1,369</b>	<b>479</b>	<b>524</b>	<b>138</b>	<b>55</b>	<b>364</b>	<b>1,560</b>	<b>141</b>	<b>320</b>	<b>-652</b>
Odense - Ringe - Svendborg	34	37	31	54	6	0	6	97	17	22	-99
Aarhus - Fredericia - Esbjerg	86	92	48	137	22	2	15	224	14	32	-178
Odense - Fredericia	15	17	19	34	5	0	5	63	5	13	-64
Aarhus - Fredericia - Flensburg	19	22	25	17	5	0	7	54	6	16	-54
Fredericia - Sønderborg	28	31	29	15	4	0	5	53	6	19	-47
Aarhus - Langå - Struer	0	1	7	4	1	0	1	13	1	5	-18
Aarhus - Hamburg	8	9	5	13	4	0	2	24	-31	3	13
Fredericia - Vejle - Struer	49	55	56	66	14	1	12	149	12	37	-143
<b>Regional West</b>	<b>239</b>	<b>264</b>	<b>220</b>	<b>340</b>	<b>61</b>	<b>3</b>	<b>53</b>	<b>677</b>	<b>30</b>	<b>147</b>	<b>-590</b>
Copenhagen - Holbæk - Kalundborg	172	185	111	215	42	6	16	390	51	77	-333
Copenhagen - Roskilde - Ringsted - Slagelse	137	148	107	119	19	3	16	264	25	71	-212
Copenhagen - Nykøbing F - Rødby Færge	100	112	102	173	45	28	16	364	63	70	-385
Roskilde - Køge - Næstved	17	20	24	33	4	2	4	67	5	16	-68
<b>Regional East</b>	<b>426</b>	<b>465</b>	<b>344</b>	<b>540</b>	<b>110</b>	<b>39</b>	<b>52</b>	<b>1,085</b>	<b>144</b>	<b>234</b>	<b>-998</b>
<b>Long-distance &amp; Regional Rail Traffic</b>	<b>1,962</b>	<b>2,098</b>	<b>1,043</b>	<b>1,404</b>	<b>309</b>	<b>97</b>	<b>469</b>	<b>3,322</b>	<b>315</b>	<b>701</b>	<b>-2,240</b>

**Table 3: Route accounts of Train Service Øresund and S-trains**

Amounts in DKK million	Passenger revenue	Total revenues	Onboard personnel	Maintenance of rolling stock	Energy	Replacement transport	Infrastructure taxes	Total direct costs	Leasing of rolling stock (avg. costs)	Supporting function costs	Profit/loss
Copenhagen – Helsingør	171	186	145	77	17	2	16	257	27	95	-193
Copenhagen – Malmö	192	196	38	31	7	3	99	178	67	25	-74
<b>Øresund traffic</b>	<b>363</b>	<b>382</b>	<b>183</b>	<b>108</b>	<b>24</b>	<b>5</b>	<b>115</b>	<b>435</b>	<b>94</b>	<b>120</b>	<b>-267</b>
Central (Hellerup-Valby)	415	426	99	59	19	5	0	182	105	66	73
Køge (Sydhavn - Køge)	152	159	71	69	27	2	0	169	97	47	-154
Høje Taastrup (Danshøj - Høje Taastrup)	102	105	29	22	8	1	0	60	33	20	-8
Frederikssund (Langgade - Frederikssund)	123	129	52	52	20	2	0	126	74	36	-107
Farum (Ryparken - Farum)	72	76	36	31	12	1	0	80	48	24	-76
Hillerød (Bernstorffsvej - Hillerød)	124	129	48	47	19	2	0	116	65	32	-84
Klampenborg (Charlottenslund- Klampenborg)	23	24	10	8	3	0	0	21	12	7	-16
Ringbanen (Ny Ellebjerg - Hellerup)	96	101	40	25	9	1	0	75	40	27	-41
<b>S-train traffic</b>	<b>1,107</b>	<b>1,149</b>	<b>385</b>	<b>313</b>	<b>117</b>	<b>14</b>	<b>0</b>	<b>829</b>	<b>474</b>	<b>259</b>	<b>-413</b>
<b>Train Services excl. revenues from traffic contract</b>	<b>3,432</b>	<b>3,629</b>	<b>1,611</b>	<b>1,825</b>	<b>450</b>	<b>116</b>	<b>584</b>	<b>4,586</b>	<b>883</b>	<b>1,080</b>	<b>-2,920</b>
Calculated traffic contract payment	0	2,592	0	0	0	0	0	0	0	0	2,592
<b>Train Services, including revenues from traffic contract</b>	<b>3,432</b>	<b>6,221</b>	<b>1,611</b>	<b>1,825</b>	<b>450</b>	<b>116</b>	<b>584</b>	<b>4,586</b>	<b>883</b>	<b>1,080</b>	<b>-328</b>

**Table 4: The route accounts of Train Operations for Long-distance trains, Regional West and East**

Amounts in DKK million	Train Services Passenger revenues	Train Services Other revenues	Train Services Costs	Profit/loss from Train Services	Other revenues	Other costs	Train Operations Profit/loss	Passenger revenues per seat-kilometre <sup>(1)</sup>	Services Cost per seat-kilometre <sup>(1)</sup>	Profit/loss from Train Services per passenger kilometre <sup>(1)</sup>	Passenger kilometres Million units <sup>(2)</sup>	Train kilometres Million units
Copenhagen - Aarhus - Aalborg (InterCityLyn)	581	26	756	-149	37	169	-281	0.33	0.42	-0.41	690	5.11
Copenhagen - Aalborg (InterCity)	428	30	838	-380	38	198	-540	0.23	0.45	-1.09	497	6.96
Copenhagen - Esbjerg (InterCity)	247	14	369	-108	20	114	-202	0.24	0.36	-0.72	280	3.26
Copenhagen - Odense - Hamburg (InterCity) <sup>3)</sup>	41	2	58	-15	3	13	-25	0.17	0.23	-0.61	39	0.78
<b>Long-distance trains <sup>3)</sup></b>	<b>1,297</b>	<b>72</b>	<b>2,021</b>	<b>-652</b>	<b>98</b>	<b>494</b>	<b>-1,048</b>	<b>0.26</b>	<b>0.41</b>	<b>-0.70</b>	<b>1,506</b>	<b>16.11</b>
Odense - Ringe - Svendborg	34	3	136	-99	5	36	-130	0.22	0.91	-4.33	30	1.15
Aarhus - Fredericia - Esbjerg	86	6	270	-178	13	78	-243	0.17	0.52	-2.35	104	2.63
Odense - Fredericia	15	2	81	-64	3	23	-84	-0.09	0.48	-5.97	14	0.82
Aarhus - Fredericia - Flensburg <sup>3)</sup>	19	3	76	-54	3	17	-68	0.13	0.51	-3.51	19	0.89
Fredericia - Sønderborg	28	3	78	-47	4	24	-67	0.15	0.41	-2.05	33	0.97
Aarhus - Langå - Struer	0	1	19	-18	1	3	-20	0.00	0.59	-8.50	3	0.20
Aarhus - Hamburg <sup>3)</sup>	8	1	-4	13	1	6	8	0.07	-0.03	0.94	8	0.56
Fredericia - Vejle - Struer	49	6	198	-143	7	48	-184	0.14	0.55	-2.92	62	2.13
<b>Regional West <sup>3)</sup></b>	<b>239</b>	<b>25</b>	<b>854</b>	<b>-590</b>	<b>37</b>	<b>235</b>	<b>-788</b>	<b>0.14</b>	<b>0.51</b>	<b>-2.89</b>	<b>273</b>	<b>9.35</b>
Copenhagen - Holbæk - Kalundborg	172	13	518	-333	25	165	-473	0.17	0.51	-2.46	192	2.87
Copenhagen - Roskilde - Ringsted - Slagelse	137	11	360	-212	23	153	-342	0.17	0.46	-2.11	163	2.83
Copenhagen - Nykøbing F - Rødby Færge	100	12	497	-385	16	102	-471	-0.09	0.47	-3.50	134	2.84
Roskilde - Køge - Næstved	17	3	88	-68	4	30	-94	0.18	0.94	-4.48	21	0.68
<b>Regional East</b>	<b>426</b>	<b>39</b>	<b>1,463</b>	<b>-998</b>	<b>68</b>	<b>450</b>	<b>-1,380</b>	<b>0.14</b>	<b>0.49</b>	<b>-2.71</b>	<b>510</b>	<b>9.22</b>
<b>Long-distance &amp; Regional Rail Traffic <sup>3)</sup></b>	<b>1,962</b>	<b>136</b>	<b>4,338</b>	<b>-2,240</b>	<b>203</b>	<b>1,179</b>	<b>-3,216</b>	<b>0.21</b>	<b>0.45</b>	<b>-1.40</b>	<b>2,289</b>	<b>34.68</b>

<sup>1)</sup> Calculated financial ratios are not rounded off.

<sup>2)</sup> Passenger kilometres are exclusive the transport obligation and includes new products such as Rejsepas (Travel pass).

<sup>3)</sup> Train production includes traffic in Germany

**Table 5: Route accounts for Train Services Øresund and S-trains**

Amounts in DKK million	Train Services Passenger revenues	Train Services Other revenues	Train Services Costs	Profit/loss from Train Services	Other revenues	Other costs	Train Operations Profit/loss	Passenger revenues per seat-kilometre <sup>(1)</sup>	Services Cost per seat-kilometre <sup>(1)</sup>	Profit/loss from Train Services per passenger kilometre <sup>(1)</sup>	Passenger kilometres Million units <sup>(2)</sup>	Train kilometres Million units
Copenhagen - Helsingør	171	15	379	-193	27	174	-340	0.16	0.35	-2.16	158	2.84
Copenhagen - Malmö	192	4	270	-74	29	184	-229	0.42	0.59	-1.58	145	1.19
<b>Øresund traffic</b>	<b>363</b>	<b>19</b>	<b>649</b>	<b>-267</b>	<b>56</b>	<b>358</b>	<b>-569</b>	<b>0.24</b>	<b>0.43</b>	<b>-1.88</b>	<b>303</b>	<b>4.03</b>
Central (Hellerup-Valby)	415	11	353	73	19	140	-48	0.45	0.38	-0.26	188	2.44
Køge (Sydhavn - Køge)	152	7	313	-154	12	91	-233	0.12	0.24	-1.11	210	3.36
Høje Taastrup (Danshøj - Høje Taastrup)	102	3	113	-8	6	45	-47	0.25	0.28	-0.63	76	1.11
Frederikssund (Langgade - Frederikssund)	123	6	236	-107	10	83	-180	0.12	0.23	-1.30	138	2.65
Farum (Ryparken - Farum)	72	4	152	-76	7	50	-119	0.13	0.27	-1.76	67	1.52
Hillerød (Bernstorffsvej - Hillerød)	124	5	213	-84	9	66	-141	0.14	0.24	-0.89	158	2.32
Klampenborg (Charlottenlund- Klampenborg)	23	1	40	-16	2	13	-27	0.16	0.29	-3.36	8	0.38
Ringbanen (Ny Ellebjerg - Hellerup)	96	5	142	-41	5	41	-77	0.25	0.37	-1.72	45	1.31
<b>S-train traffic</b>	<b>1,107</b>	<b>42</b>	<b>1,562</b>	<b>-413</b>	<b>70</b>	<b>529</b>	<b>-872</b>	<b>0.20</b>	<b>0.28</b>	<b>-0.98</b>	<b>890</b>	<b>15.09</b>
<b>Total routes <sup>3)</sup></b>	<b>3,432</b>	<b>197</b>	<b>6,549</b>	<b>-2,920</b>	<b>329</b>	<b>2,066</b>	<b>-4,657</b>	<b>0.21</b>	<b>0.39</b>	<b>-1.34</b>	<b>3,482</b>	<b>53.80</b>
<b>Public services <sup>3)</sup></b>	<b>3,432</b>	<b>197</b>	<b>6,549</b>	<b>-2,920</b>	<b>446</b>	<b>2,482</b>	<b>-4,956</b>	<b>0.21</b>	<b>0.39</b>	<b>-1.42</b>	<b>3,482</b>	<b>53.80</b>

<sup>1)</sup> Calculated financial ratios are not rounded off.

<sup>2)</sup> Passenger kilometres are exclusive the transport obligation and includes new products such as Rejsepass (Travel pass)

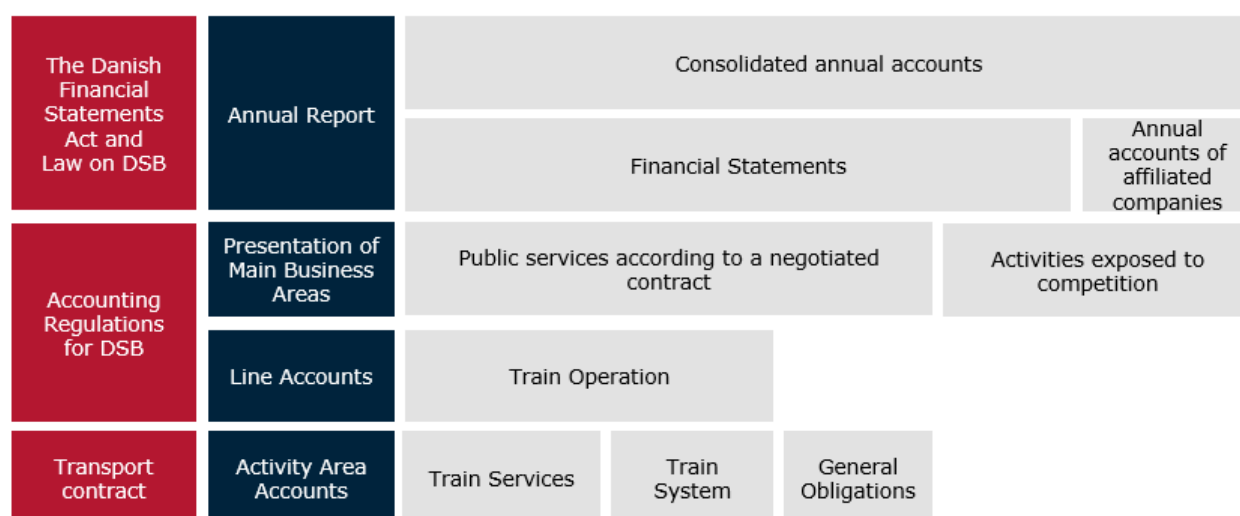
<sup>3)</sup> Train production includes traffic in Germany



### Method used for preparation of the route accounts

As a public undertaking, DSB must satisfy a number of reporting requirements, see Figure 6. The reporting requirements each have their own background and purpose and all aim at creating transparency and control related to DSB matters. However, the requirements consider the company from different perspectives, which makes it difficult to determine the connection between the individual reports and at the same time negatively affects transparency.

**Figure 6: Reporting requirements in DSB**



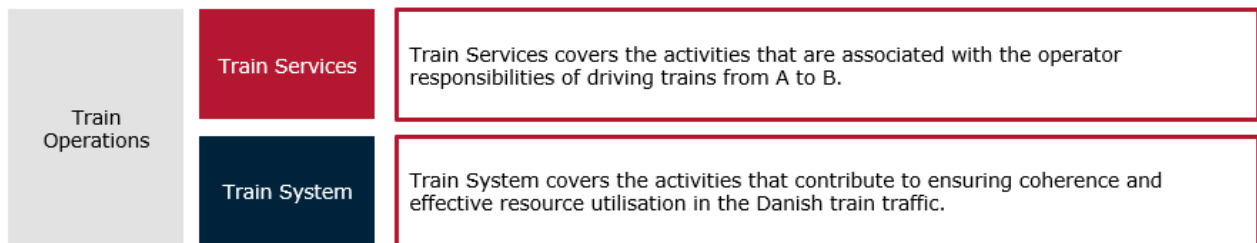
The Danish Financial Statements Act stipulates requirements for the drawing up of accounts, which apply to the whole group and provide insight into the financial position of the whole company.

DSB's Accounting Regulations are designed to separate Public Services from Competitive Activities in order to provide an insight into the activities that are subject to contract payment and ensure that there is no illegal state support. The presentation of the General Accounts, which are reviewed by DSB's External Auditor, divides the parent company's result into Public Services under a negotiated contract and Competitive Activities.

The traffic contract covers only Public Services that are performed under the contract. These services represent a proportion of the independent public company DSB's services. This means, for example, that DSB Vedligehold A/S is not covered directly by the Public Service obligation, but indirectly in the form of the preparation and maintenance services that are delivered and invoiced for Train Services. Neither is DSB Service & Retail A/S covered by the public service obligation.

The route accounts are based on the General Accounts where Public Services are separated. The activity area accounts are an attempt to segment activities with reference to the division in the traffic contract. The route accounts are a breakdown of the train operations on the routes in accordance with DSB's Accounting Regulations.

**Figure 7: Elements of Train Operations**



DSB operates trains in Denmark as a total activity but must, in connection with the traffic contract, prepare and implement a separation of the train operations into activities related to the actual train movements (Train Operations), and activities related to the maintenance of the production apparatus (Train System), see Figure 7.

### **The financial model for routes**

The Route economy model provides a basis for DSB's General Accounts and Route accounts. This creates an unambiguous correlation and a complete transaction trail between the individual accounts.

The model creates the General Accounts setup by dividing activities into Public Services under a negotiated contract and Competitive Activities, such as, for example, renting out properties to external customers.

Public Services are further divided into activity areas and the activities that DSB implements to operate the individual routes. The routes contain all accounting entries relating to Train operations, see an earlier definition.

**Figure 8: Design of the Route Economy Model**

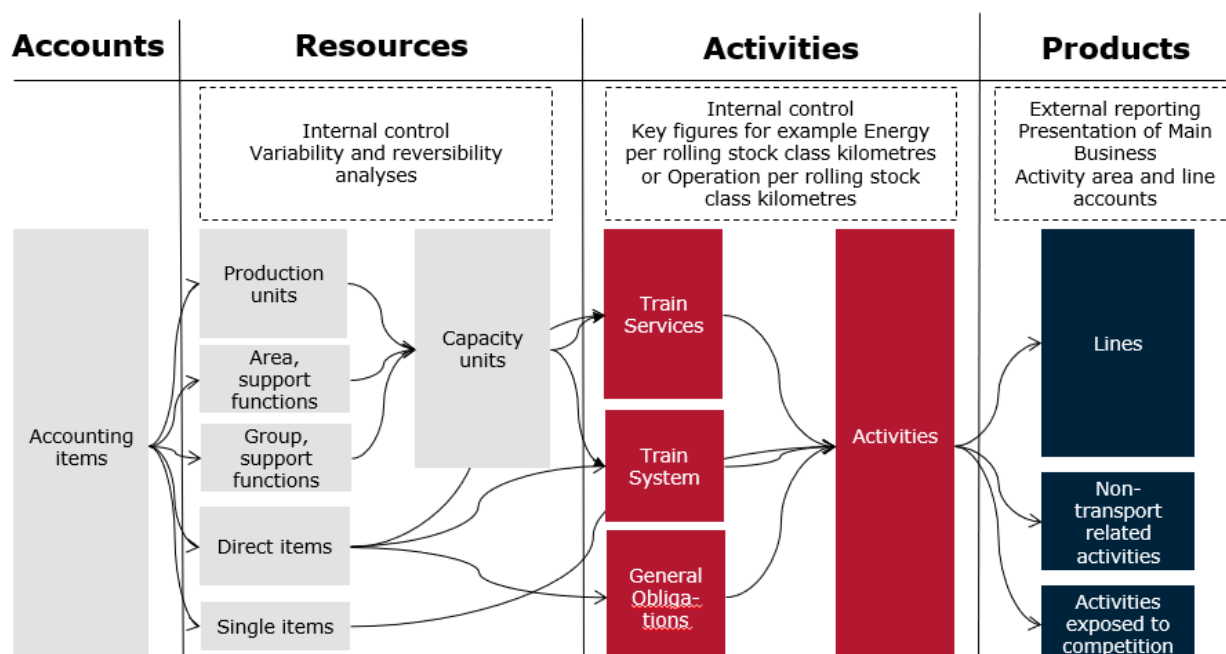


Figure 8 describes the principal method used in the Route Economy Model where the accounting entries are grouped and distributed via activities for routes. At the resources level, the accounts are grouped and classified according to production proximity, so that the supporting functions are distributed according to the capacity unit's relative use of resources. The model makes use primarily of objective and systematic basis of allocation based on production information.

The Route Economy Model is based on a combination of "full cost allocation" and "activity-based cost allocation". The full cost allocation results from the Accounting Regulations requirement that all costs are allocated to the routes.

### Definition of routes

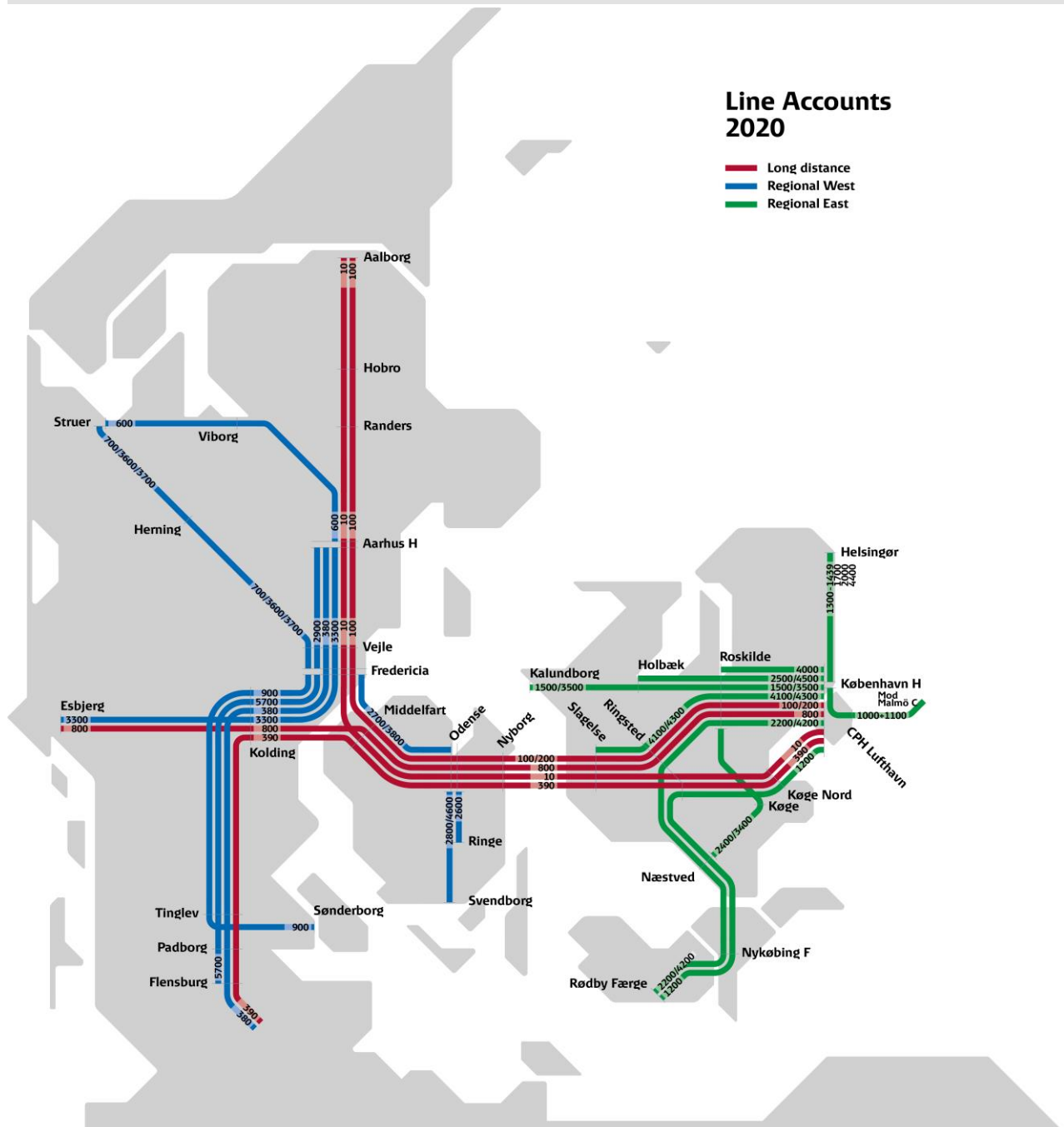
Figure 9 shows the definitions used for the individual routes that have been adapted to the production and timetable that DSB has used in 2020. The only change compared to 2019 is that the route from Copenhagen to Hamburg has been re-routed to cross the Great Belt instead of using Rødby Ferry with a subsequent ferry crossing to Germany. The change is due to the fact that in coming years there will be a lot of track works on South Zealand, Lolland and Falster in connection with the construction of the Fehmarn Belt Fixed Link.

Some geographically connected routes have been combined to be viewed as a single entity, since they are very closely connected. This concerns the following routes:

- Odense - Ringe - Svendborg
- Aarhus - Fredericia - Esbjerg
- Copenhagen - Holbæk - Kalundborg
- Copenhagen - Roskilde - Ringsted - Slagelse

**Figure 9: Route definitions 2020**

Long-distance & Regional Trains



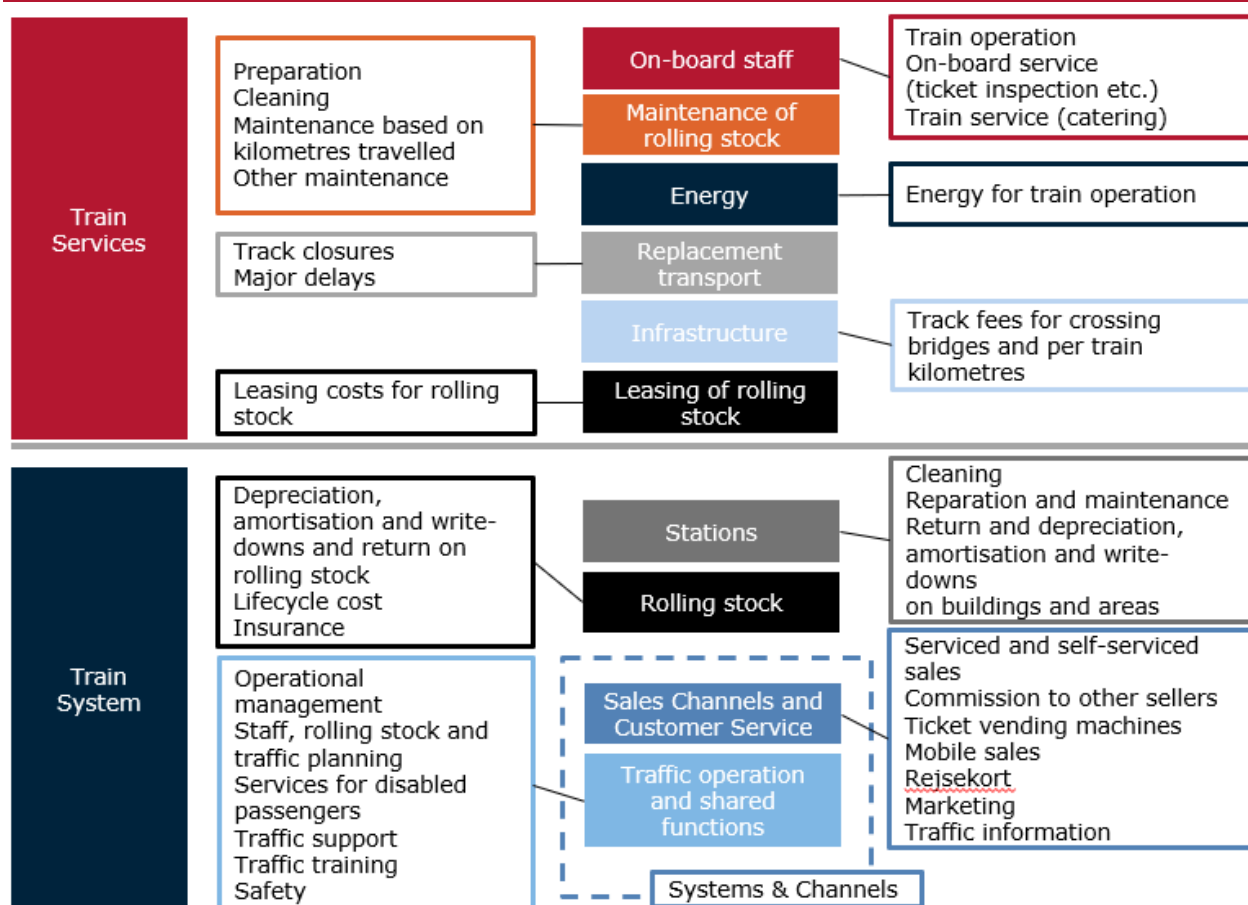
- Long-distance trains are defined as trains crossing the Great Belt (the red routes) and comprise the routes Copenhagen - Aarhus - Aalborg (InterCityLyn), Copenhagen - Aalborg (InterCity), Copenhagen - Esbjerg (InterCity) and Copenhagen - Odense - Hamburg (InterCity).

- The remaining InterCityLyn and InterCity routes are defined as regional trains, as in practice, this is regional train traffic as the trains stop at all stations (Aarhus - Langå - Struer - Fredericia - Vejle - Struer, Aarhus - Hamburg and Fredericia - Sønderborg).
- The Aarhus - Langå - Struer route is viewed as a separate route, as DSB has an obligation according to the traffic contract to operate the route six times a day but does not receive the associated passenger revenues.
- The Øresund traffic is divided into two routes (Copenhagen - Helsingør and Copenhagen - Malmø (only to the Øresund border)).
- The train categories Regional West and Regional East follow the underlying train production.

### Definition of activities and division into the activity areas Train Services and Train System

The central element in the Route Economy Model is the definition of the activities carried out by DSB in the train operations. The activity definitions and groupings used support the distinction between Train Operations and Train Systems on which the Activity area accounts are based.

**Figure 10: 'Activities in Train Services and Train System**



The basic accounting registrations do not directly support a division of the train services in accordance with the activity area perception in the traffic contract. The basic registrations are

aimed at supporting the company's current organisation and thus the most effective combined reporting. That is why the reports on activity areas are based on the Line Economy Model's basis of allocation.

### Basis of allocation

Development of the Route Economy Model is based on the objective that the model should reflect the revenue, cost and production structure. Since it is an allocation model, the amount of the revenues and costs per route will depend on the choice of activity groupings and basis of allocation.

The train service activities for routes are in general distributed according to the following principles:

- If the activity is performed only for the operation of a single route, there will be a direct allocation to the route.
- If, instead, the activity is carried out in order to be able to run multiple routes, the costs will be distributed to routes in accordance with an appropriate production parameter.

**Figure 11: The main basis of allocation for Train Services in the Route Economy Model**

On-board staff	Time registrations by train drivers, conductors and the number of travellers
Maintenance of rolling stock	Rolling stock class hours and rolling stock class kilometres
Energy	Rolling stock class kilometres
Replacement transport	Partial journeys and directly attributed to specific lines
Infrastructure	Bridge crossings and per train kilometres
Leasing of rolling stock	Average

Figure 11 shows the main production-based basis of allocation used in the allocation of the train service activities to the individual routes. This can be illustrated by the examples below:

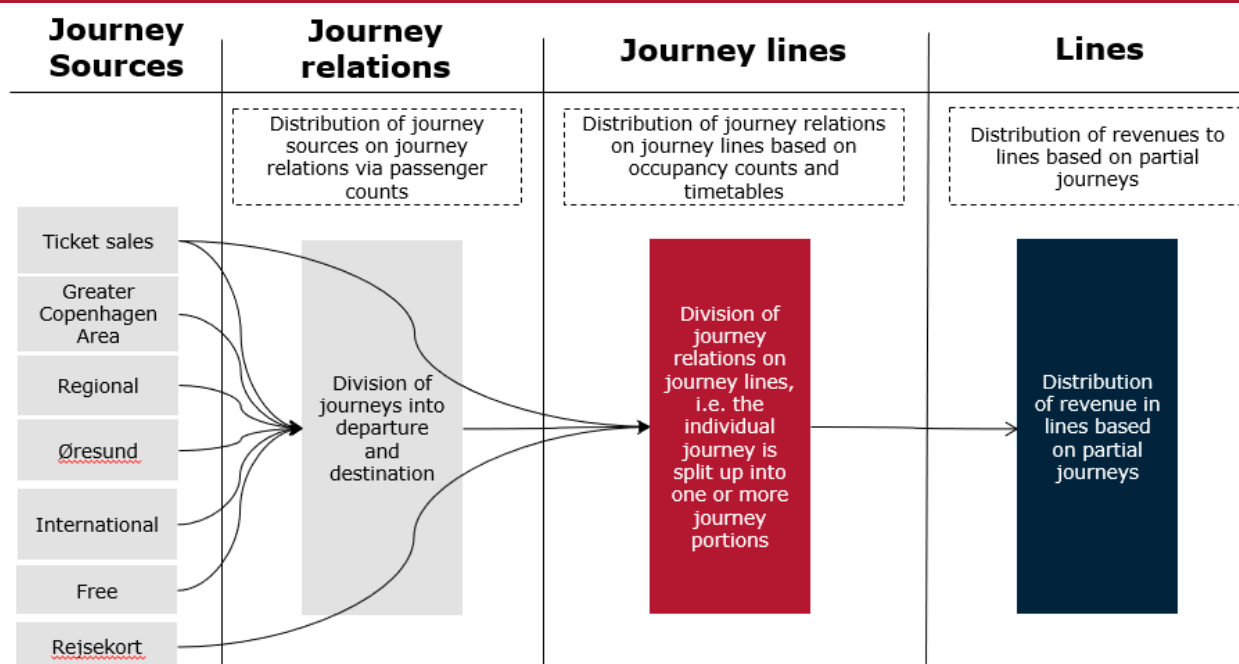
- The full costs of the train transport activity under on-board personnel are distributed among the routes based on the locomotive driver's time registration that is connected to the individual route via the rolling stock.
- The full maintenance costs of, for example, IC3 train sets are distributed relative to the routes where IC3 train sets are used based on the number of kilometres that the IC3 train set has travelled.
- The infrastructure costs for crossing the Great Belt are allocated in proportion to the number of bridge crossings made on the individual route in addition to how many kilometres the individual train has travelled.

### Distribution of passenger revenues to the routes

It is not possible to directly quantify the number of journeys in DSB due to the fact that, in public transport, it is possible to ride on buses, the metro and the train without necessarily

having to have a ticket for a specific departure. This applies to both period tickets and single journeys, since it is possible to buy an open ticket for, e.g., Copenhagen - Aarhus. Thus, it is not possible to determine whether the journey has been made on the long-distance train headed for Esbjerg, Aarhus or Aalborg. In addition, a journey can be made using multiple operators and routes. For example, a journey from Tisvildeleje to Aarhus involving the local train from Tisvildeleje to Hillerød, S-train from Hillerød to Copenhagen H, and regional train from Copenhagen to Aarhus can be travelled on the same ticket.

**Figure 12: The principles behind the allocation of passenger revenues to routes**



The calculation is further complicated by the fact that there are currently many ticket systems and fare zones that need to be coordinated between different operators.

For Long-distance & Regional trains, therefore, DSB has a number of travel sources, see Figure 12, of which the most significant are DSB's own ticket sales and Greater Copenhagen area travels in addition to the Rejsekort (Travel card). Among other things, the journeys are assessed by passenger counts in trains and the weighing of trains which is converted to customer numbers. The methods may vary from travel source to travel source and are agreed with the other operators in a given tariff area.

The trips must then be divided into travel relationships that show from where and to where the journey is made. This is, among other things, based on passenger studies<sup>3)</sup> of travel patterns that provide a statistical weighting that can be used for the travel sources. This means that the distribution comes with a certain statistical uncertainty relative to the size of the samples on the individual route and total population of travellers on that route.

When travel relationships are established, the journey's route must be determined - in other words, which of the possible routes have been used to travel between two destinations. Since

<sup>3)</sup> The BRIK count in the Greater Copenhagen area and the Country count, carried out by COWI for Long-distance & Regional trains.

a journey can be made over several routes, it must be shared relatively between the routes. Thus, a trip can be divided into one or more partial journeys. Occupancy counts and timetables are used for dividing across travel routes.

Partial journeys are used to allocate passenger revenues to routes in the overall Travel revenues Model. In the Route Economy Model, this input is used as a basis for distributing the registered passenger revenue. There is thus a certain amount of estimation involved in the passenger revenues linked to individual routes.

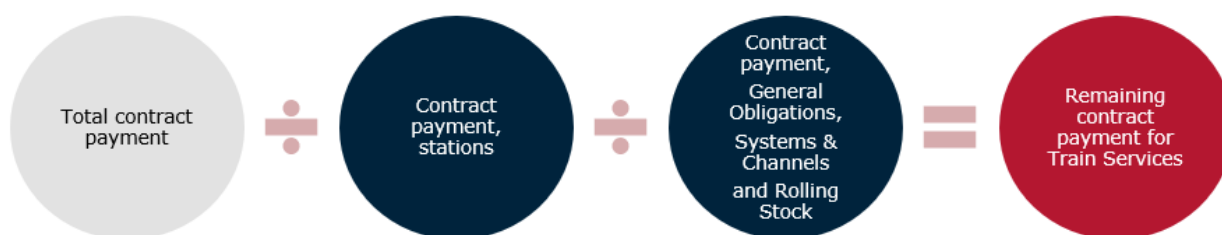
For S-trains, the route revenues are calculated in a separate passenger count system (APS), which allocates the passenger revenues for the eight main routes.

### **Distribution of revenues from the traffic contract to areas of activity**

The Route Economy Model will not be broken down into the contract payment on routes since there is no unique activity-based method by which to allocate the contract payment.

For use for the Activity area accounts, DSB has chosen to allocate contract payment according to the following method:

**Figure 13: Principles for allocating revenues from the traffic contract to activity areas**



The contract payment to Stations is allocated so as to ensure an annual return on the invested capital (ROIC) of 3 percent. The contract payment for General Obligations (historical) is based on cost recovery. The contract payment for Systems & Channels is based on a profit ratio of 5 percent, whereas the contract payment for Rolling stock covers all the project costs of the preparatory work for the purchase of new electric trains for Denmark, The Future S-train system and New workshops, since rolling stock rental is charged to the train service activity. At the same time, the dedicated contract payment for improving the public transport network via the acquisition of double-decker coaches and improvements to IR4 train sets<sup>4)</sup> is allocated to Rolling stock.

The remaining contract payment accrues to Train Services where it is distributed such that the profit ratio is identical for Long-distance & Regional train services, Øresund Traffic and S-train traffic. If a route generates a profit without a contract payment, the payment is distributed to the loss-making traffic areas alone.

<sup>4)</sup> See the political agreement, "Fare reductions and investments in improving public transport" of 12 June 2012 and the political agreement "Acquisition of double-decker coaches" of 1 April 2014.



In addition, it is assumed that the passenger revenues accrue to Train Services and thus, according to the model, do not contribute directly to the Train System.

**Distribution of leasing of rolling stock**

All revenues and costs as well as depreciation, amortisation, write-downs and financial revenues and costs for rolling stock are collected in two pools, one for Long-distance & Regional Trains (including Øresund) and one for S-trains. However, both pools exclude The Train of the Future, The Future S-train system and New workshops.

On the Long-distance & Regional train routes where dedicated rolling stock is used (Odense - Ringe - Svendborg, Aarhus - Hamburg, Copenhagen - Odense - Hamburg and Copenhagen - Malmö), the route costs are accounted directly with the specific rolling stock costs. The remaining rolling stock pool is regarded as a common pool and is, therefore, calculated as an average rolling stock lease using the travelled litre kilometres on the individual routes. The leasing of rolling stock for S-trains is solely based on the actual costs for the rolling stock.

