



ANNUAL REPORT 2022

A sustainable way forward with room for all of us



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In May 2023, the translation was updated a few places.

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



DSB operates for and with everyone in Denmark

DSB is owned by the Danes, operates under contract with the state and is run as a commercial corporation

Every day 450,000 customers choose to travel with DSB

DSB has 196 active stations and one of the biggest area- and property portfolios of Denmark

DSB has approximately 6,000 employees with more than 70 nationalities

Management report

The profit/loss before tax in 2022 amounted to a profit of DKK 229 million

- In 2022, DSB's customers had 163.7 million journeys - an increase of 39 percent compared to 2021
- In 2022, passenger revenue was 40 percent higher than in 2021
- The profit/loss has been impacted by high electricity and diesel prices
- Customer punctuality for S-trains has remained at a consistent high level, while for Long-distance & Regional trains, it faced challenges during 2022
- CO₂ emissions have been reduced by 8 percent relative to 2021
- DSB has committed to setting ambitious targets for reduction of the climate impact from the value chain through the Science Based Targets initiative
- The initial steps towards a fully automated driverless S-train track have been taken

Profit for the year

The profit before tax for the year amounted to DKK 229 million, compared to a profit of DKK 805 million in 2021.

The profit has been negatively affected by the high prices for electricity and diesel. DSB has implemented a number of initiatives to reduce energy

consumption, but despite the efforts, the energy expenses are DKK 344 million higher than in 2021.

In 2022, the work of improving efficiency at DSB continued. This included further improving efficiency of the train operations. Additional hours driven per train driver led to the need for fewer train drivers. Furthermore, there has been improved efficiency at the operations workshops, which led to a reduction in the number of employees.

The number of journeys was 39 percent higher in 2022 than in 2021, but 13 percent lower than in 2019, which is the latest year to be unaffected by COVID-19. Passenger revenue was higher by DKK 1,523 million in 2022 than in 2021, and DKK 145 million higher than in 2019. In 2022, DSB has not received extra contract revenue due to COVID-19. Therefore, contract revenue has decreased by DKK 1,625 million compared to 2021.

Customer growth - especially across the Great Belt

More than one in four choose the train when crossing the Great Belt. In second half of 2022, DSB has had a market share of more than 25 percent of all travellers crossing the Great Belt. A big part of the explanation is that far more Orange tickets have been made available for sale than previously. Compared with 2019, 49 percent additional Orange tickets have been sold for journeys over the Great Belt. In addition, rising energy prices have prompted more travellers to opt for the train - especially on longer journeys.

Commuters have generally returned to the train, but with fewer travel days, in part due to the higher level of remote working. The number of leisure trips in S-trains is back to 2019 levels.

Travel sustainably - and help plant Danish forests at the same time. This is the straightforward message to business travellers on the train. The mes-

Selected key figures

Amounts in DKK million	Q4 2022	Q4 2021	Q4 2019	2022	2021	2019
Passenger revenue	1,412	1,227	1,362	5,318	3,795	5,173
Contract revenue	867	974	989	3,450	5,075	4,025
Total income	2,751	2,592	2,917	10,773	10,848	11,385
Total expenses	2,379	2,171	2,340	9,229	8,662	9,371
Profit/loss before tax	24	23	(1,610)	229	805	(1,641)
Number of journeys (million)	43.2	37.6	48.7	163.7	118.1	187.5
Number of journeys, corrected for relinquished traffic (million)	43.2	37.6	48.1	163.7	118.1	184.9
Customer punctuality for Long-distance & Regional trains (percent)	74.1	74.1	79.1	73.3	78.6	79.1
Customer punctuality, S-trains (percent)	95.5	90.1	93.2	94.2	92.0	93.0

sage has worked as intended. The increased environmental awareness and an increased effort directed at companies has helped ensure growth of 6 percent in the number of business journeys and an increase of 19 percent in the turnover for business journeys in second half of 2022, compared to second half of 2019.

"Customer growth over the Great Belt shows that the train is a strong and competitive form of transportation - particularly for longer journeys. This is good news for the environment as well as for DSB."
Flemming Jensen, CEO

Customer punctuality for S-trains has maintained a consistently high level, while for Long-distance & Regional trains, it has been challenged

For S-trains, customer punctuality has improved in relation to last year, and has exceeded the traffic contract goals. Banedanmark's roll-out of the new signalling system on the S-train lines was completed in September as scheduled and has been a success.

Customer punctuality on Long-distance & Regional trains has not met the target for 2022. Punctuality has been greatly affected by errors in the old signal control facility, track and signal work as well as delays from Sweden. In addition, there were rolling stock defects on the aging trainsets.

For Long-distance & Regional trains, punctuality in 2022 has not been satisfactory and is not an expression of the punctuality level that the customers are entitled to expect. The years to come will con-

tinue to be affected by replacement of old infrastructure, track work, historically numerous replacement projects on the railway track and a transition phase where DSB's aging train fleet is to be replaced with new trainsets and coaches. DSB and Banedanmark are working closely to find solutions to improve the punctuality levels despite the difficult conditions.

Easy check-in and check-out for journeys with the DSB app

DSB is currently developing a check-in solution, which will simplify travel with public transport in Denmark. In 2022, over 700 travellers participated in a test of the new solution in the app. The development continues and is taking place based on customer feedback and business needs, and the solution is expected to be extended to all of Denmark later.

Social responsibility is an integrated part of DSB

The work with ESG (Environmental, Social and Governance) and social responsibility is not new to DSB. For a long time, efforts have been made to minimise the most critical environmental effects and to report them. DSB has a lot of experience working with safety, staff conditions, the working environment and diversity as well as ensuring good and transparent corporate governance.

ESG and ambitious climate work

DSB is well on its way to becoming carbon neutral in 2030 for the part of the operation that DSB is responsible for itself (scope 1 and 2), meaning all trains and all other operation will be supplied using sustainable energy. The total CO₂ emissions in 2022 have fallen by 8 percent compared to 2021.

DSB has also joined the recognised climate standard for companies, SBTi (Science Based Targets initiative). This requires us to set scientific-based reduction targets for overall climate impact. Among other things, this means that DSB will reduce CO₂ emissions with suppliers (scope 3) by 30 percent towards 2030, with a long-term zero-target set for 2050. For this reason, requirements for CO₂ reductions will be imposed on new suppliers and dialogues will be initiated with existing suppliers for reduction of emissions.

The information on the work with ESG is compiled in the annual report in the chapter on Value Creation.

DSB wins the merit award for Årets Elevplads (Traineeship of the Year)

An office trainee at the Customer Centre was so pleased with working for DSB that she nominated DSB for the award. HK (labour union) acknowledged the motivation of the office trainee by awarding DSB the merit award in December.

DSB has entered into a partnership with Danish Red Cross

In 2022, DSB and the Red Cross initiated a 5-year strategic partnership aimed at supporting vulnerable people by collaborating on activities aimed at families with children, lonely people, the homeless, the elderly and others who find themselves in a difficult situation. The focus will mainly be on vulnerable people in Denmark.

The engagement is part of DSB's work on taking an active social responsibility for the benefit of customers, employees, and society at large. The partnership is aimed at strengthening DSB's and Danish

Red Cross' common target of having a sustainable and unified Denmark with room for all of us.

Security at the stations

As part of the government's safety and security package from June 2022, DSB has introduced security shifts at a number of stations in the capital region. In addition, there will be increased and improved surveillance of the stations as well as a security telephone that the customers can call if they feel unsafe.

DSB will continue to work on safety and security at the stations in 2023 and will adjust the initiatives on an ongoing basis so that customers can feel at ease.

Increased need for IT security

The number of financially motivated cyber-attacks against corporations is increasing worldwide.

In August, the 7-Eleven chain was hit by a hacker attack shutting down all the chain's stores. The attack also affected DSB's 7-Eleven kiosks for some time thereafter. In October, a hacker attack on a test server at a subcontractor was the indirect reason for many of DSB's trains standing idle for 4 hours. The event is described on page 40.

Over the last 3 years and until 31 December 2022, DKK 100 million were spent to strengthen the cyber defence, including the technical defence, and achievement of an ISO27001 certification. The focus on securing DSB against cyber threats will continue in 2023 and the coming years, as access to the IT systems is critical for the operations at DSB.

Based on DSB's threat monitoring and sources, it is currently deemed that the war in Ukraine will lead

to greater unpredictability in the cyber area. Among other things, more DDoS attacks against critical infrastructure in Denmark is seen.

New Green Workshops

DSB will establish 2 new workshops for the IC5 trainsets of the future. One is currently being built at Godsbanegården in Copenhagen and is expected to be completed in 2025. The other workshop will be built in Brabrand near Aarhus.

In November, DSB entered into a contract with MT Højgaard Danmark on the establishment of the workshop in Brabrand. Solar cells and battery installations are part of the solution. The workshop will be built in accordance with the requirements for sustainable construction. The plan is for the workshop to be ready for use in 2026 and, as a minimum, meet the requirements for the DGNB Gold certificate.

S-trains of the future

The current S-trains are in the process of being replaced. Traffic prognoses show that congestion will continue to increase in the capital over the next 20 years. This imposes new requirements for the S-train, which is going to be fully automated. More trains to run and shorter times between departures will be needed. This way, greater capacity will be ensured for both customers and bicycles.

S-trains of the future will increase mobility. In connection with other public transport and planned expansions of the metro and light rail, there will be even better access to safe, environmentally friendly, and attractive forms of transport in the capital area.

Øresund traffic transferred to the Swedes

In accordance with the political agreement of 2018, Skånetrafiken has assumed responsibility for the Øresund traffic with the timetable change on 11 December 2022 (K23). This means that Skånetrafiken has taken over the operation of the line from Østerport to Copenhagen Airport and onwards to Malmö/Sweden. A consequence is that it is no longer possible to drive by train directly between stations on Kystbanen and Sweden since customers have to switch trains at Østerport station or Copenhagen Central Station.

DSB owns 34 Øresund electric trainsets and has entered into a rental agreement for 24 of these to Skånetrafiken.

EB electric locomotives (Siemens Vectron) have been delivered

All 42 EB electric locomotives have been delivered. The first ones were received in September of 2020 and the last ones in September 2022. The EB electric locomotives pull double-decker coaches in the regional traffic of Zealand. They can run in Denmark and Germany and will pull the future Talgo coaches between Denmark and Germany.

The EB electric locomotives emit neither diesel particles nor NO_x and are crucial to achieving DSB's environmental goal of 'No particulate emissions from locomotive engines - avoiding environmental impact'. In 2022, operating with electric locomotives led to a reduction in DSB's particle emission of 54 percent of DSB's total particle emissions compared to 2021.

After a short run-in period, the EB electric locomotives now have a high operational stability, with a

Mean Distance Between Failures of more than 55,000 kilometres in second half.

Knorr-Bremse has acquired DSB's Component Workshop

On 1 September, the German Knorr-Bremse Group acquired DSB's component and spare parts workshops. An agreement has been concluded for the long-term supply of component maintenance and spare parts for the majority of DSB's current train fleet until the ageing trainsets are fully phased out.

In conjunction with the transaction, 422 employees have been transferred to Knorr-Bremse Rail Systems Denmark A/S. The sale has given the many skilled employees a future-proof workplace. At the same time, DSB has secured a solid supplier of spare parts for the existing train fleet.

First project completed in Property Development

The first commercial property development project, Hibiscus Hus in Valby, was completed and fully rented out in January 2022. In August, the property was awarded a DGNB Gold certificate for sustainable construction.

As of early 2023, DSB entered into a joint venture agreement with Novo Holdings, Industriens Pension and NREP on the development of Jernbanebyen in Copenhagen. The project is described on page 64.

Planned merger

A merger is planned between DSB and DSB Vedligehold A/S and is expected to be decided in the first quarter of 2023.

Consistently strong reputation

Danes trust DSB. The reputation has remained at a consistently high level throughout 2022. The average for the year is 71.0.

Expectations for 2023

DSB expects a loss before tax for 2023 at a level of DKK 150 to 250 million. The expected loss is heavily affected by the increasing energy prices over the course of 2022.

"Naturally, our main focus is on ensuring reliable, punctual, and comfortable train operations, but as a modern workplace, we also have a significant social responsibility. We are working diligently with this."

Flemming Jensen, CEO

Taastrup, 9 February 2023

Peter Schütze
Chairman of the Board
of Directors

Flemming Jensen
CEO



Purpose and integrated reporting

Environmentally friendly transport can alleviate congestion

DSB's purpose is 'A sustainable way forward with room for all of us'. The purpose is based on DSB's social task of creating and ensuring high mobility and thus alleviating congestion in and out of the large cities.

As a vital part of Danish society, DSB contributes to connecting Denmark and ensuring mobility for the hundreds of thousands of people who every day depend on the trains to go about their daily business.

Integrated report

Well-functioning public transport is crucial for the development of Denmark, and DSB's reason for being is, in essence, to get the most Danes as possible to take the train. DSB's success is therefore not only measured based on its financial figures. Of course, it is important that DSB has a solid economy and takes good care of the money of the Danish people, but it is just as important that DSB fulfils social responsibilities.

DSB therefore works actively with non-financial key figures as part of the purpose and strategy. The intention is that, going forward, the annual report will show increased focus on reporting DSB's societal efforts and results. Among other things, this concerns the environmental goals and the work with safety, diversity and other social conditions which have become key strategic goals and benchmarks.

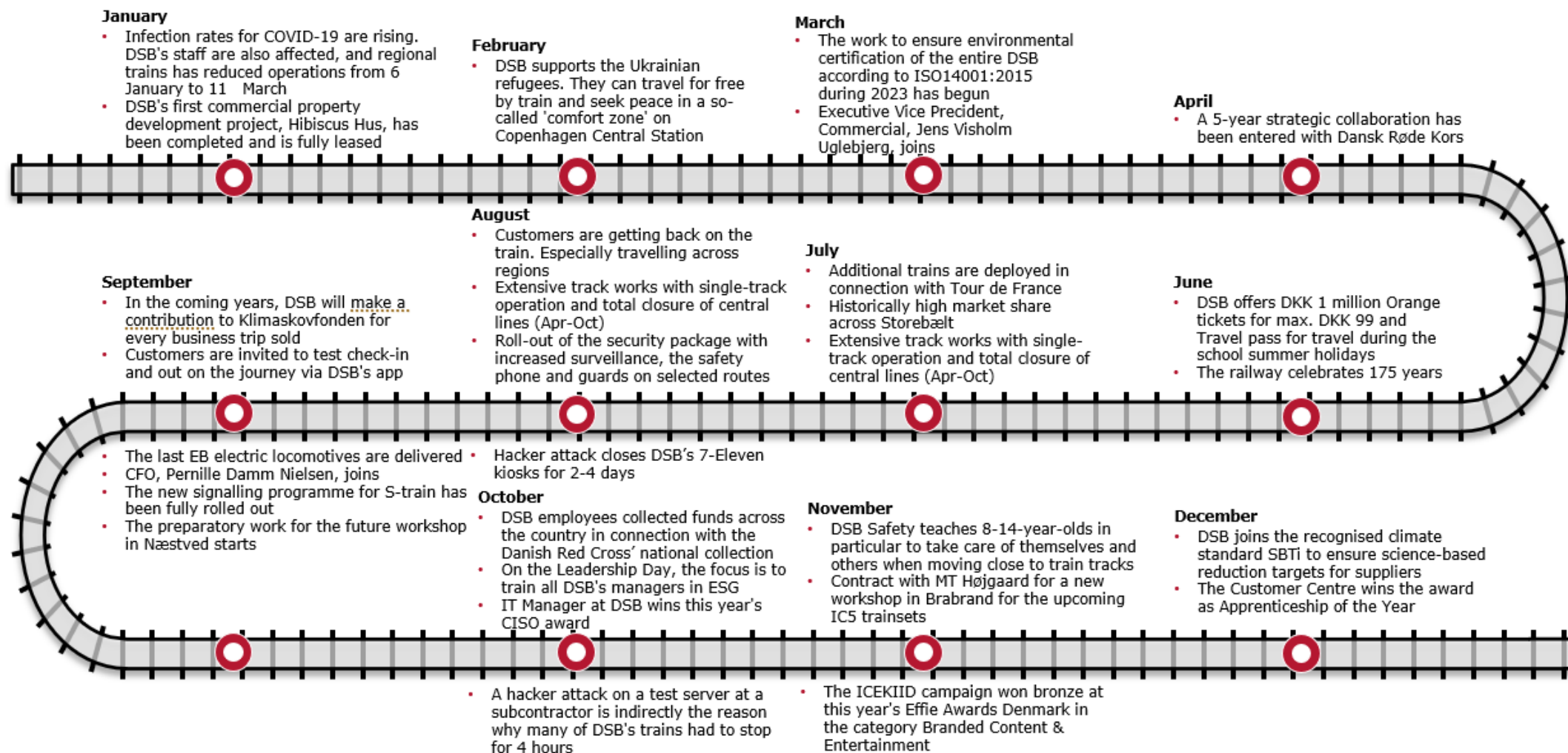
This is entirely in line with the EU's new requirements for non-financial reporting. This includes CSRD (Corporate Sustainability Reporting Directive), which requires large corporations to report in detail on ESG from 1 January 2024. This refers to the sustainability of the corporations in relation to the environment as well as social and management conditions.

DSB works actively with non-financial key figures as part of the strategy.

A review of the social responsibility in accordance with Section 99a of the Danish Financial Statements Act has been prepared in the chapter Value Creation, which is part of the management report.



2022 in headlines



Value creation

The Danish Financial Statements Act Section 99a

The review for social responsibility must ensure understanding of DSB's development, profit/loss and situation plus how the corporation's activities affect the climate, social conditions and staff conditions, conditions concerning respect for human rights, as well as combating corruption and bribery.

Business model

DSB offers environmentally friendly passenger transport and is an independent public corporation operated on a business model based on passenger revenue and contract revenue from the state.

In the longer term, income from property development will contribute to the financing of DSB's core business - train operations - and make possible investments in good travel experiences.

DSB delivers value to customers through a high level of punctuality, attractive prices and products as well as good travel experiences.

The customers should feel well guided and safe in clean trains and on clean stations as well as experience good service in all parts of the journey.

DSB's products are sold via digital channels with the opportunity for personal sales at selected locations.

DSB helps to connect Denmark and ensure mobility through passenger transport. To provide passenger transport, DSB has a number of inputs as well as sales and service channels.

Inputs

A fundamental target for DSB is to be effective and flexible, constantly focusing on the customers and their needs. In 2022, the customers had 163.7 million journeys with DSB.

DSB has approximately 6,000 full-time employees working to ensure best possible train operations, today as well as in the future. In addition, there are 370 trainsets, which are all maintained and prepared for operation at DSB's 8 workshops and preparation centres.

Inputs



Sales and Services



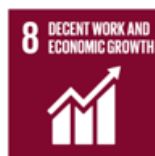
Passenger transport



Result

Litra kilometres Customer punctuality Passenger revenue Customer satisfaction Number of journeys Market share

Contribution



In collaboration with Banedanmark and other traffic companies in Denmark, cohesion is ensured in traffic planning and other areas.

DSB purchases energy for operation, spare parts, IT systems, other services, etc. which contribute to the train operations and sale of tickets as well as to development of DSB.

Sales and services

DSB works on selling and providing information on the entire customer journey as well as creating cohesion between types of transport. The products must be reliable at attractive prices, and similarly, sales and services must be simple and user friendly.

The customers can buy tickets for the entire journey at stations, by using travel card or digitally via the website or app.

The customer centre handles approximately 2.6 million enquiries each year and strives to deliver a high level of service to all customers, regardless of whether this involves personal or self-service.

Reliable traffic information is important for the customers - when the trains run on time, when the timetables are changed as well as when incidents occur. Traffic information is more than just timetables. There are also departure times, destinations, extra trains and cancellations, delays, causes, prognoses, and advice.

DSB operates and develops 196 stations across Denmark focusing on providing a good customer experience. In addition, DSB have 62 7-Eleven kiosks and 4 station houses. Work is being done on

an ongoing basis to ensure that the customers feel they are receiving proper guidance and that they feel safe in clean stations. As part of the government's security package from June 2022, 'A safer and more secure Denmark', DSB has added guards to selected lines on the S-train track, increased surveillance at stations, etc.

Passenger transport

DSB contributes towards sustainable mobility, which is, as much as possible, congestion-free. This takes place through reliable, environmentally friendly train operations and by creating cohesion with other forms of transport. DSB helps to connect Denmark, establish transport connections to foreign destinations and ensure mobility for the numerous people who depend on the train to make their daily lives work.

Every year, more than 50 million kilometres are covered by train. Similarly, every day, service is provided to around 450,000 customers, who contribute to fewer cars on the roads and lower CO₂ emissions from Danish transport.

A sustainable way forward with room for all of us

In December 2019, Denmark adopted a climate act. It requires Denmark to lower CO₂ emissions by 70 percent in 2030 in relation to 1990. This must take place with the target of minimising the consequences of global warming. The transport sector contributes to a significant portion of the emission since it constitutes 29 percent of Denmark's total CO₂ emissions. The emissions from the transport sector come primarily from road transport¹.

The Danish Energy Agency's projection of Denmark's climate impact shows that the transport sector's share is expected to increase to 32 percent of Denmark's total CO₂ emissions in 2030. In addition, congestion has increased in and between Denmark's largest cities. For example, traffic on motorways has increased by 25 percent in the period from 2011 to 2021. This is partly because the Danes have acquired more cars, which they use for more transport².

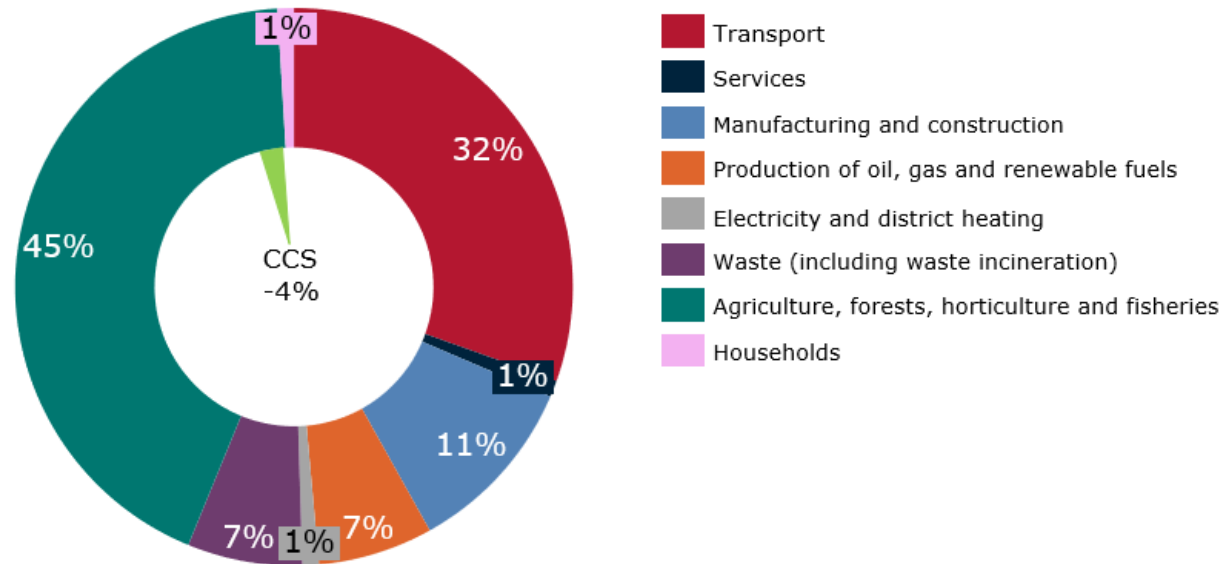
The development is expected to continue and thus contribute to increased CO₂ emissions from the transport sector. In 2018, the expert group 'Mobilitet for fremtiden' (Mobility for the future), founded by the minister for transport at that time, presented its expectations on mobility in the future. Among other things, these pointed to a massive increase in congestion in and between the largest Danish cities and suburbs³.

¹ https://ens.dk/sites/ens.dk/files/Basisfremskrivning/4a_kf21_sektornotat_-_transport.pdf

² <https://www.vejdirektoratet.dk/side/trafikkens-udvikling-i-tal>

³ <https://www.trm.dk/media/ia1imzyf/ekspertgruppen-mobilitet-for-fremtiden-afrapportering-marts-2018-ny.pdf>

Figure 1: Distribution of the expected total CO₂ emissions in 2030, distributed by sectors⁴



In the projection, CCS is handled as being non-sector-distributed, negative emission

The train is a means for solving the challenges faced by the sector. A shift between forms of transport, from flying and driving in passenger cars to increased use of trains and public transport, is indicated as being one of the means of reducing CO₂ emissions nationally as well as globally while reducing congestion.⁵ The train is able to transport many people in and between the largest Danish cities in a way avoiding congestion and other negative external factors seen in car traffic in large Danish

cities. The train is also particularly energy efficient and therefore requires less energy and thus has lower CO₂ emissions per passenger kilometre than the average gasoline and diesel car. The train therefore constitutes a key component in the solution of some of society's key environmental and congestion challenges. Therefore, DSB's social responsibility is to ensure sustainable mobility across Denmark.

DSB's purpose 'A sustainable way forward with room for all of us' identifies this core task: To remedy congestion and offer an environmentally friendly and cost-efficient mode of transport for the Danish people.

Room for all of us...

DSB wants to gain as many customers as possible so as to increase its social contribution towards the green transition and a Denmark with less congestion.

A key parameter for DSB is that everyone should feel welcome and safe in the trains and at the stations. Therefore, DSB shows consideration towards all, regardless of race, ethnicity or sexuality as well as exposed sections of the population - for example children, the elderly, and persons with disabilities - and uses relevant products to ensure that they too feel welcome at DSB. The train has room for all of us.

This also applies to DSB as a workplace. DSB wants to be an attractive workplace characterised by diversity, where differences can thrive and contribute to creating better quality in our work and results. DSB greatly prioritises employee safety, well-being and the working environment as well as hiring students, trainees and people who may have a hard time entering the labour market.

...on a sustainable way forward

Today, the train is a more environmentally friendly alternative to the car, with substantially lower CO₂ emissions per passenger. But DSB wants more. Therefore, DSB has a goal that it should be possible for all journeys by train with DSB to be CO₂-neutral

⁴ Diagram source: The Danish Energy Agency, projection of the Sector's share of the total net emissions in 2030, the Danish Energy Agency's Climate Status and Projection 2022

⁵ The climate area: file:///C:/Users/aneb2502/Downloads/klimaraadet_web_enkeltider.pdf og UNEP, Emissions Gap report, 2022

in 2030 (scope 1 and 2)⁶. To achieve the goal, up until 2030, DSB will invest in new, modern electrically powered trains and new workshops, which at minimum, are awarded a DGNB Gold certificate for sustainable construction.

DSB also has ambitious targets for the other areas with environmental impact. This includes halving energy consumption in 2030, eliminating emissions of particles from the trains' engines as well as reusing 90 percent of the waste.

Sustainability also includes economic viability. Therefore, a key part of DSB's strategy is ongoing efficiency improvement. This should ensure the opportunity to be offer competitive and attractive products for the benefit of customers with the primary goal of getting more Danes to take the train.

"We are looking at a near future where train journeys will not only be CO₂-neutral but also a more energy-saving form of transport. Energy-saving is a key parameter in the green transition."
Aske Mastrup Wieth-Knudsen, Vice President, Sustainability

Partnerships

DSB seeks out and enters into partnerships with organisations that support our purpose. This includes amongst others partnership with Natteravnene, with the purpose of creating security and room for everyone in the trains and at the stations. Furthermore, a collaboration with Danish Red Cross has

been established in order to develop activities supporting vulnerable people in Denmark as well as in the world's hotspots.

In addition, a cooperating with Livslinien on initiatives aimed at minimising the number of suicides on railways has been established.

VELKOMMEN HJEM (WELCOME HOME) has been founded by a number of corporations supporting veterans by focusing on how the military competences and experiences can be applied in the civilian business world. The goal is to support veterans

in a good and realistic transition from the military to the civilian labour market. A number of managers at DSB have, over the course of the year, acted as mentors for veterans. DSB is also a member of Interforce, which works to strengthen the cooperation between the civilian sector and the military Reserves.⁷

In 2022, a strategic commercial partnership was entered into with Klimaskovfonden on providing assistance to the foundation's work with planting forests by making a contribution for every business trip sold.



⁶ The goal for CO₂ neutrality in 2030 includes emissions from DSB's direct and indirect energy consumption for trains and other operations (scope 1 and scope 2 emissions, cf. the GHG protocol).

⁷ Information about this can be found at www.interforce.dk

Via Property Development and in collaboration with joint venture partners, areas are being developed, including for the benefit of city development. This includes Hibiscus Hus, a residential property constructed in collaboration with the FB-gruppen. The property was awarded a DGNB Gold certificate for sustainable construction.

Common to the partnerships is to create 'A sustainable way forward with room for all of us'.

Traffic vision

In these years, a lot of infrastructure work is taking place on the railway to strengthen and future-proof it. At the same time, DSB is in the process of replacing the aging rolling stock to have a more uniform, environmentally friendly, and comfortable train fleet.

The number of projects will be completed around 2030. This way, the prerequisites for realising DSB's traffic vision for Long-distance & Regional trains are present. It will be possible to drive faster, and the number of operational interruptions will be significantly reduced, which will mean fewer delays. The upgraded infrastructure can, in combination with the new train material, enable a significant improvement of the product DSB offers the customers. This includes more trains operating at a higher frequency, in particular between regions, as well as significantly shorter travel durations, e.g. a reduction in the travel time between Copenhagen Central Station and Aarhus H by 28 minutes. In addition, the new trains will offer improved comfort and greater capacity.

S-trains of the future

A political decision was made that the S-trains of the future will be driverless. In 2022, the last phase of the new digital signalling system (CBTC) was rolled out on the S-train tracks. The new signalling system will enable a driverless operation on the S-train of the future.

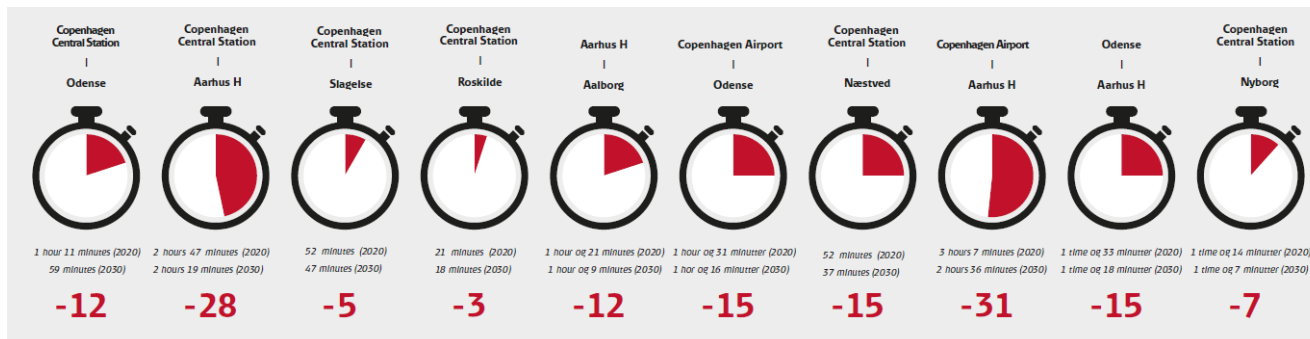
DSB is therefore working hard towards preparing the acquisition of new, fully automated driverless S-trains, which should be ready for gradual introduction from around 2029. At that time, customers will find trains running even more frequently than today. During daytime, most customers will have to wait no more than 7.5 minutes for the next departure.

The metro-like operation will mean even less need for planning the journey, which is expected to increase the number of S-train customers.

Driverless operation makes it easier to introduce more trainsets when the need arises. It also makes it far easier to correct traffic when the S-trains are affected by disrupting events. Customers will therefore experience better operation and punctuality than what is offered on the S-train track today. All in all, S-trains of the future will be better able to address congestion issues in and around the capital with a high-frequency S-train system supporting the overall collective traffic with Long-distance & Regional trains, metro, light rail and bus.

The improvements are intended to get more customers to choose the S-train and thus also contribute to reducing congestion in and around the capital.

Figure 2: Expected travel benefits in 2030



At the same time, the political decision to expand the S-train network to Roskilde means that even more customers will enjoy the benefits of the S-train track of the future.

Strategy, social responsibility and global goals

With the purpose 'A sustainable way forward with room for all of us', DSB makes a promise to make a significant contribution to the green transition together with customers and suppliers. DSB is part of making Denmark more sustainable through effective and environmentally-sound public transport that reduces congestion on the roads in and between the major cities.

A targeted effort is aimed at offering all customers an effective, comfortable and environmentally friendly journey, door to door. This is to be realised via the strategy 'Market-oriented DSB', which addresses how DSB will live up to the promise of contributing to the green transition of society through increased market share.

A market oriented DSB

DSB has identified 3 strategic focus areas and their associated initiatives in 'A market-oriented DSB':

- The customer in focus
 - DSB must understand and deliver the entire journey for the customer
 - DSB must create cohesion between different modes of transport
- DSB must be competitive and sustainable
 - DSB must provide sustainable operations
 - DSB must simplify and improve the efficiency of the business
- DSB must develop the employees and culture
 - DSB must strengthen employees
 - DSB must establish a common culture and direction

For each focus area, annual goals have been set to achieve the long-term 2030 targets supported by a number of KPIs.

ESG is central to DSB's purpose and role in society. Therefore, it is important that focus areas and goals for the work are integrated into the strategy so as to attain the ambitious goals of having more customers in the trains while contributing to the green transition through strategic focus on reducing the environmental impact of the train.

The SDGs and DSB

DSB actively supports Denmark's contribution towards realising the SDGs. In order to define DSB's contribution to the fulfilment of the 17 SDGs - including the 169 targets - DSB has selected the SDGs that are part of the strategic work and are thus expected to make the biggest impact.

The train plays a critical role in achieving the SDGs. The train is the backbone of public transport and ensures equal access to passenger transport with reduced environmental impact for everyone.



Identification of the most important SDGs for DSB
On the basis of an assessment of DSB's impact, the SDGs that will have the greatest effect have been selected. This involves both the SDGs where DSB currently has the most direct impact as well as the

SDGs where DSB is having a positive indirect impact on society.

In particular, DSB contributes towards 7 selected SDGs, and it is deemed that the efforts in these areas can make the biggest difference as we head towards 2030.

The 3 SDGs that DSB contributes towards in particular are:

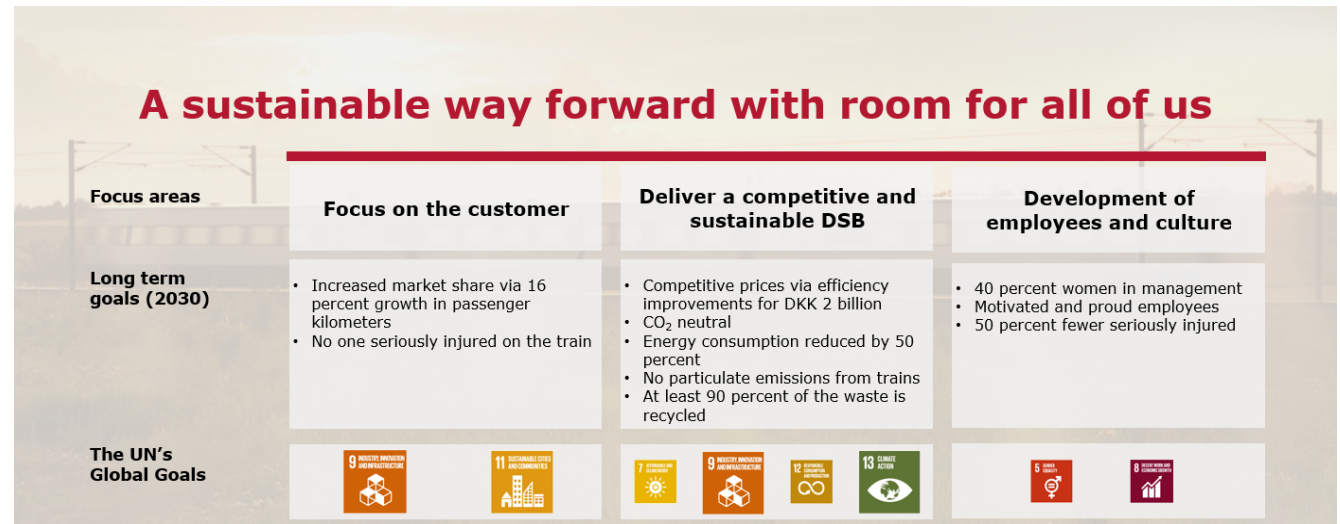


The SDGs 'Industry, Innovation and Infrastructure', 'Sustainable Cities and Communities', and 'Climate Action' are those where DSB has the greatest possibility of influencing society in a more sustainable direction. This is due to the train's role as a reliable, safe and sustainable means of transportation, with equal access for everyone at an affordable price.



The 4 SDGs, 'Gender Equality', 'Affordable and Clean Energy', 'Decent Work and Economic Growth', and 'Responsible Consumption and Production', are also supported via DSB's activities through goals, action plans and activities.

The 7 aforementioned selected SDGs are integrated into DSB's strategy and are all supported by short- and long-term goals, which define DSB's contribution and follow-up thereto. DSB's long-term goals



all refer directly to a sub-goal and are indicators for the specified SDG. This way, DSB specifies the work with the SDGs and contributes towards creating a more sustainable society.

ESG (Environmental, Social and Governance)

Even now, the train is an environmentally friendly form of transport compared with gasoline and diesel cars or domestic flights. DSB is required to focus continuously on reducing the environmental impact so as to strengthen the train's position further and thus contribute towards society's green transition. Therefore, in the coming years, DSB will invest a significant amount in the billions on purchasing new electrically powered trains, which will enable the phase-out of diesel-powered train operations. This will result in large reductions in the emissions of CO₂ and particles.

In addition, DSB undertakes a social responsibility of providing all Danes with access and opportunity to use the train, and similarly, DSB wants a workplace with a good working environment and a diversity that reflects Danish society.

DSB therefore works actively with non-financial key figures as part of the strategy and purpose. DSB defines ESG as a framework for sustainability reporting and regulation, which also includes the following from EU: The EU Taxonomy Regulation, Disclosure-Regulation, Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).

Clear strategic direction

The work with ESG and social responsibility is nothing new for DSB. Work on minimising and reporting on the critical environmental impact has been going on for a long time - including climate impact, energy consumption, water consumption and share of reuse. In addition, DSB has a lot of experience

working with safety, good staff conditions, the working environment and diversity as well as ensuring good and transparent corporate governance.

The new aspect of the work with ESG and social responsibility is integration in the business strategy 'A market-oriented DSB' as well as the clear strategic direction that is set in the form of long-term 2030 goals for all focus areas. This involves ongoing development, where the description of ESG as well as reporting on relevant non-financial key figures is elaborated upon in the annual report on an ongoing basis. This is part of the strategic work as well as the first step towards meeting future EU requirements for the extension of the non-financial reporting (CSRD).

Policy for social responsibility

The general frameworks for DSB's work with social responsibility and ESG are described in DSB's policy for social responsibility. The policy describes and establishes the framework for how DSB can conduct itself responsibly within a number of key areas – including safety, environment, sustainability, human rights, anti-discrimination, diversity, the working environment and the ILO convention.

Living up to the purpose and social responsibility within the abovementioned areas establishes trust with the surrounding world. In part, that trust is generated through conduct that exhibits good social responsibility and by minimising any negative impact on society. Therefore, the policy for social responsibility also includes a description of the conduct and the fundamental values that everyone at DSB must conform to so as to generate trust.

The policy for social responsibility is an overall umbrella policy setting the framework for DSB's other

policies. The Board of Directors has general responsibility for the policy and evaluates it at least once a year. More information in this regard can be found in the policy for social responsibility, which is available on DSB's website.

To support the critical areas, DSB is certified within working environment, safety, information security and environment (applies to DSB Vedligehold A/S). The certificates document that DSB works in a structured and focused way to reduce the critical impact areas and risks within the mentioned areas.



The EU Taxonomy Regulation

In 2021, DSB for the first time reported with respect to the EU Taxonomy for sustainable economic activities. In 2021, the reporting included the activities that fell under the EU Taxonomy Regulation, only.

In 2022, DSB for the first time reports on the share of economic activities meeting the criteria for being classified as sustainable in relation to the EU Taxonomy Regulation for sustainable economic activities.

The EU Taxonomy Regulation is a common European classification system for economic activities. It is intended to contribute towards achieving the EU's environmental goals.

As a railway corporation, DSB is subject to the requirements for reporting under the categories 6.1 Passenger interurban rail transport, 6.3 Urban and suburban transport, road passenger transport, 6.5 Transport by motorbikes, passenger cars and light commercial and 6.14 Infrastructure for rail transport.

For DSB, greater standardisation of the ESG reporting and a classification of sustainability in relation to the EU Taxonomy is a positive and necessary development which should contribute towards transparency across industries and sectors.

Most of DSB's activities are covered by the EU Taxonomy Regulation. Furthermore, a large part of DSB's activities meet the requirements of being classified as sustainable. DSB has clear business and investment plans to ensure the vast majority of the activities being able to meet the requirements for sustainability in 2030.

When is an activity sustainable?

In 2022, DSB for the first time calculated the proportion of activities meeting the requirements for being sustainable and thus being classified as 'Taxonomy aligned'. The activities can be deemed sustainable providing that they meet the technical screening criteria for substantial contribution to at least 1 of the 6 SDGs that have been indicated. In addition, it should be possible to document that the

activity does no significant harm to the other 5 goals. Finally, it should be possible to document that the activity meets the defined social minimum guarantees.

DSB has taken a ‘precautionary approach’ to the work concerning the implementation of the EU Taxonomy Regulation. Therefore, if there have been doubts concerning the definition or the interpretation of what can be included, this has been excluded. Furthermore, DSB has accounted for and prepared documentation for the calculation of the sustainable activities.

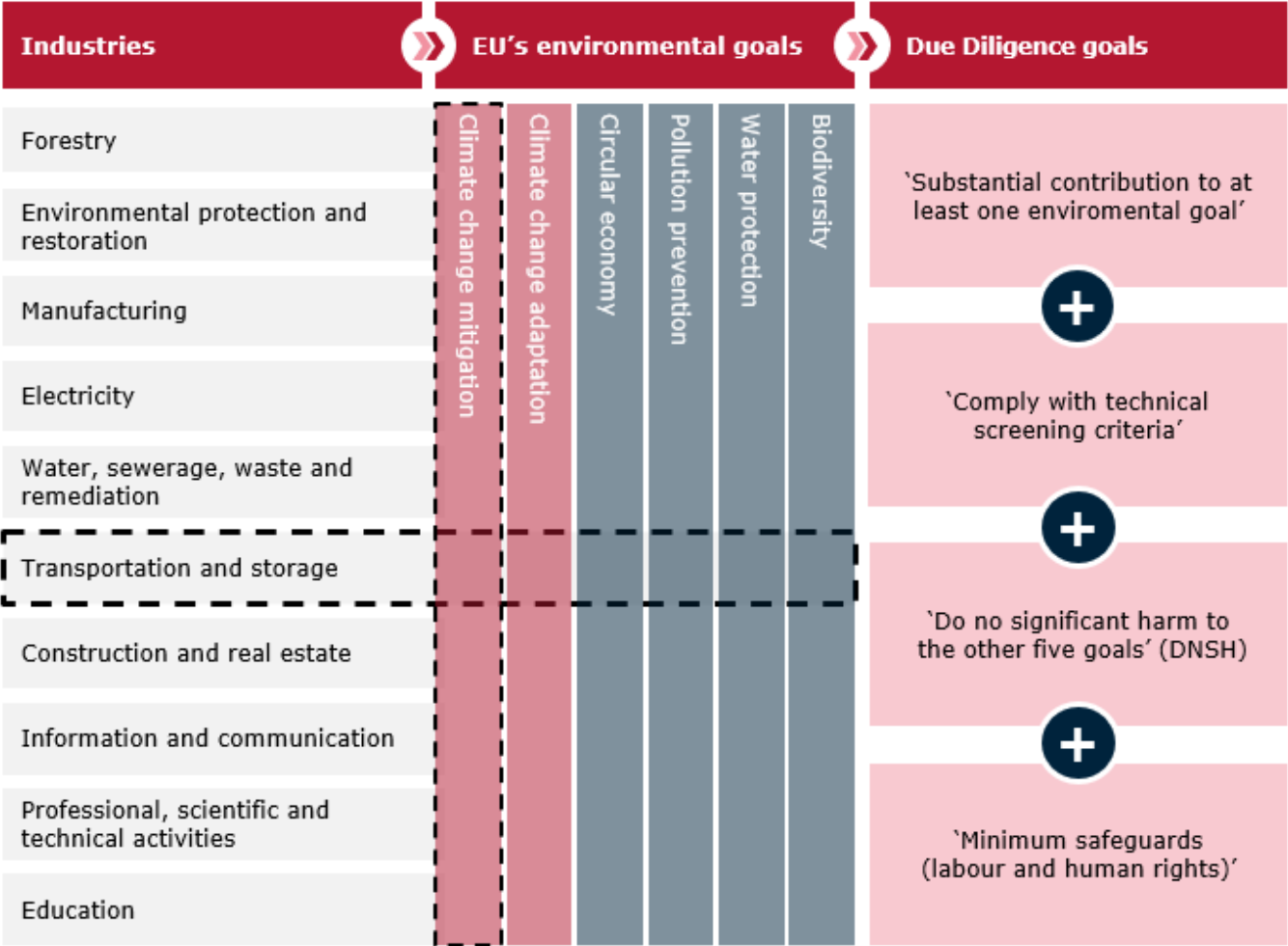
ESG reporting and applied accounting practices in the context of the EU Taxonomy Regulation can be found on pages 112-128.

"We have adapted our reporting on an ongoing basis in line with approval of the delegated legal acts. Dedicated key resources have been used across the organisation for the implementation of the EU Taxonomy Regulation at DSB."
Malene Richter Christensen, Vice President Finance

ESG-governance

DSB has a clear governance structure for the work with ESG. It helps to ensure the strategic goals being followed up with action since it places responsibility on the relevant organisational units for implementing the necessary initiatives.

This takes place, inter alia, by delegating strategic actions and goals to the relevant business areas. It is key to DSB’s approach that meeting the ESG goals is integrated, as far as possible, into the business strategy and is handled in a decentralised fashion in the relevant business units. In principle,



following the same approach that was traditionally used for classic budgets and follow-up in business.

The general decision-making mandate for the ESG work is anchored in the Board of Directors, who ensures that the strategy is implemented and that the strategically selected focus areas and long-term

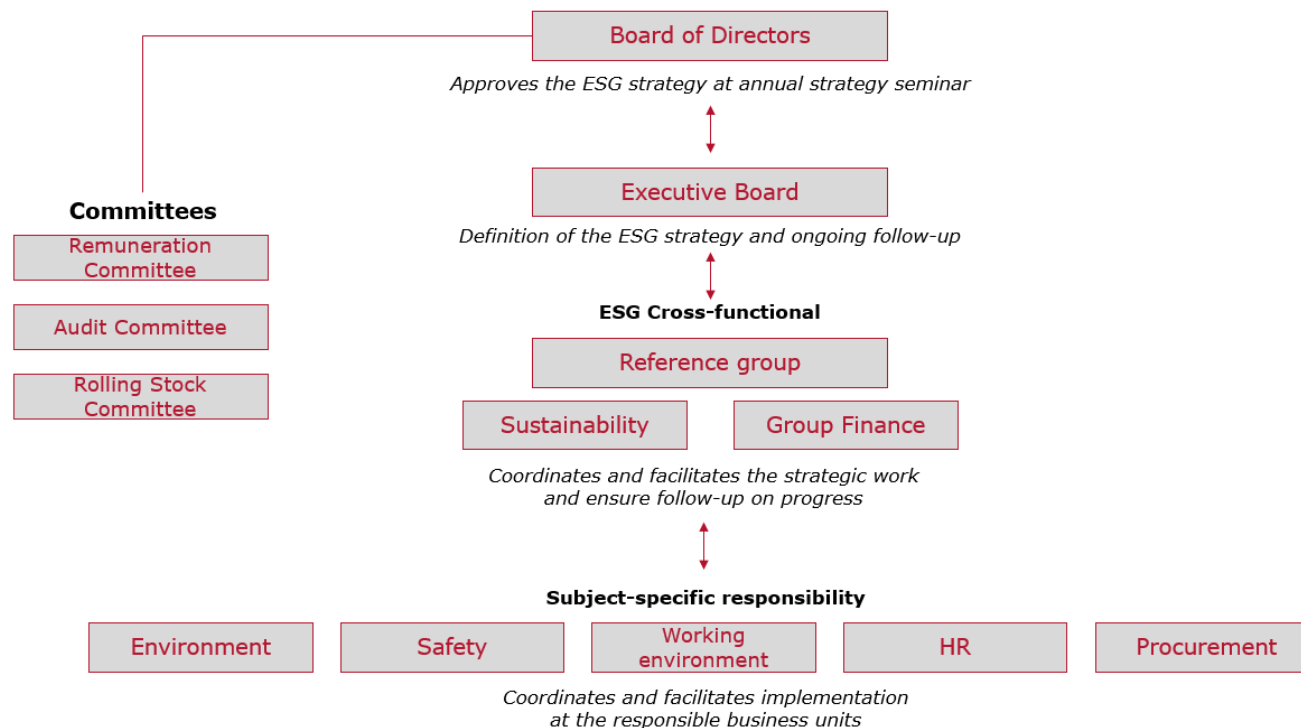
goals will be achieved as planned. The Board of Directors also approves updates to the critical policies.

The Executive Board is responsible for defining the general strategy - including for ESG, which is integrated in the strategy. The Executive Board ensures

ongoing follow-up and implementation of the selected ESG focus areas and goals.

The strategic work is performed by different cross-functional units - including Sustainability and Group Finance. The units are tasked with facilitating the strategic work of the Executive Board and Board of Directors and performing progress inspections with respect to strategy, consisting of KPIs and reporting, for which ongoing reporting is ensured. The work is coordinated in a reference group which meets at regular intervals. The group consists of Vice Presidents from relevant business areas.

The responsibility for the reporting at KPI level as well as identification, initiation and execution of the necessary initiatives is distributed across relevant organisational units. The work will be coordinated and facilitated by the departments responsible for the area.



ESG in credit agreements

Investments in sustainable assets - including trains and workshops - are the focal point for the composition of DSB's necessary external financing. In 2021, DSB entered into the first credit agreements with banks with interest terms dependent on the fulfilment of specific goals in the environmental area. The credit agreements are contingent on the following targets for 2030:

- CO₂ neutral – DSB is to be supplied with renewable energy
- No particle emissions from the train's engines
- At least 90 percent of waste is to be reused - i.e., turned into new resources.

The work with including sustainability targets in the financing agreements helps supporting DSB's long-term strategy. The financing agreements help clarifying the results and the consequences of the sustainability targets and context for the daily operations at DSB.

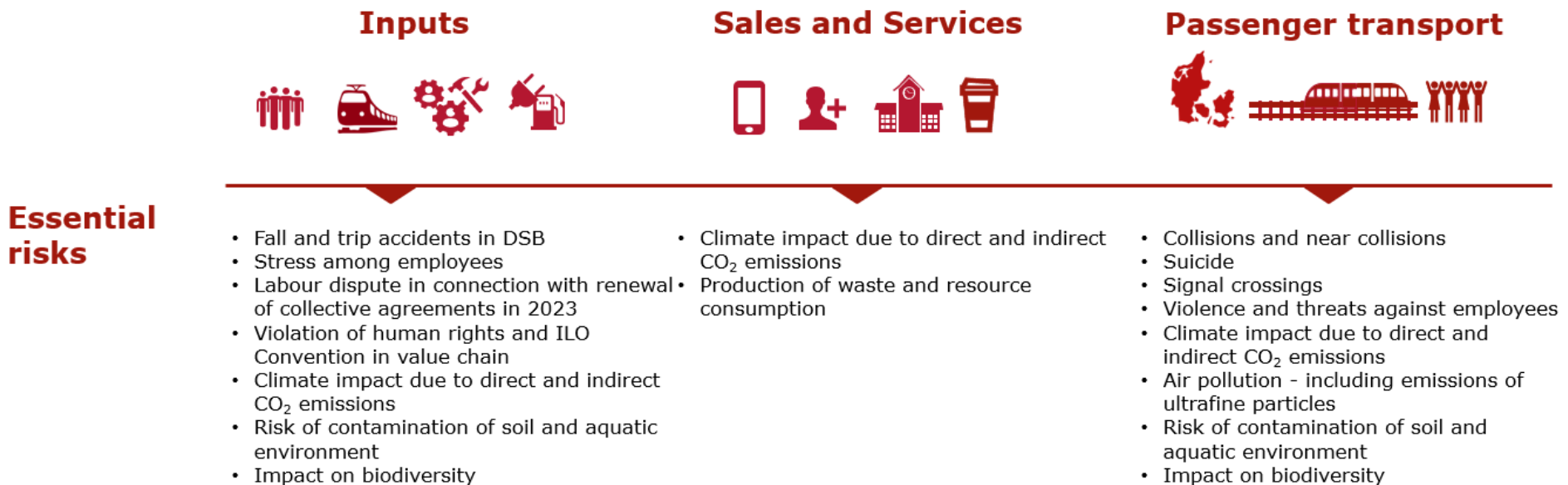
The investment programmes in the new train coaches, electric trainsets and workshops are key parts of DSB's sustainability strategy and would be basis for taking out financing over the coming years. The financing would be taken out by issuing bonds - including in the form of green bonds - and loan agreements, where sustainability targets are included to the greatest extent possible.

ESG risks at DSB

A fundamental factor in the work with ESG is minimisation of the critical negative impacts and risks. DSB fundamentally believes in the importance of identifying the most critical risks in order to be able to work systematically and in a structured way with preventing them. For selected risks, the prevention of critical ESG risks is integrated into the strategic focus areas and long-term goals. Risk management of critical ESG risks is therefore an integrated part of the strategy and decision process at DSB. Knowing the most critical ESG risks and working to minimise them is a key part of the management system behind several of DSB's certifications – including within Safety, Working Environment and Environment.

Working with the most critical ESG risks has to ensure that these are handled through business decisions and value creation for DSB's stakeholders.

In 2023, ESG risk management will be aligned with the rest of the risk management. It is a natural part of the continuous work with integrating ESG into the strategy and the supporting decision processes.



Environment

The train is an environmentally friendly form of transport and a key part of the solution for the challenges with society's green transition. Environment is therefore a key part of DSB's purpose, is integrated into the strategic focus areas and is a strategic priority for DSB. The target is for all DSB's train journeys in 2030 to be CO₂-neutral.

Despite the train's characteristics and role in the green transition, the train and the related activities still impact climate significantly. For many years, DSB has worked with minimising environmental impact from operations, and since 1996, an Annual Environmental Report has been published. In 2019, DSB set 4 ambitious 2030 objectives for the work with reducing the corporation's environmental impact.

The 4 environmental goals for 2030 are:

- Goal 1: CO₂ neutral - DSB is to be supplied with renewable energy
- Goal 2: Reducing energy consumption by 50 percent - driven by improved energy efficiency
- Goal 3: No particle emissions from the locomotives' engines - avoiding environmental impact
- Goal 4: At least 90 percent of waste is to be reused – i.e., turned into new resources

Apart from the objective of being CO₂-neutral in 2030 (scope 1 and 2), DSB is working on setting reduction targets for CO₂ emissions for suppliers across the entirety of DSB's value chain (scope 3), and in 2022, DSB applied for joining SBTi (Science Based Targets initiative).

DSB is working on an ongoing basis on minimising the environmental impact as well as identifying and implementing initiatives for realising the goals. The work with minimising the environmental impact supports DSB's environmental policy.

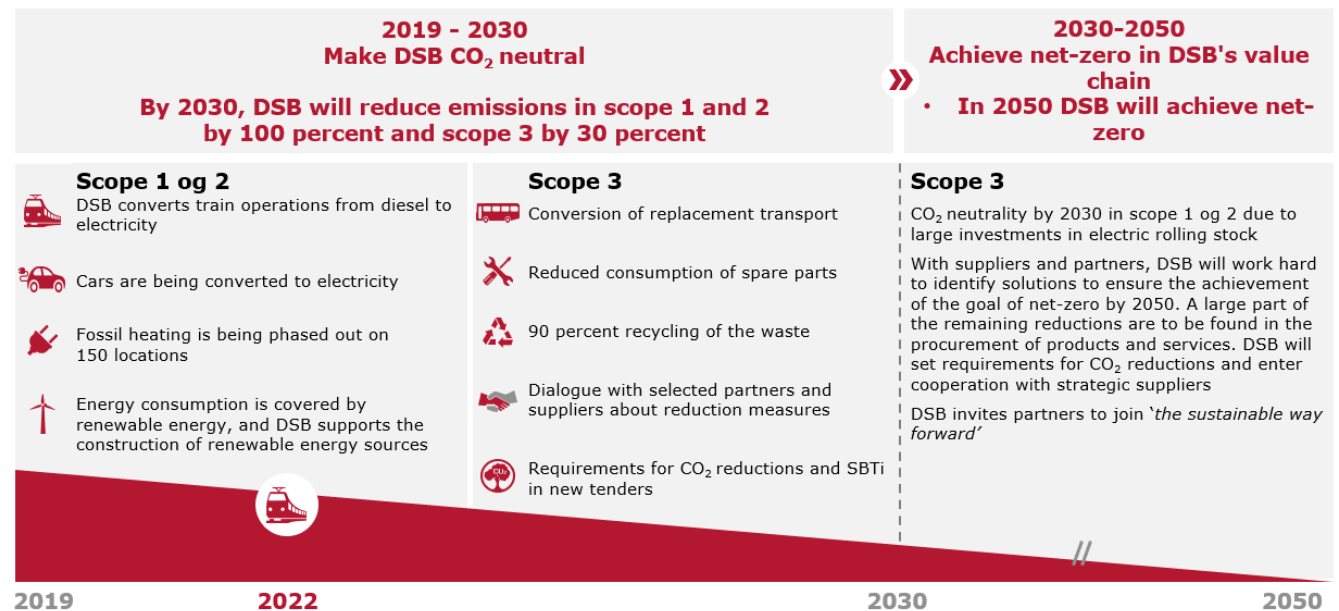
The fundamental positions of the environmental policy are that:

- DSB is responsible for offering sustainable public transport

- DSB will carry out ongoing environmental improvements of the corporation

The environmental policy describes how DSB will achieve this, including by setting goals for systematic follow-up on initiatives and results so as to achieve ongoing improvement of the corporation's environmental impact as well as to have a structured approach towards prioritisation and handling of environmental risks and opportunities.

DSB has published the Annual Environmental Report 2022, which is available at www.dsb.dk

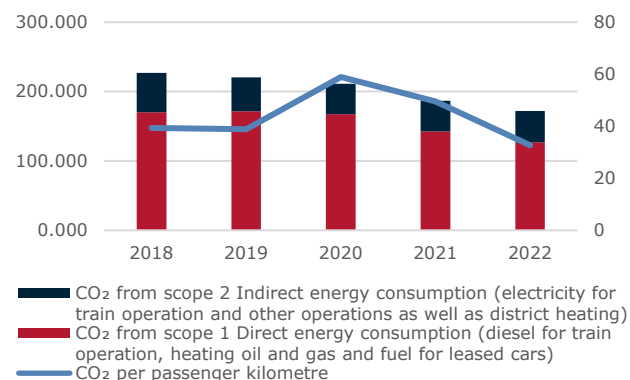


CO₂ emissions

DSB has invested in 42 EB electric locomotives and, by 2030, will invest in a minimum of 100 IC5 electric trainsets. The investments make it possible to phase out the diesel-powered train operations and make a significant contribution to reducing CO₂ emissions from train operations. As the transition is made from diesel trains to electric rolling stock, new and more energy-efficient workshops will be established that will also have a positive impact on CO₂ emissions associated with DSB's other operations.

Figure 3: The development in CO₂ emissions (scope 1 and 2)¹⁾

Tonnes CO₂



¹⁾ CO₂ emissions are calculated based on emission key figures for each individual type of energy. From and including 2022, the CO₂ target is only about DSB's direct and indirect energy consumption (scope 1 and 2). Comparative figures have been adjusted.

In 2022, the CO₂ emission fell by 8 percent in relation to 2021, corresponding to just under 15,000 tonnes of CO₂. The development is primarily due to the full-year effect of the phasing out of ME locomotives and increased operation with electrically powered rolling stock. The CO₂ emission per passenger kilometre is decreasing in relation to the years before 2020 and 2021 - years impacted by COVID-19 and fewer journeys.

Energy consumption

The electric locomotives and the electric trainsets will contribute to a large part of the energy optimisation together with the new and more energy-efficient workshops. At the same time, DSB will continue to invest in the optimisation of the rest of the operation of workshops and buildings. Through the environmental policy, DSB focuses on reducing the impact on the local environment as well as the energy consumption.

88 percent of DSB's total energy consumption was used for train operations in 2022. DSB's total energy consumption has decreased by 4 percent compared to 2021.

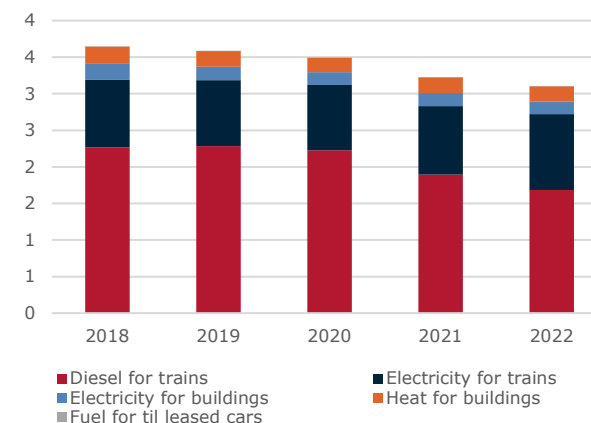
The transition from diesel to electric train operations has resulted in the consumption of diesel for train operations decreasing by 11 percent, while the consumption of electricity for train operations has increased by 11 percent. Overall, this results in a 5 percent reduction of energy consumption for train operations.

Energy consumption for the remaining operations has decreased by 3 percent compared to 2021. The development in energy consumption is the result of a number of energy-saving initiatives introduced in 2022. In particular at workshops and preparation

facilities for trains, the focus is on optimisation of energy by controlling light and heat. Here, old lighting units are also being replaced by LED light sources. At DSB's 7-Eleven kiosks, the focus continues to be on implementing energy-saving initiatives.

Figure 4: Energy consumption¹⁾

GJ (million)



¹⁾ Diesel for trains is automatically registered when filling up the tanks. Electricity for trains is settled on the basis of invoices from Banedanmark. From and including 2022, the goal is only about DSB's energy consumption for train operations and other operations (electricity and heat in buildings). Comparative figures have been adjusted.

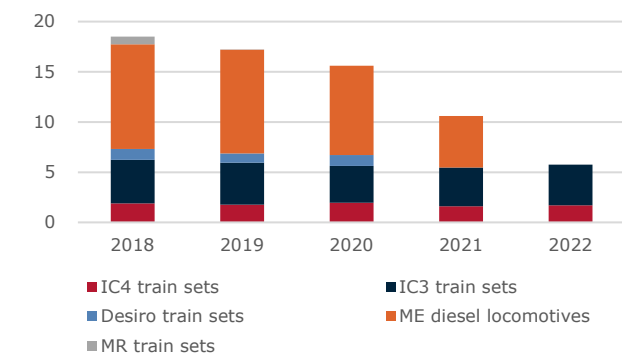
Particle emissions

DSB's objective is zero particle emission from train engines by 2030. This is to be achieved via the deployment of electric trains and requires that Banedanmark continues the electrification work on the rail network.

Diesel trains have local impacts on air quality in the form of particles and NO_x, etc. The electric trains emit no particles from their engines.

Figure 5: Particle emissions from the train's engines¹⁾

Particles, tonnes



¹⁾ Particle emissions are calculated based on diesel consumption for the individual litre and a number for the particle emissions per litre of diesel.

Significant reduction in particle emissions as the diesel trains are phased out

DSB's focuses greatly on reducing particle emissions - including the ultrafine particles. The continued reduction in diesel-powered train operations has resulted in a significant drop in particle emissions. In 2022, particle emissions from train engines decreased by 46 percent compared to 2021 by mass (tonnes). This is caused by the full-year effect of the phase-out of ME locomotives.

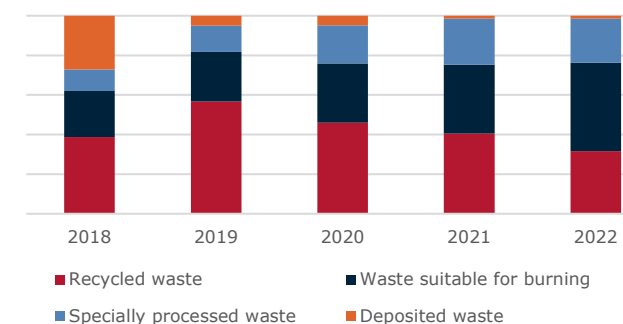
Waste

DSB's objective is to reuse at least 90 percent of waste in 2030. The remaining 10 percent of the waste in 2030 will be waste that is expected to require other treatment.

In order to reach this goal, focus is on optimisation of waste management at the workshops, when preparing the trains, at stations and in the administration, so the amount of waste can be reduced and reused to a higher degree than at present.

Figure 6: Waste distributed by disposal method¹⁾

Distribution of waste



¹⁾ The statement on the quantity of disposed waste is based on data from the suppliers that carry out the tasks on behalf of DSB. The objective of recycling 90 percent of waste now also applies to building and facility waste from 2020 onwards. Comparative figures have been adjusted.

In 2022, the total reuse percentage was 32. This represents a drop in relation to 2021. One of the reasons being that DSB sold rolling stock directly for reuse in other places in Europe - typically replacing older rolling stock. The alternative would have been to scrap the rolling stock, where the majority of the material would be recycled.

During 2022, DSB sold:

- 21 ME locomotives
- 9 IC2 trainsets
- 6 IC4 trainsets
- 2 MR trainsets (delivery is pending)

Focus on reuse

All DSB's 7-Eleven kiosks have expanded waste sorting, so that 48 of the 62 kiosks and 4 station houses sort waste into 6 categories.

In 2023, a pilot study will be implemented at 6 stations, allowing customers to sort waste into selected categories. The pilot study includes 2 different concepts for customers to sort waste at stations.

A corresponding study with waste sorting on S-trains and selected IC4 trainsets has been initiated at the end of 2022. The customers sort into 2 categories: Food and residual waste. On the same trainsets, the small waste bags have been removed.

On selected regional trains, the small waste bags were removed on a trial basis at the end of 2022. Instead, the customers were asked to take their waste from the train.

The reduction target for CO₂ emissions in the entire value chain

In order to comply with the environmental policy, consideration for the environment during procurement is critical. This is done by imposing requirements on suppliers and partners. Therefore, DSB has for years imposed environmental requirements - including climate requirements - on selected suppliers.

In 2022, DSB mapped 2019 CO₂ emissions from the value chain - also called scope 3 emissions - in accordance with the GHG protocol (the Greenhouse Gas Protocol). The mapping provides a better overview of DSB's total climate impact. CO₂ emissions from the value chain (scope 3) constituted about half of the total climate impact for 2019.

On the basis of the calculation, DSB has set goals on reducing climate impact from the value chain (scope 3) by 30 percent in 2030 and to achieve net-zero by 2050. DSB has started on this path and has initiated dialogues with several of the strategically important suppliers, but all the necessary solutions have not been identified yet.

Climate reduction targets and SBTi⁸

Based on the existing goal of being CO₂ neutral in 2030 (scope 1 and 2) as well as the new reduction targets for the emissions from the suppliers (scope 3), DSB in 2022 committed in setting scientifically based climate reduction targets within the framework of the Science Based Targets initiative (SBTi). It is a strategic desire for DSB to have the climate reduction targets approved by SBTi to ensure that targets are based on science. In 2022, DSB provided the climate reduction targets to SBTi, and the expectation is to obtain approval at the end of 2023 or in 2024.



"For DSB it is critical that the climate reduction targets are aligned with what science deems necessary for living up to the Paris agreement and thus minimising global warming. Therefore, the application for SBTi approval of our reduction targets is a critical milestone in the work on limiting climate impact."

Aske Mastrup Wieth-Knudsen, Vice President, Sustainability

Other environmental issues

ISO14001:2015 environmental certification

DSB Vedligehold A/S has been environmentally certified during all the years. At the end of 2021, DSB decided that the environmental certificate's scope should be extended from covering activities concerning maintenance and preparation of trains only to covering all of DSB's activities. The work with extending the environmental certificate is in progress and will continue in 2023.

⁸ Science Based Targets initiative is a merger of 4 NGOs: Carbon Disclosure Project, FN's Global Compact, World Resources Institute

and WWF. The organisation advises companies in setting scientifically based climate reduction targets so as to conform to the Paris

Agreement's ambition of limiting global warming to 1.5 degrees Celsius.

Approval of new electric locomotives

An important step towards the target of becoming CO₂ neutral in 2030 has been reached since DSB has had all 42 EB electric locomotives delivered and approved. And they run like a dream, according to train driver Jesper Kjærulff.

It was pouring when Jesper settled down in the brand-new EB electric locomotive. It is the last Wednesday in September and the day marks a milestone in DSB's history.

When Jesper completes the evening's test run from Copenhagen Central Station to Elsinore and back again, it will be the last of 42 test runs in just as many new electric locomotives.

"I also did the test run with the first EB electric locomotive 2 years ago, and now we have reached the last one," says Jesper, while using a joystick to set the train in motion on its first real run on Danish tracks.

The 8,700 horsepower engage silently, powered by 25,000 Volts from the overhead contact line above the train. Behind us are a number of long coaches, which are empty because of today's test run.

Lots of power

Quickly we get up in speed and Jesper smiles happily. He says that, as a train driver, the new locomotive represents a very powerful driving experience.

"You really feel all the horsepower, and there is very strong acceleration," he says excitedly and explains that the EB locomotive is a race car compared to the old diesel locomotives that they replaced.

"And then they run on electricity. That's fantastic. After all, DSB must be CO₂-neutral in 2030, and with the new electric locomotives, there is no soot and no particle emission," says Jesper as the train makes its way through dark evening, the windshield wiper working on maximum against the large windshield.

Also to be used internationally

As it is now, DSB only needs 28-30 of the new locomotives for operating in Denmark. The rest will be introduced once the new Talgo train coaches are delivered, which will offer environmentally friendly transport to Germany.

Until then, the most important aspect, according to Jesper, is that DSB gets some modern and powerful electric locomotives running well and being more sustainable and punctual than the old ones.

Back in the electric locomotive, Jesper controls the speed and brakes with 2 joysticks, and many of the buttons that he is used to from the old trains have been replaced with screens displaying information on the train's operation.

He explains that, on average, the locomotive uses around 11 kWh per kilometre driven. The reason consumption is so relatively low is primarily because the locomotive is able to generate power during braking.

Acts like a dynamo

Put simply, the EB locomotives can produce power when there is resistance during braking, similarly to dynamos on a bicycle, and that power is sent back into the hanging wire to be used for other trains. And that is very important to Jesper.

"I can always follow how much power we have used and how much we have produced. On this trip, we have thus

far sent more than 50 percent back into the overhead wire, and you can easily find yourself competing to see how much power you can save," he says.

During the test run, Jesper also keeps an eye on whether the electric locomotive is pulling and braking as it should. The previous 41 have all been approved without any major comments, and this one appears to be on its way to a similar result.

"Well, it is a locomotive that was produced in the last 12 years and which runs in many places in Europe. So it works," he says, slowing down towards Copenhagen Central Station, while the figures in the counter that measures the amount of power sent back increase merrily.

When the train stops, there is little tension regarding the outcome of tonight's test run. "It's approved," Jesper says.



Social conditions

With a strategic focus on strengthening the role of the train in the green transition, DSB has further chosen to integrate the work with safety, working environment and diversity in the strategic focus areas. This is done with the conviction that the work with these focus areas generates value for society, while the focus on social conditions contributes to DSB's ability to attract even more customers to the train and thus contribute towards a Denmark free of congestion and with lower CO₂ emissions.

This also underlines DSB's holistic focus on sustainability. Even though DSB's primary contribution to a more sustainable development, cf. the SDGs, is train operations and the related environmental benefits, DSB is convinced that the work with sustainability also includes safety, a good working environment, good employee conditions, a diverse workplace and an accessible product.

The work with social conditions has been going on for many years. DSB therefore has a good structure and organisation thereof. However, not until 2022 these focus areas were formally integrated into the strategy and specified in strategically selected and clear long-term 2030 goals.

5 focus areas reflect the essential areas and impact within the social aspect of sustainability:

- Safety and security
- Working environment
- Employee conditions
- Diversity
- Accessibility



Safety and security

The railway is one of the safest forms of transport. And it must continue to be. Therefore, DSB is working methodically and focused on preventing and minimising the most critical safety risks. DSB's safety policy sets the direction for the work with safety. The policy builds on DSB's basic position: Our customers should take their safety for granted – but we may never do so.

The safety policy establishes that safety has first priority for all employees and partners. In part on this basis, the policy explains how DSB strives to achieve the best possible safety level.

DSB's management system sets the direction for the ongoing proactive work of avoiding accidents and incidents. At the same time, it must ensure learning to prevent repeating the same mistakes.

DSB is safety-certified in accordance with EU legislation with respect to Long-distance & Regional trains and in accordance with national legislation with respect to S-trains. In 2022, DSB also attained a safety-related certification pursuant to EU legislation, which applies to units with responsibility for maintenance of vehicles.

Serious injuries in trains

In 2022, a long-term strategic goal was set that no customers should be injured in DSB's trains in 2030. Since the accident on the Great Belt in 2019, no customers have suffered serious injury in DSB's trains as a result of a railway-related incident.

Critical accidents - including collisions with people

In 2022, DSB experienced an increase in the number of critical accidents where collisions with people constituted 16 of the 18 critical accidents. In all 16 cases, it involved people who either entered off-limit areas at the railway or who showed a high degree of negligence. For example, in one case they

were so close to the tracks that they were hit by an incoming train.

Injuries in 2022 led to 7 deaths, while 9 people sustained serious injury. One of the most seriously hurt was a train driver who broke her foot when stepping out of an IC3 trainset and falling between the train and the platform because the step ladder had not deployed. 2 of the most critical accidents took place in connection with the derailment of a passenger train near Horsens in the autumn of 2022. The preliminary investigations point to operational error at Banedanmark as the reason for the derailment. On the basis of the events, Banedanmark has now introduced a new procedure aimed at preventing any similar incident in the future. No one was hurt in connection with the derailment.

Table 1: Incidents¹⁾²⁾

Number	2022 ³⁾	2021 ³⁾	Growth	
			Abs.	Pct.
Significant accidents	18	10	8	80
Injuries				
- Fatalities	7	4	3	75
- Serious injuries	9	4	5	125
- Minor injuries	61	52	9	17
Signal overruns				
- Secured area (A-B-C)	159	202	(43)	(21)
- Non-secured area (D-E)	72	76	(4)	(5)
Defective wheel or axle	1	3	(2)	(67)

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

²⁾ The table does not include suicides and attempted suicides.

³⁾ The figures for 2021 have been changed in relation to previously published figures as a result of final calculations. Similarly, the figures for 2022 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.

Prevention of accidents resulting in injury

2022 also saw a particular focus on accidents resulting in injuries. There has been increased focus on this during the year due to an undesired increase in the number of collisions with people during first half. The target group for the work on prevention was, once again, the younger generation, in part through the relaunching of the ICEKIID campaign from 2021, which was received exceptionally well by the target group, particularly teenagers. The target group has been selected on the basis of registrations from unauthorised activity in the railway areas, inappropriate conduct and registered near-misses involving collisions with people.

The ICEKIID campaign won bronze at the year's Effie Awards Denmark in the category Branded Content & Entertainment.

In 2022, DSB launched a learning initiative about railway safety targeted at 8-12 year-olds. The initiative was structured as a game in Microsoft Minecraft, which is a particularly well-known and popular platform for the age group. The game DSB Safety is offered for free to download and use and has been launched primarily for use in schools. However, it can also be used in the private sector. DSB has maintained ICEKIID's 'Life on the edge is dangerous' as the main message – also in the Minecraft game.

DSB hopes that the importance of taking care of yourself and of each other near the railway tracks will set in as a permanent lesson and understanding with the young generation.

In 2022, DSB worked on the development of a system to detect people on the track at stations. A prototype of the system has been set up and is being tested at Nordhavn station. In parallel, work is being carried out on the development of a function that can pass on warnings directly to train drivers that may be on the way towards the station. It is expected that the solution will be implemented and operational in the autumn of 2023.

Detection of people on the tracks should contribute to reducing the number of collisions with people, due to accident as well as suicide, and it is therefore a high priority for DSB.

Despite the fact that the people who were accidentally hit by trains in 2022 all showed negligence and in several cases were clearly under influence, the increase in the number of collisions with people in 2022 is reason for additional efforts in 2023. The ICEKIID campaign will be followed up by another

campaign in 2023, and DSB will continue to promote the game DSB Safety in Minecraft.

Supplemented with other efforts for prevention of accidents, DSB will continue to fulfil the role of responsible railway corporation concerned about customer safety.

Prevention of suicide

In 2022, DSB continued the work on prevention of suicide at the rail tracks. Together with Danish Research Institute for Suicide Prevention, DSB took the initiative for a research project aimed at uncovering the effectiveness of the signs pointing to Livslinien (suicide prevention hotline) and 112. This took place on the basis of signage at stations with the most frequent incidents of suicides or attempted suicides. The research project is supported by TrygFonden.



In collaboration with Banedanmark, the signage was set up at a total of 14 stations during the summer of 2022.

As far as possible, Livslinien performs a number of registrations when a suicidal person calls for help. The introductory registrations of people who call on the basis of the signs show that the signs have a preventive effect. The research project will run until 2028.

Prevention of signal overruns

In 2022, there were 159 signal overruns, categorised as A, B and C in accordance with the Danish Civil Aviation and Railway Authority's Executive Order on Reporting (indberetningsbekendtgørelse). This is 43 less than in 2021, and the lowest number since 2018.

The reason for the drop is deemed to be increased initiatives against signal overruns and the deployment of the new signalling system - CBTC - on the S-train tracks. The efforts include campaigns and increased cooperation between the safety department and 2 newly established positions as safety coordinators in train operations.

Prevention of signal overruns will continue in 2023 with the existing initiatives, supplemented by special efforts in connection with the utilisation of the new signalling system on the line Copenhagen-Ringsted via Køge Nord (Ny Bane) and the increased complexity in connection with major track works.

Continued support of safety certifications

In 2022, work was carried out on the planned merger between DSB and DSB Vedligehold A/S. In connection with the merger, DSB's safety certificates also has to cover the maintenance area. The Danish Civil Aviation and Railway Authority has, in connection with this, determined that DSB's certificate for Long-distance & Regional trains does not need to

be updated since DSB achieved ECM certification in the spring of 2022 ⁹ through TÜV SÜD. Maintenance of S-trains is not subject to the ECM requirements. In November, DSB sent an application for a certificate change for S-trains. The Danish Civil Aviation and Railway Authority stated that the material was considered comprehensive and it will make a final decision during March 2023. During the period, DSB expects the Danish Civil Aviation and Railway Authority will perform one or more inspections at DSB.

Continued development of the management system

After attaining ECM certification in the spring of 2022, DSB's management system supports retention of 5 certificates which are respectively based on legislation (3 concerning railway safety and maintenance) and ISO standards (2 concerning quality and environment, respectively). In connection with this and particularly so as to support DSB's ongoing expansion of the environmental certification to include all of DSB, it was ensured that a number of processes have been adapted, simplified and optimised, that the system generally ensures cohesion across and that same processes are used for identical work processes across certification areas. This should make it easier to be an employee as well as to improve transparency and optimise work processes.

The management system has fundamentally been developed with the aim of ensuring compliance with legal requirements and standards only. Since the system currently supports an increasingly wider management area at DSB, it will in 2023 be assessed how the system can become a solid platform

supporting DSB's strategic direction and the general long-term goals to a greater extent.

Safety

As part of the government's safety and security package from June 2022, DSB has implemented a number of initiatives aimed at improving the customers' safety perception at stations.

The most visible initiative is a new guard scheme. The guards perform fixed rounds at selected stations in the capital region. Furthermore, a safety telephone line has been established with a direct line to DSB's monitoring centre, where staffing was upgraded in 2022.

In 2022, DSB began improving video surveillance, with over 700 cameras at a total of 49 stations. The replacement was performed at 18 stations in 2022 and will take place at 31 stations in 2023.

In 2023, the evaluation of the initiatives in the safety and security package will continue, and similarly, DSB will seek out further safety-promoting initiatives - including closer cooperation with Natteravnene and local safety initiatives.

Focus on the working environment

A key part of DSB's strategy involves developing employees and culture while being a competitive and sustainable DSB. This is supported by a strategic focus on the working environment.

The experience at all of DSB's workplaces should involve a common approach to an effective working environment effort, which via specific initiatives,

policies and guidelines, supports the day-to-day work concerning the working environment.

The key issue is that working environment has to be a natural part of the day-to-day planning and performance of work - through advice and guidance from the working environment organisation and with competence development of the employees.

The frameworks for DSB's working environment are described in the working environment policy, which applies to all of DSB as well as external suppliers working within DSB's areas. DSB's basic principles are described therein. Among other things, it includes the opportunity to create a healthy and safe working environment and that work accidents can be prevented. Inter alia, these positions will be implemented by:

- Developing and conforming to DSB's working environment system and complying with the agreements and legislation in this area in force at that time
- Setting goals for the work on the working environment and following up diligently
- Reducing and preventing work accidents and occupational diseases
- Working systematically and in a preventive manner with reducing risks of impacting the working environment
- Working with ongoing improvement of the working environment and the working environment management system
- Supporting employees who have been exposed to an incident

⁹ Entity in Charge of Maintenance; based on EU legislation

- Including the employees through the working environment organisation

The working environment certificate supports a systematic approach to the working environment
DSB has implemented a working environment management system supporting a systematic and preventive approach to the work concerning the working environment, including compliance with legislation in this area.

This means that DSB identifies and controls working environment risks and opportunities, sets goals, prepares action plans and carries out activities on an ongoing basis that improve the performance of the working environment.

All locations at DSB and 100 percent owned associated corporations are DS/ISO45001 certified with respect to the working environment.

The working environment management system will be checked annually by a DANAK-accredited certification agency, which is an independent body. DSB works diligently to maintain the working environment certification and, in 2022, renewal of the working environment certificate was successfully achieved via recertification, for a further 3-year period. The identified deviations were all remedied satisfactorily on time. In addition, it was mentioned that they observed a management supporting the working environment strategy and goals at all levels as well as a robust and implemented working environment system ensuring processes for ongoing improvements in a very flexible organisation.

With a focus on the employees' physical and mental working environment, structured work was performed through specific working environment efforts and a systematic approach to the work concerning the working environment. It involved the following focus areas:

- Fewer work accidents
- Less absence due to sickness
- Improved wellbeing

Reduction in the number of work accidents

For DSB, minimising the number of serious work accidents is a strategic focus area. Therefore, there is ongoing focus on creating a better working environment and reducing the number of work-related accidents and absences. This involves DSB setting goals for the work on preventing work accidents, preparing action plans and performing activities having the ongoing aim of improving the working environment and preventing industrial injuries.

On the basis of the work, a 2030 goal was defined for reducing:

- Serious work accidents (defined as Work Accidents with at least 21 days of absence)
- Work accidents causing absence, LTIFR¹⁰
- Work accidents causing absence due to violence and intimidation from external sources

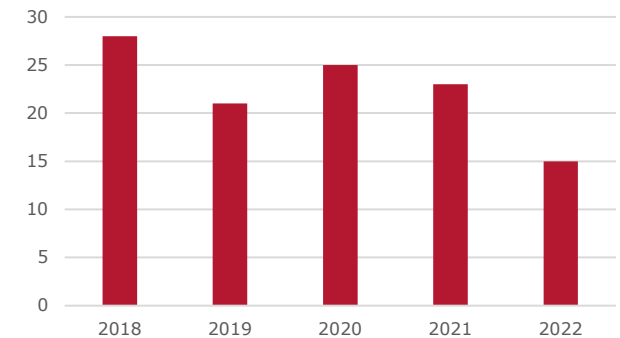
Serious work accidents

Serious work accidents dropped from 23 in 2021 to 15 in 2022. In 2021, 5 of the serious work accidents can be attributed to COVID-19. In 2022, the

number of falling and stumbling accidents halved, however there was an increase in threats from external factors, which led to serious work accidents.

Figure 7: Serious work accidents

Work accidents causing absence of at least 21 days



Work accidents causing absence

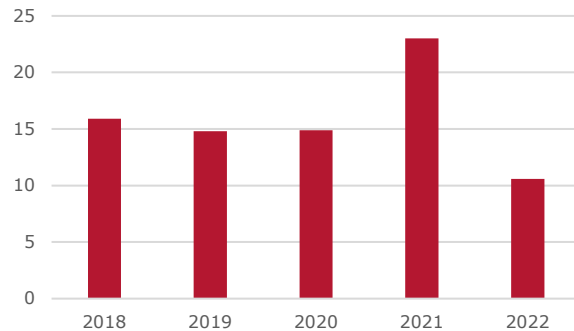
DSB has an ongoing focus on reducing the number of work accidents. The number of work accidents causing absence, LTIFR, dropped from 23.0 in 2021 to 10.6 in 2022.

The drop was due to a systematic analysis of reasons and scope of the work accidents as well as a drop in COVID-19, violence, threats and incidents related to collisions with people. The number for 2021 is abnormally high due to COVID-19 and numerous incidents involving collisions with people. Relative to the years prior to 2021, 2022 continues the positive development.

¹⁰ Lost Time Injury Frequency Rate – Number of work accidents per 1 million worked hours

Figure 8: Work accidents causing absence

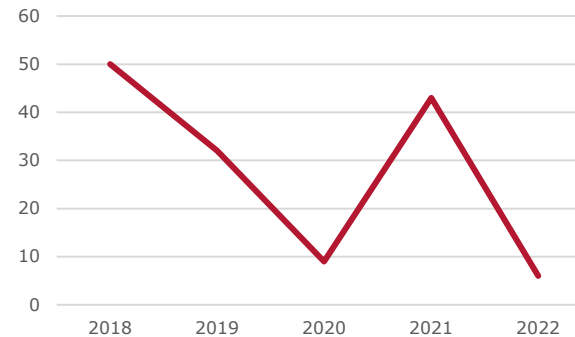
Per million hours worked



Work accidents causing absence due to violence and intimidation from external sources
For customer-facing units, violence and threats of violence are a serious working environment condition, which requires constant attention. DSB makes every effort to become better at preventing and managing these situations. In part, this is done through education of the employees in conflict management, and similarly, guidelines for handling violence and threats have been prepared, with a focus on the employees' own safety. In addition, support is offered to the employees that have been victims of violence and threats.

Figure 9: Work accidents causing absence due to violence and intimidation

Number



Work is being performed locally with initiatives minimising the risk. Inter alia, a pilot study was set up with body cameras as a free option for train conductors and S-train inspectors. Use of body cameras for comparable job functions in other companies has shown a massive reduction in the number of violence and threat instances.

The number of work accidents causing absence due to violence and threats dropped from 43 in 2021 to 6 in 2022. The big drop should be seen in relation to an abnormal year in 2021. Relative to the years prior to 2021, 2022 continues the positive development.

Absence due to sickness

The absence policy supports DSB's strategy of being an attractive workplace with a focus on wellbeing and health. Because of the close connection between wellbeing and sickness absence, DSB wants to establish frameworks promoting wellbeing and minimising sickness absence. The purpose of the

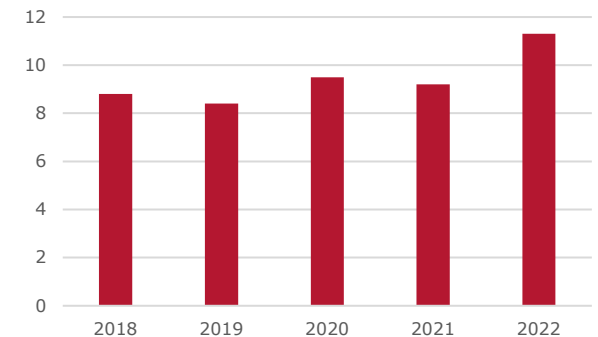
absence policy is to have satisfied, healthy employees with a zest for life as well as to provide support to sick employees.

Sickness absence is handled with the necessary consideration, respect and decency. This takes place via early and ongoing action. Work is carried out with system-supporting processes so as to minimise absence and keep the employee at work. If this is not possible, the employee must be ensured a quick resolution of the situation.

DSB also offers a preventive and curative health insurance.

Figure 10: Sickness absence per employee

Average own sickness absence days per employee



Sickness absence is defined as the average number of own sickness absence days per employee per year.

The absence due to sickness increased to 11.3 days in 2022 from 9.2 days in 2021. The large increase is seen in practically all areas and primarily for short-term absence (under 15 days). In 2022, the

focus has been on improving reports and system support for managers as well as offering vaccines against the flu and COVID-19. In addition, competences were significantly improved in relation to prevention and handling of stress.

The employees' wellbeing at the workplace

Annual workplace risk assessment (APV) is performed every 3 years. It is possible to perform special theme measurements in all or parts of DSB, as needed. The APV for 2021 showed continued challenges with stress.

It was decided that the APV action plans across DSB should cover:

- Stress
- Abusive actions
- Violence and threats in the customer-facing areas

The action plan in 2022 against stress is a competence enhancement across the organisation. The plan has particular focus on management, union representatives and working environment representatives.

Correspondingly, the action plan in 2022 against abusive actions was a competence enhancement of the working environment organisation with new guidelines.

The action plans against violence and threats to employees are handled locally in the customer-facing areas.

Other critical working environment conditions

Some of the most frequently occurring work accidents at DSB are falling and stumbling accidents.

Work is being carried out on an ongoing basis on analysing and preventing these accidents. In part, the focus has led to a decision that all employees involved in operations should wear certified footwear.

In addition, accidents or near accidents involving collisions with people are a big challenge to onboard staff. There is close cooperation between Banedanmark and Livslinien, among others, to minimise such incidents. There is well-functioning preparedness so that things can be handled when they occur.

Employee conditions

It is an integrated part of DSB's DNA to ensure good employee conditions. It is DSB's conviction that good employee conditions are a fundamental prerequisite for realising the strategy and delivering a good product to the customers. The overall frameworks for social and personal conditions - including respect for human rights - are stated in DSB's social responsibility policy.

DSB conforms to the UN Declaration on Human Rights and the European Convention on Human Rights. DSB also has an unequivocal ban on child labour and the practice of forced labour or exploitation of involuntary labour. DSB also complies with Chapter IV on human rights and Chapter V on employment and the relationship between employer and employee in the OECD's declaration of 25 May 2011.

DSB supports the ILO convention no. 94 and ensures that salary, work hours and general work conditions are in accordance with applicable legislation and the applicable collective agreements for the work area entered into with the recognised and

relevant trade organisations on the Danish labour market.

Since 2009, DSB complies with the UN Global Compact's 10 universal principles, focusing on human rights and employee rights. The policy for social responsibility describes how it is every employee's responsibility to act in accordance with the 10 principles.

Through DSB's Code of Conduct, it is ensured that all suppliers commit to maintaining the above international agreements. This includes a duty to uphold human rights through an unequivocal ban of child and forced labour. In addition, the suppliers within certain services commit to upholding the ILO convention and applicable rules within anti-discrimination, working environment, safety and environment.

DSB is a member of Dansk Industri and is similarly covered by the Danish state's agreements with respect to the employed civil servants.

All employees have a right to the freedoms and rights mentioned in the UN Declaration on Human Rights and the European Convention on Human Rights as well as the work terms indicated in applicable collective agreements - without discrimination of any kind.

A set of guidelines has been prepared establishing that DSB does not accept offensive behaviour - including bullying, harassment, violence, threats or other forms of offensive conduct at work.

DSB does not accept discrimination or offensive behaviour in relation to gender, age, nationality, race, skin colour, social and ethnic origin, religion or

faith, health, handicap, sexual orientation or gender identity, gender expression, gender characteristics and political affiliation. Everyone can safely contact different representatives at DSB if they feel discriminated against or subject to offensive behaviour.

Everyone at DSB has freedom of speech and can participate in the public debate and express personal opinions and views. Freedom of speech also applies to subjects and matters concerning DSB.

The staff policy establishes that DSB should always be an attractive workplace retaining and attracting skilled, competent and engaged employees who can help ensure that the strategic promises can be achieved.

It is DSB's conviction that good management, good cooperation and mutual respect are critical for retaining employees that can and want to help develop the workplace in a positive direction.

A senior policy has been prepared, which ensures retention of older employees and ensures a smoother transition to retirement.

All employees are covered by a pension scheme, which apart from old-age pension, includes an insurance in case of critical illness, disability, loss of working capacity and death.

All employees are further covered by a health insurance policy, through which faster treatment is offered with specialists and in the form of preventive and psychological treatment.

The cooperation with the employees is organised through cooperation committees, consisting of representatives elected by the employees. A cooperation agreement was prepared together with these representatives. In the liaison committees, the following matters are discussed:

- Establishing principles for conditions for local labour and wellbeing as well as principles and policies applicable to the staff for the employee groups that are represented in the liaison committees. This includes discussions of efforts to identify, prevent and handle problems in association with work-related stress, bullying, harassment, sexual harassment or violence
- Establishment of principles for education and re-schooling of employees who will operate new technology
- Determination of principles for the internal collection, storage and use of personal data in accordance with the EU's General Data Protection Regulation
- Establishment of principles for an education policy
- Exchange of views and handling proposals concerning guidelines for production and work organisation and performance of major restructuring
- Assessment of the technical, financial, employment, employee, educational and environmental consequences concerning the introduction of new technology or changes to existing technology - including technology and systems with a broad scope of introduction or changes
- Preparation of principles for a senior policy
- The structure of the wage system as well as the opportunities for establishing foundations with educational and social purposes

- Preparation of principles for equal treatment and integration in accordance with supplementary agreements in this regard between DA (Danish Employer Association) and FH (Danish Labour Association)
- The satisfaction and wellbeing of the employees - including the mental working environment - must be measured at least every 3 years, possibly in connection with the mandatory workplace assessment
- Work-related stress

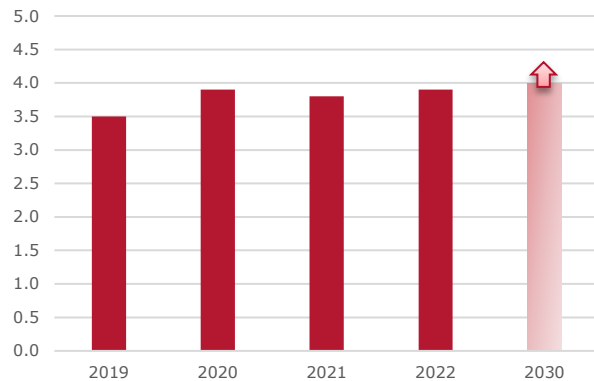
Focus on a high level of employee satisfaction

DSB wants to promote the satisfaction and engagement of employees, with the goal of performing the core tasks professionally and in a meaningful way while strengthening DSB as an attractive workplace.

DSB believes that satisfaction and engagement are created jointly and for which everyone has responsibility. DSB wants to invest in the retention of employees and has targets with respect to the rate of employee turnover.

In 2022, the annual employee satisfaction survey was therefore expanded with questions on culture. 'I feel like I am part of a community in my unit/department', 'In my unit/department I can safely express my opinions despite any disagreements' and 'At work I feel respected and appreciated for who I am'.

Figure 11: Employee satisfaction



Satisfaction surveys are performed once a year across DSB. It is the immediate manager's responsibility to follow-up on the results from the survey. If the annual survey reveals particularly challenging areas, the local manager - possibly with sparring from an HR partner - will prepare action plans aimed at improving employee satisfaction. A subsequent midway survey will be performed to check that the activities will have the desired effect.

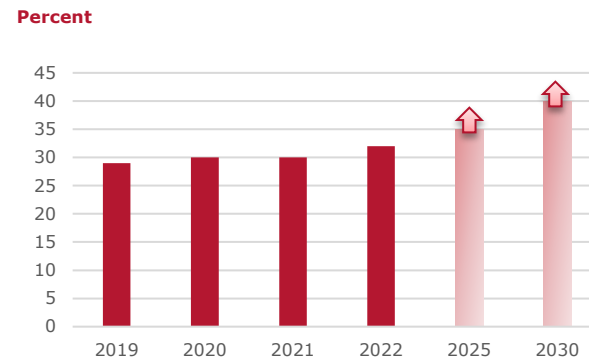
In 2021, DSB's overall satisfaction was 3.8. In 2022, this rose to 3.9. Therefore, in 2022, a total increase of 0.1 was achieved in the overall satisfaction compared to 2021, which corresponds to the highest level achieved that far in 2020.

Diversity

The purpose 'A sustainable way forward with room for all of us' sets the direction for the work on promoting diversity. The goal is to create a workplace with a diverse composition of employees, with respect to age, gender, ethnicity, education, etc. The

ambition is to be a workplace with employees reflecting Danish society.

Figure 12: Proportion of women in management¹⁾



¹⁾ Data from 2019 and 2020 taken in the 3rd quarter. Data from 2021 and 2022 is taken in the 4th quarter due to a new method for data extraction.

Focused work is being performed on being a corporation with equal access and opportunity for all employees. DSB wants for all employees to feel a sense of belonging to their workplace and with respect of their viewpoints.

An important success criterion in the diversity work is to achieve a more even gender distribution at DSB and a higher representation of women in management.

A diversity strategy was prepared with 4 strategic priorities:

- Gender diversity - a more balanced gender distribution in DSB
- Inclusive management and culture - curiosity, engagement with and acceptance of differences

- Ethnicity - international employees - we make room for everyone
- Social responsibility - customised jobs, integration and education for the future

Gender diversity

Below is an explanation of the goals and policies for the gender distribution in management, cf. the requirements in Section 99 and 107d of the Danish Financial Statements Act.

DSB has a particular strategic focus on achieving better balance between the genders. Studies show that corporations succeeding at having better representation of women also pave the way for better representation of different minority groups. The goal of having a higher percentage of women managers is also intended to pave the way for better inclusion and diversity in other areas.

Specifically, a goal has been set for having at least 35 percent women in management with staff responsibility in 2025 and 40 percent in 2030. DSB has implemented tighter requirements on goals and policies for under-represented genders, with effect from 1 January 2023.

At DSB, work is done to actively attract and develop skilled women, so as to increase the share of women in management since studies show that a more gender-diverse management improves the quality of the management decisions.

DSB also supports efforts aimed at increasing the share of women in management in society. Therefore, DSB has signed Confederation of Danish Industry's Gender Diversity Pledge and joined the agreement Women in Rail in the Community of European Railway and Infrastructure Companies.

The above graph shows that since DSB has had a focus on diversity, the proportion of women managers has increased at DSB. The graph also shows ambitions in the development for the coming years towards 2030.

Inclusive management and culture

To succeed with DSB's goals for women in management, a focused effort is required across the entire corporation. Therefore, diversity was the all-important theme at this year's manager day in October 2022 for the roughly 350 managers at DSB. In order to achieve the goals, all managers must be trained in inclusion management and in driving the diversity agenda in their own areas as well as involving and training their own employees.

DSB will also implement a new foundation for management consisting of a manager and employee model as a catalyst for inclusive behaviour and a diverse employee and management role making room for succeeding with the tasks at different levels.

When recruiting new S-train drivers, DSB has the ambition of hiring 60 percent women.

In 2022, a network has been established for women with management ambitions. At year-end, the network had 47 active members.

Furthermore, the recruitment tool 'Develop Diverse' has been implemented. It screens the use of language in the job posts for unconscious bias so as to attract a higher share of women applicants for the available positions.

3 inclusion questions have been incorporated in the annual employee satisfaction survey as indicators of

the employees' experience with inclusion, respect and recognition as well as insight into what diversity initiatives to focus on.

Ethnicity

The focused work on making room for all ethnicities and living up to a higher level of social responsibility will contribute to a more inclusive culture and a greater diversity composition among the employees. This will influence positively various minority areas - also for employees with other ethnic backgrounds than Danish.

Social responsibility

Close cooperation with job centres in and around Copenhagen is taking place aimed at being able to offer customised arrangements, e.g. traineeship and job testing for citizens on the fringe of the labour market since DSB assumes social responsibility in this regard.

In 2023, focused work will be performed on attracting more students and trainees. Among other things, HR will cover staff expenses to offer greater incentives for managers to recruit and work with the target groups.

In addition, a network was established for Young Professionals at DSB, which has over 40 members. The focus is on strengthening the younger employees in their professional roles and to give room for sparring about being newcomers to the labour market.

Equal pay at DSB

In 2022, DSB performed an analysis together with Mercer on equal pay, with the goal of analysing any pay differences between genders in the same jobs

at the same level. The analysis included 1,060 employees.

The analysis identified a pay difference of 14 percent in favour of males. The difference can, however, be attributed to the level of the positions and the function. When these factors are accounted for, the study showed a general pay difference of 0.04 percent. This means that when analysing the same level jobs at DSB, there is no pay difference. The few cases where a difference could be established on the basis of the analysis has subsequently been handled by HR.

Diversity in the Board of Directors

The Board of Directors has set the goal for the underrepresented gender at the Board of Directors. As an independent public corporation, DSB is subject to the provisions of the Gender Equality Act relating to public sector administration. These provisions state that the corporation's Board of Directors should have a balanced composition in terms of gender. This goal is met as there is an equal gender distribution on the current board (employee representatives not included).

With effect from 1 January 2023, DSB is adhering to stricter requirements on goals and policies for under-represented genders.

Accessibility

DSB wants to ensure good accessibility for everybody. To underline this, 'with room for all of us' was added to the purpose.

DSB works continuously and in all aspects on ensuring good availability for the trains. The accessibility policy states that:

- DSB will ensure that the processes being a pre-requisite for close cooperation with other traffic operators are updated and known in connection with planning and execution of the available journey from A to B
- The employees have the necessary conditions and competences to receive and provide service to customers with reduced mobility at stations and in the train
- The work with improving accessibility from the front area to the platform and from the platform to the train will take place in close collaboration with Banedanmark and the municipalities

DSB is very focused on ensuring ongoing dialogue with organisations for the disabled concerning service and accessibility solutions. Among other things, meetings are held at DSB's Handicappanel (Panel for the disabled), where representatives for the organisations for the disabled and DaneAge Association participate.

The work with accessibility has led to DSB offering disability assistance around the clock. Similarly, DSB has a companion scheme allowing people with disabilities to bring a companion along at a reduced price. In 2022, DSB provided disability assistance in 18,814 cases (2021: 13,284) and sold 52,859 disability/disability companion tickets (2021: 37,486).

In connection with the procurement of new rolling stock, DSB strives to make the journey as accessible as possible. This takes place by ensuring level-free access to the train on the platform, with standard height or by ensuring assistance from train staff for those trains that do not have level-free access.

In particular, there is a focus on supporting the options for people with an invisible disability for traveling with DSB. Therefore, in 2023, DSB will join the so-called Solsikkeprogram, and DSB will recognise DEMENS-ugen (dementia week) and support the hand-in-hand symbol.

For a number of years, DSB has sold Orange tickets digitally. From September 2022, it was possible to



get help to buy these tickets at the 3 manned sales locations in Copenhagen, Odense and Aarhus. It is the intent to enable the sale of Orange tickets via the Customer Centre. The initiative is targeted at people with a disability, but for a small fee, can also be offered to people without a disability.

DSB has trained 70 child guides who take care of children travelling alone. The children travel in a special train coach accessible for the children only. In 2022, 11,072 guided journeys for children were sold (2021: 11,063).

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.

The account of good corporate governance according to the 'comply with or explain' principle has been published on www.dsb.dk.

Openness and transparency

Communication

DSB aims to make the dialogue between the corporation and 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 helps strengthen DSB's customer focus, processes customer complaints and takes on cases at own initiative. All DSB's customers have the right to have a complaint re-processed with the customer ambassador, and in 2022, the customer ambassador examined 446 customer complaints with fresh eyes. The complaints are evaluated both from a legal and service perspective. For around 60 percent of the cases, the customers have either received a new decision or a more extensive explanation as to why DSB made a correct assessment the first time. 2022 had a significant increase in the number of complaints concerning delays or train cancellations with customers claiming a refund of expenses for alternative transport or a travel time guarantee scheme.

The customer ambassador cooperates on an ongoing basis with relevant departments across DSB on specific improvement proposals to benefit the customer experience in the trains. This takes place as formal recommendations and as input for development of products, customer-facing communication and work processes. The customer ambassador offers ongoing guidance to departments and employees regarding how case processing can live up to good administration practices and the applicable passenger rights.

The customer ambassador further prepares the complaint cases filed against DSB in Ankenævnet for Bus, Tog og Metro (The Appeals Board for Bus, Train and Metro). In 2022, 28 such cases were filed, which mostly involved complaints about a penalty fee.

The customer ambassador prepares half-yearly status reports published on www.dsb.dk.

Publication of essential aspects

DSB notifies the Danish Business Authority as soon as possible of all essential aspects 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 at DSB complies with the Danish Financial Statements Act and the DSB Act. The annual report is audited by a state-authorised public accountant and the Auditor General.

The Board of Directors submits interim reports in accordance with the requirements of the Danish Financial Statements Act and the Articles of Association.

The annual and interim 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.

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

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, interim reports and the annual report are published on www.dsb.dk

According to the 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 15 March 2021 are issued pursuant to the DSB Act.

Combating corruption and bribery

The policy for social responsibility at DSB does not tolerate corruption. DSB has clear internal guidelines for receiving gifts. The guidelines are communicated ongoing to the employees via e-learning courses on the intranet and as a topic in the introductory training for new employees.

DSB also has a procurement policy - including 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 regards bribery as one of the most significant risks when it comes to anti-corruption work. There have been no cases of bribery identified in 2022.

Ethics, compliance and whistleblowing schemes

It is of critical importance for DSB to act in an ethically correct manner and to ensure compliance with relevant national and international laws and regulations.

The policy for social responsibility defines the frameworks for good conduct and ensures that the corporation is run in an ethically and sustainable way, in accordance with the compliance policy.

DSB's DPO & Compliance function is responsible for advising and following up on the laws and regulations relevant for the entire corporation and which do not naturally belong in the corporation's other compliance functions. The function also ensures a uniform approach to the implementation of compliance work throughout the corporation in accordance with DSB's compliance strategy and by improving knowledge of this strategy through training and advice in the area of compliance. The key basis for the work is the policy for social responsibility for the DSB Group.

The function also performs the role of DPO (Data Protection Officer) for DSB. The DPO's primary tasks are to ensure, via advising and monitoring, that DSB is compliant with the General Data Protection Regulation (GDPR), the Danish Data Protection Act, and the internal policies on the protection of personal data. In addition, they act as the contact point for the Danish Data Protection Agency and the data subjects (employees and citizens) in connection with the reporting of security breaches as well as enquiries and complaints from the data subjects.

Whistleblowing scheme

The whistleblowing scheme covers the parent corporation as well as the group corporations, DSB Service & Retail A/S, DSB Vedligehold A/S and DSB Ejendomsudvikling A/S. This is managed by the head of the internal audit function, who reports to the Audit Committee. If the report concerns members of the Board of Directors, corporation directors or employees of the internal audit, the case will be handled by an external attorney. The external attorney will review all the reports before they are passed on to administrator.

Reporting happens through an external service provider portal, accessible via DSB's internal and external website. Additional descriptions of the scheme and guidelines are available on the website.

Employees, former employees and external business partners can use the whistleblowing scheme to report (either anonymously or with submission of contact details) suspicious or irregular behaviour such as violations of non-compliance with the business ethical rules, abusive behaviour or financial fraud.

In 2022, DSB received 5 (2021: 4) reports as part of the scheme. All 5 cases have been concluded, and none of the cases led to a police report. 2 of the cases were rejected since they were not covered by the whistleblowing scheme's area of application, and 3 cases were taken under active consideration. The 3 cases taken under active consideration concerned the claim of violation of the rules on public tendering, the claim of theft from the workplace and a possible violation of the rules on data protection. The active consideration did not show evidence for the reported claims.

Information security

Cyber-attacks constitute a growing risk for DSB. The realisation of DSB's goals requires significant digitalisation. Compared to the threat profile, it increases the need for DSB to focus on cyber information security and employees to be aware of their responsibility for working with information in a secure way. DSB's most critical risks in relation to cyber and information security is interruption of train operations. Prevention, remedy and preparedness associated with this risk has top priority.

DSB must ensure the integrity of the information, that the information has a high level of accessibility and that the information can be restored. At the same time, sensitive and confidential information is protected to be accessible to authorised persons only. For that purpose, DSB is ISO27001 certified for information security.

The purpose of the information security policy is to 'develop and ensure an adequate level of information security based on a consideration of risks and costs and where passenger safety is never compromised'. The policy is based on underlying guidelines. IT Security ensures the practical implementation of information security, including updating the information security policy and underlying guidelines as well as familiarising the employees with them. For that purpose, in 2022, DSB has, inter alia, performed monthly phishing tests and had two campaign months focusing on information security.

To develop and ensure an adequate level of information security, compliance with the following principles is necessary at DSB:

- DSB works from a risk-based approach to information security, which is based on the current and expected threat profile and which is adapted to the business requirements and management's expectations
- DSB monitors the threat profile and adapts the measures on an ongoing basis to ensure the integrity of the information, a high level of accessibility and that the information can be restored. Sensitive and confidential information is protected such that it is only accessible to authorised persons
- DSB maintains and improves the management system for information security on an ongoing basis to strengthen information security
- DSB integrates information security in activities and processes and anchors knowledge on information security with the employees
- DSB complies with relevant requirements on information security - including laws, rules and contractual obligations
- DSB can outsource tasks, but not responsibility. Requirements are imposed on the supplier's maturity within information security, and DSB fol-

lows up to make sure that their services and information security are compliant with DSB's requirements

Reporting on the Policy for Data Ethics

The use of data to make fact-based decisions is a prerequisite for being able to offer attractive products to customers and for running an efficient corporation. Data is thus an asset for the management of DSB and it is being treated carefully to ensure confidentiality, integrity and availability.

Good data ethics go beyond the regulations, which apply to the area. DSB adopted a policy for data governance and ethics. The policy specifies requirements for the way in which data is registered, processed and used and works in tandem with, for example, DSB's privacy policy. The policy can be found at www.dsb.dk.

DSB's policy for data governance and data ethics specifies 6 fundamental principles:

- Customers', employees' or business partners' data is not used without having a legal basis for doing so
- DSB commits itself to ensuring transparency with respect to the use of data collected
- Personal data will be protected so as to not end up in the wrong hands
- Only necessary data is collected and it will exclusively be used for a defined purpose
- When collecting and analysing data, the risk of there being unintended consequences is always considered
- Particular attention is paid to ethical challenges that may arise from the use of machine learning and algorithms

DSB has created a data governance forum, which has the overall responsibility for the implementation of the policy and its associated guidelines and procedures. The work has focus on data ethics and continues in 2023 with clarification of the data ethics as well as extension of the guidelines for data governance.

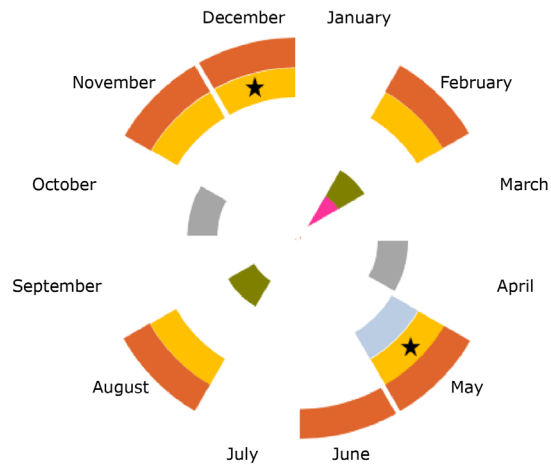
Risk management

As a train operator, DSB is exposed to a number of different risks and opportunities which may have a large impact on the corporation's operations, development and future. Risk management is therefore an integral part of the decision-making process at DSB. The approval of significant investments and major construction and infrastructure projects is supported by the Enterprise Risk Management (ERM) process.

In October, a hacker attack on a test server with a subcontractor was the indirect reason for many of DSB's trains standing idle for 4 hours. For security reasons, the servers were shut down in the production environment, which contained the digital information of the train drivers. It is absolutely essential that train drivers know what to be aware of when driving a train. The offline version should have worked so that the train drivers could still access their documents and manuals. Unfortunately, they did not.

The decision to stop train traffic was in accordance with DSB's safety procedures. An investigation was performed as to why the offline version did not work. Several subsequent tests ensured that the train drivers can now access their documents offline so that train traffic need not be interrupted for this reason. A work group was founded which is in the process of analysing all aspects of the incident. Nothing indicates that this involved a targeted attack on DSB systems.

Planning wheel - risk management process



- Board meetings
- Audit committee meetings
- Board seminars
- Updating of risk map
- Strategic forum (management)
- DSB's Annual Report
- ★ Risk reporting

Risk management structure

DSB is systematically working with ERM processes and proactively identifies, analyses and uncovers risks that can impact the corporation's reputation and/or have a negative impact on the financial results.

Risks are assessed based on a two-dimensional scale estimating the impact of individual risks in 4 dimensions: Safety, finances, reputation and punctuality plus the likelihood of any potential incident occurring.

The Board of Directors have the final responsibility and specifies the overall frameworks for the risk management process, while the majority of the work on monitoring and following up on the process is delegated to the Audit Committee. Finally, it is the Executive Board's responsibility to identify and manage significant risks and to develop the corporation's risk management approach.

Financial and liquidity risks

DSB is exposed to a number of financial risks mainly related to interest rates, currency exchange rates and prices of raw materials. Liquidity risks involve ensuring sufficient liquidity and managing counterparty risks. For more information on risk management, please see Section 7 Financial conditions.

Accounting risks

The most significant accounting practices and estimates are described in more detail in Section 1 Interpretation and in the relevant notes.

Significant risks identified in 2022

Below the significant risks defined for DSB in 2022 are described including how they are reduced to an acceptable level.





Infrastructure works on the railway

Description

The roll-out of a number of major railway projects - particularly the signalling and electrification programmes - continued to be an inconvenience to customers in 2022. This situation will continue for a number of years due to the political decisions on investments in the necessary railway upgrade.

DSB contributes to creating opportunities for the upgrade, but is impacted as a train operator by the extensive re-planning that is needed to be performed in addition to the delays in projects having had an impact on operations multiple times in 2022.

Potential consequence

The replacement of the current signalling system, the electrification of the railway network, changes to access ways, elevators and roads to stations and platforms have an impact on operational efficiency as they result in the use of more equipment and the allocation of more resources. These circumstances also impact customer punctuality and result in more uncertainty when it comes to planning operations and this inconveniences customers. It also results in more expenses for train buses and can result in a decrease in passenger revenue. Finally, customer satisfaction levels are also impacted by delays and cancellations.

Mitigating initiatives

DSB monitors and continually works on minimising the inconveniences from current and scheduled future infrastructure works. This is done in close collaboration with Banedanmark, where challenges in connection with the many changes to traffic will be handled together.

In addition, work is also being done on implementing the new planning systems that will allow for implementing changes on short notice as well as initiatives to improve efficiency increasing the amount of time DSB's train staff have to devote to operations.

Finally, DSB is also continuing to work on finding and optimising various ways of mitigating the impact of delays and changes due to infrastructure works.



Cyber-attacks

Description

Digitisation of DSB's business processes plays an increasingly greater role in the way work is performed.

Like many other corporations, DSB is dependent on technology and IT infrastructure supporting the day-to-day operations, from planning and execution of safe and punctual train operations, development of commercial products that reflect the customers' needs to reporting to the owner.

Potential consequence

A breakdown or attempt at harming the corporation, customers, employees or suppliers through unauthorised access, destruction of data, corruption or manipulation of data would constitute a significant risk for DSB.

The consequences are potentially long-term business disruptions with major follow-up consequences for customers, damage to reputation and potential loss of customers to alternative forms of transport.

Mitigating initiatives

IT safety is a strategic focus area with an ambitious programme, which has strengthened DSB's defence and preparedness with respect to cyber-crime. The programme has included technical, organisational and processual improvements and enhancements - including strengthening control with users, access control, network, monitoring and backup as well as significant focus on the employees' awareness of cyber-crime.

Also, DSB has strengthened risk management and implemented an ISO27001 certified management system. During 2022, the focus has been on strengthening the cooperation in the transport sector and other critical sectors. DSB has therefore joined Energi-CERT.

In 2023, DSB will continue work with strengthening the IT infrastructure and systems to ensure that critical and sensitive data, assets and DSB's business will be protected against the increasing global threat from cyber-crime and other threat actors.



Increasing energy expenses

Description

As a train operator, DSB is exposed to the development in electricity and diesel prices, which are necessary energy sources for maintaining train operations. DSB's buildings, such as workshops and preparation centres, also use energy for maintenance and preparation of trains.

Potential consequence

In 2022, there was significant fluctuation in the price of energy on the international energy market. This could impact DSB's future revenue level.

Mitigating initiatives

DSB closely follows the development on the international energy markets.

Consumption of electricity and diesel will be covered by financial contracts on an ongoing basis. Furthermore, a long-term Power Purchase Agreement was entered into on the purchase of green power for trains and buildings with a solar cell supplier, which from 2023, will supply green power corresponding to the energy consumption of 10 percent of DSB's buildings or the 3 largest train stations in Denmark.

Policies

DSB has policies setting the governing principles for DSB's basic positions and values across the corporation - including governing principles based on legislation. All policies conform to the purpose 'A sustainable way forward with room for all of us' and can be found on DSB's intranet. Apart from the mentioned policies in the report, DSB has a number of other policies that can be found at www.dsb.dk.

The Executive Board is responsible for the policies. The areas of the different directorships are responsible for the preparation, maintenance and compliance of the individual policies for that area. The Board of Directors approves the most critical policies once a year.

The management

Board meetings

In 2022, the Board of Directors had 6 board meetings and 1 strategy seminar, wherein, among other things, the following subjects were dealt with:

- The strategy of the corporation
- Annual report and interim reports
- Budget for the coming year
- The future acquisition of rolling stock – including the New Green Workshops
- The S-trains of the future
- Rolling stock, general
- Signalling programme
- Electrification programme
- Digitisation
- Fare adjustments
- Compliance
- Corporate Governance
- Railway safety
- Significant policies

- Sustainability - including ESG and EU's Taxonomy Regulation
- Punctuality
- Traffic information
- Commercial and operational activities
- Sector collaboration

Management committees

The Board of Directors has set up 3 management committees: Rolling stock, Remuneration and Audit committees.

Rolling Stock Committee

The Rolling Stock Committee assists the Board of Directors in preparing recommendations for acquisitions, investing in and selling rolling stock and investments needed in order to operate the rolling stock. The framework for the work of the Committee is defined in a mandate that can be found at www.dsb.dk.

At the end of 2022, the Rolling Stock Committee comprised the following members, of which 2 are independent:

- Christina Grumstrup Sørensen, chairman
- Peter Schütze
- Preben Steenholdt Pedersen, elected by employees
- Thomas Bryan-Lund, elected by employees

The Committee had 7 meetings in 2022, at which, among other things, the following topics were dealt with:

- The rolling stock situation
- Long-term plan for rolling stock
- Environmental upgrades
- The future acquisition of rolling stock, including

- The S-trains of the future
- New trains (IC5 electric trainsets)
- Acquisition of new coaches and locomotives
- New Green Workshops
- Operational status
- Cosmetic upgrade
- Removal 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 work of the Committee is defined in a mandate, which can be found at www.dsb.dk.

At the end of 2022, the Remuneration Committee comprised the following members, all of whom are independent:

- Anne Hedensted Steffensen, Chairman
- Peter Schütze

The Committee had 4 meetings in 2022, at which, among other things, the following topics were dealt with:

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

- Ensuring that the remuneration policy and the salary conditions are in accordance with statutory requirements and support DSB's goals of ensuring equal pay for equal work.

Audit Committee

The Audit Committee assists the Board of Directors with an independent assessment of whether the corporation'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, that can be found at www.dsb.dk.

At the end of 2022, the Audit Committee comprised the following members, of which 2 are independent:

- Carsten Gerner, Chairman
- Henrik Amsinck
- Lone Riis Stensgaard, elected by employees

The Committee had 5 meetings in 2022, at which, among other things, the following topics were dealt with:

- Annual report and interim reports
- Auditing standards and guidelines and reports from internal and external auditors as well as the National Audit Office of Denmark
- Reports from the whistleblowing scheme
- External auditor's independence and delivery of non-audit services
- Risk management
- IT security – including the IT security policy
- Internal control structure

- Notification of GDPR and compliance function activities as well as Fremtidens Planlægnings-systemer (Planning Systems of the Future)

The Board of Directors, election and eligibility

The Board of Directors includes 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 purpose 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 were also completed. In relation to the recommendations for good corporate governance, DSB obtains external assistance in connection with the evaluation at least every third year. All board members have participated in the evaluation, and

the conclusion was that the board as a whole possesses the required competences to contribute to the development of DSB and to the ability to create results.

The special competencies of the Board of Directors are described on www.dsb.dk.

Members of the Board of Directors are elected for a period of 1 to 2 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, 2022

In 2022, the Board of Directors comprised 9 members, 6 of whom were selected by the Minister for Transport and 3 elected by the employees. An overview of the Board of Directors can be found in the chapter 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 tasks of the Board of Directors are described in more detail in the Articles of Association and the board's Rules of Procedure.

The Executive Board can comprise 1 or more members whose appointment is registered with the Danish Business Authority. The Executive Board is in charge of day-to-day management.

Organisation

Board of Directors

The Board of Directors' directorships in Danish and foreign commercial enterprises. The special competences of the Board of Directors are described on 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 15 March 2021 (ordinary Annual Meeting)
Term of office ends: 2023.

Chairman of:

- The Board of Directors of SimCorp A/S
- The Board of Directors for Nordea-fonden and Tietgen-fonden
- Investeringskomiteen - The Danish SDG Investment Fund
- Dronning Margrethe II's Arkæologiske Fond

Vice-chairman of:

- The Board of Directors for Lundbeckfonden and Lundbeckfonden Invest.

Member of:

- The Board of Directors of Falck A/S
- The Board of Directors of Axcel Future
- The Board of Directors of Gösta Enboms Fond
- Det Systemiske Risikoråd



Anne Hedensted Steffensen, Vice Chairman

Joined DSB's Board of Directors on 28 May 2021.
Term of office ends: 2023.

Vice-chairman of:

- The Board of Directors of Ulykkesforskningsforbundet for Dansk Søfart
- The Board of Directors of Nationalbankens Jubilæumsfond
- The Board of Directors of Danmarks Nationalbanks Repræsentantskab

Member of:

- The Board of Directors for Tænk tanken Europa
- The Board of Directors of Danmarks Nationalbanks Pensionskasse in liquidation
- The Board of Directors for Det Dansk-Franske Dampskibsselskabs Understøttelsesfond af 1950

CEO of DanishShipping



Henrik Amsinck

Joined DSB's Board of Directors on 19 May 2017 (at the extraordinary Annual Meeting).

Re-elected on 15 March 2021 (ordinary Annual Meeting).

Term of office ends: 2023.

Member of:

- The Board of Directors of Eltronic A/S
- The Board of Directors of STG A/S

CIO at Falck A/S



Lene Feltmann Espersen

Joined DSB's Board of Directors on 22 August 2022 (at the extraordinary Annual Meeting).

Term of office ends: 2024.

Chairman of:

- The Board of Directors of Green Hub Denmark

Member of:

- The Board of Directors of KV Fonden
- The Board of Directors of Formuepleje Holding A/S
- The Board of Directors of Michael Goldschmidt HOLDING
- The Board of Directors of Green Building Council Denmark
- Realdania Repræsentantskab



Carsten Gerner

Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting).

Re-elected on 19 April 2022 (ordinary Annual Meeting).

Term of office ends: 2024.

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

CEO of CARGER INVEST ApS



Christina Grumstrup Sørensen

Joined DSB's Board of Directors on 17 March 2015 (ordinary Annual Meeting).

Re-elected on 15 March 2021 (ordinary Annual Meeting).

Term of office ends: 2023.

Senior Partner at Copenhagen Infrastructure Partners



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 10 March 2020 (elected by employees).

Locomotive instructor.

Chairman of:

- Dansk Jernbaneforbund
- Vejlekassen c/o Tjenestemændenes Forsikring

Member of:

- The Board of Directors of Jernbanernes Samarbejds- og Uddannelsesfond
- The Board of Directors of Dan Ejendomsservice A/S
- The Board of Directors of Tjenestemændenes Forsikring
- The Board of Directors of TJM Bolig A/S
- The Board of Directors of Interesseforeningen
- The Board of Directors of Forsikringsagentforeningen 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).

Re-elected on 10 March 2020 (elected by employees).

Senior Traffic Controller

Joint union representative for:

- HK Tjenestemænd

Executive Board

The Executive Board's directorships in Danish and foreign commercial enterprises.



Flemming Jensen, CEO

Employed with DSB since 2015.

Chairman of:

- The Board of Directors of TP Aerospace

Member of:

- The Board of Directors of Industriens Arbejdsgivere i København
- The business committee and main Board of Directors for the Confederation of Danish Industry



Pernille Damm Nielsen, CFO

Employed with DSB since 2022.

Member of:

- The Board of Directors of Codeex



**Jens Visholm Uglebjerg,
Executive Vice President, Commercial**

Employed with DSB since 2022.

Member of:

- The Board of Directors of Rejsekort & Rejseplan A/S
- The Board of Directors of Catering Danmark ApS
- The Board of Directors of Andel Energi A/S
- The Board of Directors of Færch & Co. Castro ApS
- The Board of Directors of Get Lit Denmark
- The Board of Directors of DI Transport
- The Board of Directors of DOT I/S
- The Board of Directors of Republica A/S
- The DI Transport and Infrastructure Committee
- The Committee for Collective Mobility



**Jürgen Müller, Executive Vice President,
Strategy & Rolling Stock**

Employed with DSB since 2015.

Chairman of:

- The Board of Directors for Bladins Foundation

Vice-chairman of:

- The Board of Directors of Rejsekort & Rejseplan A/S

Member of:

- The Audit Committee at Rejsekort & Rejseplan A/S



**Per Schrøder, Executive Vice President,
Operations**

Employed with DSB since 2018.

Management

The Management's directorships in Danish and foreign commercial enterprises.



Mette Rosholm, Executive Vice President, Procurement & Legal

Employed with DSB since 2014.

Chairman of:

- The Board of Directors of Danmarks Jernbanemuseum

Member of:

- The Board of Directors of M/S Museet for Søfart
- The Board of Directors of Rejsekort & Rejseplan A/S
- The Remuneration Committee at Rejsekort & Rejseplan A/S



Tine Moe Svendsen, Executive Vice President, HR

Employed with DSB since 2015.

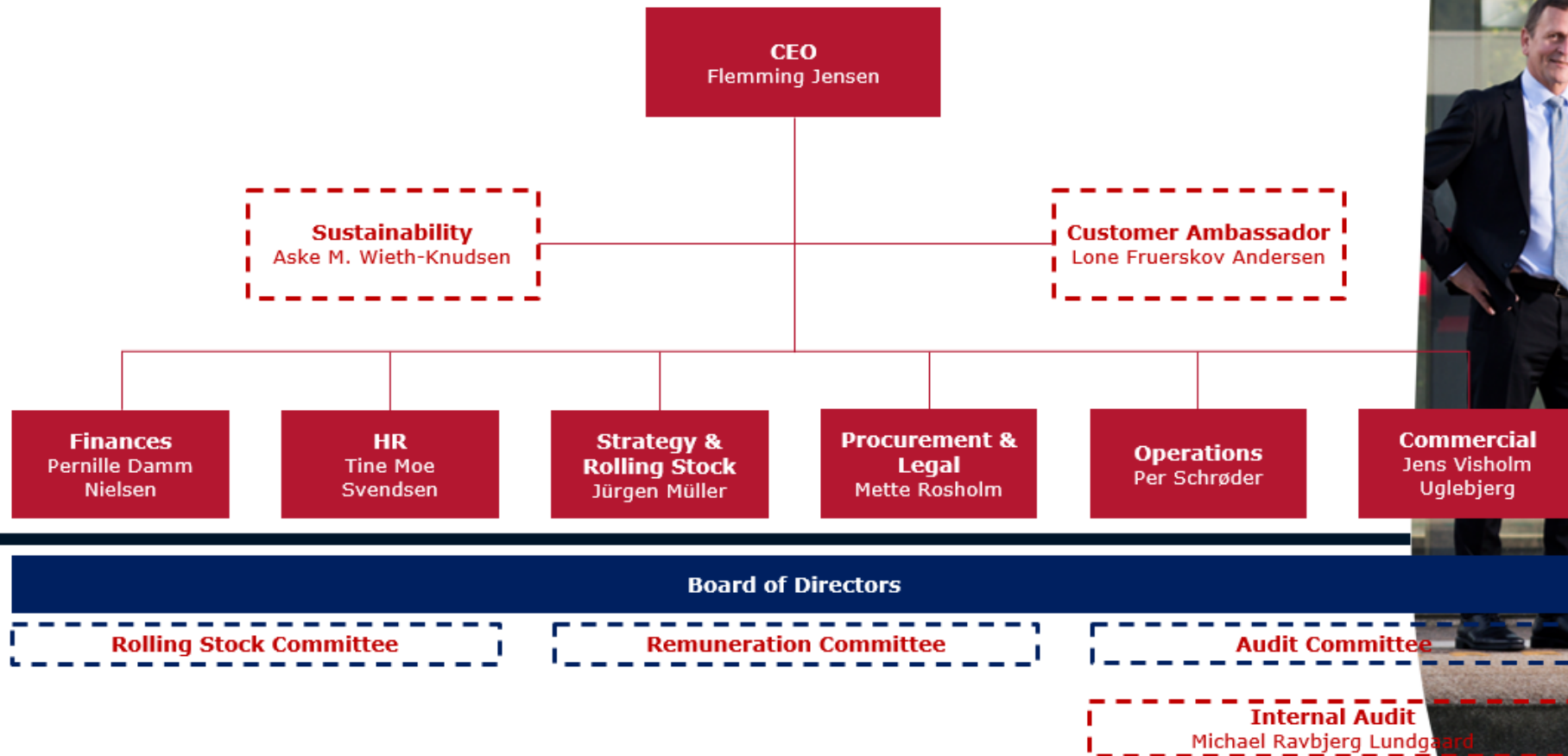
Chairman of:

- The Board of Directors for Jernbanernes Arbejdsgiverforening
- The Board of Directors of Jernbanernes Samarbejds- og Uddannelsesfond

Member of:

- DI's committee for diversity

Organisational chart



Results

Key Financial and Operating Data

							Q4
Group (DKK million)	2018 ¹⁾	2019 ¹⁾	2020	2021	2022	Growth (pct.)	2022
Income statement							
Net revenue ²⁾	9,684	9,546	8,701	9,039	8,958	(1)	2,330
Profit/loss before amortization, depreciation and write-downs	2,502	2,014	1,301	2,186	1,544	(29)	372
Amortization, depreciation and write-downs of intangible and tangible fixed assets	1,829	3,551	1,335	1,315	1,243	(5)	334
Operating profit/loss	673	(1,537)	(34)	871	301	(65)	38
Net financials	(105)	(104)	(70)	(66)	(72)	11	(14)
Profit/loss before tax	568	(1,641)	(104)	805	229	(71)	24
Profit/loss for the year	450	(1,276)	(57)	623	257	(56)	96
Balance sheet							
Total assets	14,832	12,081	12,147	13,722	13,990	2	13,990
Investments in property, plant and equipment	828	829	823	1,361	1,886	39	729
Total equity	5,822	4,345	4,092	5,093	5,688	12	5,688
Interest-bearing debt, net	3,860	3,320	2,826	2,725	2,729	0	2,729
Key figures*							
Operating profit margin (EBITDA margin)	25.8	21.1	15.0	24.2	17.2	(29)	16.0
Profit ratio (EBIT margin)*	6.9	(16.1)	(0.4)	9.6	3.4	(65)	1.6
Return on invested capital after tax (ROIC after tax)	5.3	(13.8)	0.0	9.2	2.9	(68)	2.9
Gearing	1.5	1.6	2.2	1.2	1.8	50	1.8
Solvency ratio	39.3	36.0	33.7	37.1	40.7	10	40.7
Average number of full-time employees							
	7,092	6,866	6,757	6,061	6,026	(1)	6,031

Key Financial and Operating Data, cont.

							Q4
Group (DKK million)	2018 ¹⁾	2019 ¹⁾	2020	2021	2022	Growth (pct.)	2022
Customers							
Number of journeys (million)	189.4	187.5	120.2	118.1	163.7	39	43.2
Number of journeys, corrected for relinquished traffic (million)	186.1	184.9	118.4	118.1	163.7	39	43.2
Reputation ³⁾							
DSB	56.0	58.8	66.2	70.4	71.0	1	72.4
Customer punctuality*							
Long-distance & Regional trains (percent)	79.2	79.1	86.7	78.6	73.3	(7)	74.1
S-trains (percent)	92.9	93.0	94.4	92.0	94.2	2	95.5
Productivity ³⁾							
Passenger revenue per seat kilometre (DKK 0.01/km)	32.5	31.0	20.5	23.5	31.7	35	33.4
Passenger revenue per seat kilometre (DKK 0.01/km), adjusted for Metro double factor	33.6	32.3	21.5	23.5	31.7	35	33.4
Costs per seat kilometre (DKK 0.01/km) ⁴⁾	60.6	59.7	56.2	56.5	56.7	0	57.6

¹⁾ Comparative figures for 2018 and 2019 have not been changed in connection with applied accounting practices in 2020.

²⁾ Net revenue includes revenue relating to the railway business.

³⁾ The methodology for calculating reputation and productivity was changed in 2021. Comparative figures have been adjusted.

⁴⁾ Costs per seat kilometre for 2018 and 2019 have been adjusted for non-recurring items.

* Calculated pursuant to the definitions laid down in Key figure definitions.

"The profit for the year is on level with the stated expectations despite the increasing energy prices. The debt development is reasonable in relation to our future investment needs in the green transition, which include new trains as well as workshops."

Pernille Damm Nielsen, CFO

Customers

Customers are back on the trains

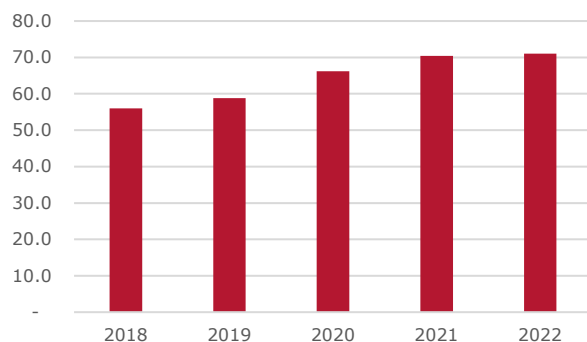
After some hard years with fewer customers due to COVID-19, 2022 has been characterised by customers returning to the train. This applied in particular to regional traffic, where the market share in July was at a historically high level of 27 percent, compared to 19 percent in 2021. During the summer, more people took advantage of the option of cheap Orange tickets. In August, 100,000 more Orange tickets were sold compared to August 2021.

Record high numbers for reputation in 2022

DSB succeeded in maintaining a strong reputation in 2022. In November, DSB set a reputation record, at 75.9. DSB's overall score for the year is 71.0.

Figure 1: Reputation

Index 0-100



DSB's experience is that Danes have been happy with the way DSB has handled COVID-19 and the challenges caused by numerous track works.

The challenges with customer punctuality have marginally affected the customer satisfaction

Table 1: Customer satisfaction

	2022	2021 ¹⁾	Growth	
(Scale 0-10)			Abs.	Pct.
Satisfaction with the journey (Long-distance & Regional trains)	7.8	7.9	(0.1)	(1)
Satisfaction with Long-distance & Regional trains in general	6.8	6.9	(0.1)	(1)
Satisfaction with the journey (S-trains)	7.7	7.7	0.0	0
Satisfaction with S-trains in general	7.3	7.2	0.1	1
Satisfaction with the journey (all of DSB)	7.8	7.8	0.0	0

¹⁾ Due to the COVID-19 situation, customer satisfaction was not measured in January-April 2021.

Every month, DSB carries out over 5,000 interviews with customers, asking them about their satisfaction with DSB. The satisfaction is measured on a scale from 0 to 10, where 0 is an expression of low satisfaction and 10 is an expression of high satisfaction. Measurement is performed for the following parameters:

- Punctuality
- Traffic information
- Personal comfort
- Cleaning and safety (at stations and in trains)
- Products and service
- Price
- Willingness to recommend and reputation

The customer satisfaction has remained at a stable level since 2021, with minor fluctuations.

Table 2: Customer punctuality¹⁾

Percent	Growth			
	2022	2021	Abs.	Pct.
Long-distance & Regional trains	73.3	78.6	(5.3)	(7)
S-trains	94.2	92.0	2.2	2

¹⁾ Customers who arrived on time at their destination with less than a three-minute delay.

Long-distance & Regional trains have faced challenges in 2022, with a customer punctuality of 73.3 percent. This is below the transport contract goal of 77.9 percent. Therefore, it is no surprise to see that customer satisfaction dropped slightly for Long-distance & Regional trains.

In particular, the measurement points below have been decisive for the dropping customer satisfaction with Long-distance & Regional trains:

- The trains' compliance with the timetable
- The option to keep your seat the entire journey
- The opportunity to sit undisturbed

In 2022, many track works were performed on the main line between Høje Taastrup and Copenhagen. In addition, delayed trains from Sweden disrupted customer punctuality, particularly in first half. Finally, faults with the old signalling system were a negative factor throughout 2022.

DSB has worked on improving the robustness of the timetable to improve customer punctuality going forward. The timetable must be designed in a way to support an easier way to act when incidents occur. This takes place by adding extra time into the

plans and by reducing capacity usage when planning track works, in order to address the increased risk of incidents.

The marginal increase in satisfaction with S-trains is particularly related to the following measurement points:

- The train conforms to the timetable
- Value for money
- It is easy to buy a card or ticket for the journey

The customer punctuality for S-trains remained at a stable high level all year. In 2022, the customer punctuality of 94.2 percent was above the traffic contract's target of 92.3 percent. The high punctuality is due to fewer infrastructure faults. The roll-out of the new signalling system on the S-train tracks, CBTC, led to a significant improvement in customer punctuality.

Track works led to customer enquiries

In general, the year at the Customer Centre was characterised by many enquiries and travel time guarantee cases resulting from the delayed track works. From March to August, there was also particular pressure in connection with a large sale of international journeys. In addition, there was a lot of demand for personal service at the stations - in particular at Copenhagen Central Station and in Kastrup.

Therefore, it is particularly good news that the high customer satisfaction of 9.1 out of 10 was maintained. This is in part because of the large flexibility that was established across employees at Customer Centre, which has made it possible to handle more enquiries.

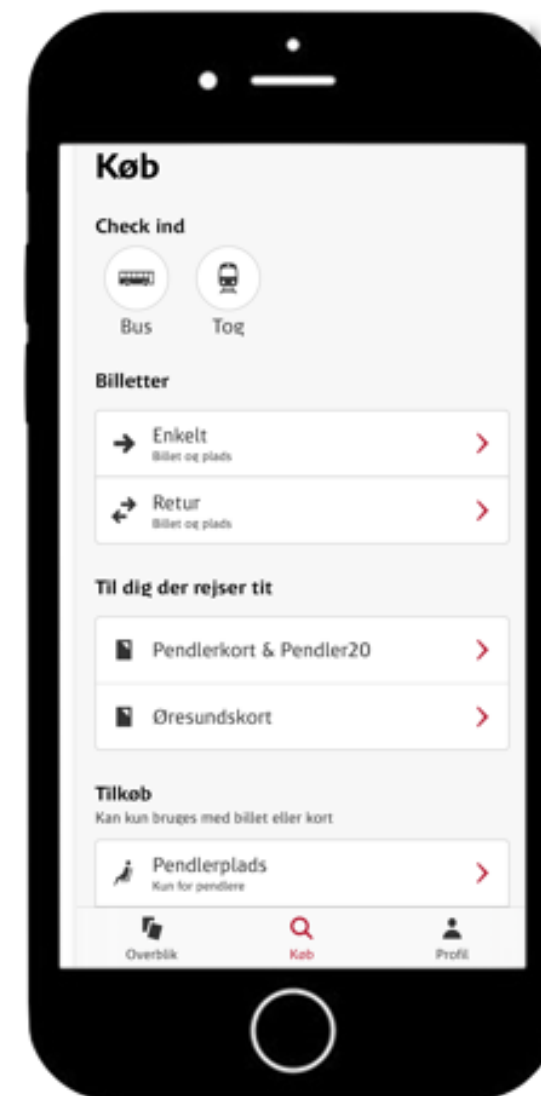
Development and testing of new check-in solution in DSB's app

DSB is currently developing a check-in solution, which will simplify travel with public transport in Denmark. From 31 August and until 3 October, over 700 people participated in a controlled test. Feedback was obtained from the users:

- 90 percent experienced that the new solution worked every time
- 85 percent were satisfied with the solution
- 91 percent would use the solution again
- 94 percent felt safe using the solution

The plan is to extend testing in the first quarter of 2023 with a new user interface where the solution can be used across different forms of transport. The extended test will take place in cooperation with the traffic companies in Jutland and on Funen and will involve another 1,000 test users.

The purpose of the test is to improve the app solution to create the best experience for the customers. DSB is looking forward to, the solution being extended to all of Denmark.





DSB is contributing to new forests in Denmark

In 2022, focus was on getting business travellers to take the train. The train is an obvious form of transport, with a safe, comfortable and mobile workplace, and it can also be part of the corporation's general sustainability initiatives.

With a business agreement, you can get 20 percent discount on standard tickets over the Great Belt as well as on DSB1'.

In 2022, DSB entered into a partnership with Klimaskovfonden. For each business journey sold, DSB makes a contribution to Klimaskovfonden. The contribution goes towards establishment of forests, which absorb CO₂, help improve the environment and create recreational areas for local residents. DSB is the first corporation to enter a collaboration with Klimaskovfonden.

There is greater awareness in society about the train being a more sustainable form of transport. With the partnership, DSB wants to strengthen this awareness. This also supports the purpose 'A sustainable way forward with room for all of us'.

The foundation was enacted by law by a unanimous Danish Parliament in December 2020, and its purpose is to accelerate the Danish climate work through planting of forests and re-establishment of nature in carbonaceous lowland soil in Denmark. It works as an independent state administration unit under Ministry of Environment of Denmark. The foundation's origin and purpose of planting forests in Denmark has been an important reason for the partnership with DSB. In the future, the customers want to see more green trees from the train when coasting through the Danish countryside.

"I am really glad that DSB and Klimaskovfonden have entered into a collaboration. When we plant forests, it benefits the climate. At the same time, both train passengers and the Danes in the local areas can enjoy the new forests."

Kirsten Brosbøl, chair of Klimaskovfonden

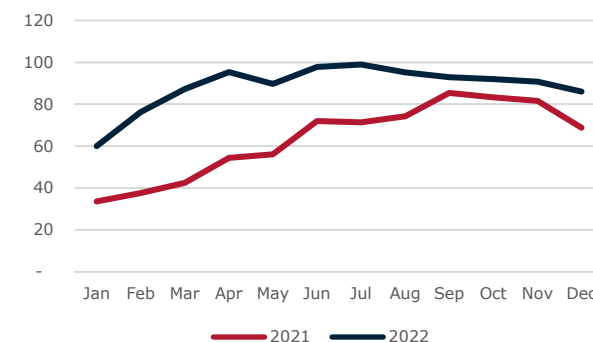


Increase in the number of journeys

In 2022, 163.7 million journeys with DSB were registered. In 2021 and 2019, 118.1 million and 184.9 million journeys, respectively, were registered. Number of journeys in 2019 have been corrected for relinquished traffic. Despite the lockdown until 1 February in connection with COVID-19 as well as the resulting consequences of COVID-19 leading up

Figure 2: Number of journeys

Indexed compared to 2019



to the summer months, the number of travellers in several markets exceeded the number in 2019. In particular leisure travellers were responsible for the progress. Thus, there has been significant growth in international journeys over Øresund and in regional traffic.

The change in travel habits - including greater flexibility with working from home - made a clearer impact during the last months of the year when the commuters typically constitute a higher share of the total journeys. This was a contributing factor to a 10 percent drop in journeys for S-trains in November and December compared to the same months in 2019.

The customers faced challenges from major track works

Also over the summer of 2022, there were significant long-lasting track works. This primarily affected the lines and thus the customers on Zealand and Øst/Vest on the lines Høje Taastrup-Copenhagen and Ringsted-Roskilde. In addition, customers in Vest (Jylland og Fyn) have been affected by major track works on the lines Aarhus-Aalborg and Fredericia-Aarhus.

Surveys were performed on the habits of the commuters during major track works. The surveys indicated a minor drop in commuters in favour of other forms of transport.

Difference in development of markets

In 2022, Sjælland inkl. Kyst- og Kastrupbanen registered 17 percent fewer journeys than in 2019. There are multiple causes for this:

- Fewer journeys by air from Copenhagen Airport as well as new travel options to the airport after the opening of Metro Cityringen
- The extensive track works between Høje Taastrup and Copenhagen
- Fewer commuter journeys as a result of increased number of work-at-home days
- In December operation of Kastrupbanen was transferred to Skånetrafiken

For Vest (Jylland og Fyn), the number of journeys decreased by 8 percent compared to 2019. However, in December, the number of journeys returned to the same level as in December 2019.

Øst/Vest (over Storebælt) registered 8.2 million journeys, corresponding to an increase of 5 percent in relation to 2019. This is particularly because:

- Business is focusing on sustainability, and turnover for business travellers was the highest ever
- More campaigns for Orange tickets
- DSB gained market share over the Great Belt
- The increasing energy prices have led more people to leave the car behind and choose the train, in particular for long distances.

In addition, the customers desire more comfort and certainty of having a seat, which led to a significant increase in the sale of seat tickets relative to 2019.

Table 3: Number of journeys

1,000 journeys	2022	2021	2019	Growth (2022 vs. 2021)		Growth (2022 vs. 2019)	
				Abs.	Pct.	Abs.	Pct.
Sjælland inkl. Kyst- og Kastrupbanen	33,858	23,895	40,914	9,963	42	(7,056)	(17)
Vest (Jylland og Fyn)	10,322	7,881	11,203	2,441	31	(881)	(8)
Øst/Vest (over Storebælt)	8,216	5,775	7,843	2,441	42	373	5
Others	12,798	6,301	12,950	6,497	103	(152)	(1)
Long-distance & Regional trains	65,194	43,852	72,910	21,342	49	(7,716)	(11)
S-trains	98,548	74,206	111,960	24,342	33	13,412	(12)
Total, including relinquished traffic	163,742	118,058	184,870	45,684	39	21,128	(11)
Relinquished traffic	-	-	2,598	-	-	(2,598)	(100)
Total	163,742	118,058	187,468	45,684	39	(23,726)	(13)

For Others, the number of journeys constituted 12.8 million, corresponding to a drop of 1 percent in relation to 2019. In December, the traffic crossing Øresund was transferred to Skånetrafiken. The traffic amounted to 11.7 million journeys in 2022, which is 4 percent lower than in 2019. On the other hand, there was an increase in international traffic, which is consistent with the fact that the green social agenda has led to an increase in the demand for international train journeys.

S-trains have experienced a drop in the number of journeys by 12 percent relative to 2019. The reason for this drop is related to fewer commuter journeys due to more work-at-home days as well as a change in travel patterns for customers after the introduction of Metro Cityringen. This connects the city better and has led to a large drop in S-train journeys between Copenhagen Central Station and Nørreport station.

Train operations

Productivity

The number of full-time employees amounted to 6,039 at year-end.

In September, the roll-out of the new signalling system - CBTC - was completed on the S-train track. The competence requirements for driving S-trains have thus changed. In January 2023, DSB launched a new and revised training programme for S-train drivers. The training time was reduced from 171 to 41 days. An agreement was entered into with Dansk Jernbaneforbund (Danish Railway Union). This led to the current train drivers, driving teachers and instructors continuing on the same terms as they have had thus far. DSB has carried out a campaign to attract applicants to the new training. It was a big success, with over 800 applicants.

Table 4: Productivity in train activities

	2022	2021	Growth	
			Abs.	Pct.
Passenger revenue per seat kilometre ¹⁾ (DKK 0.01/km)	31.7	23.5	8.2	35
Costs per seat kilometre ¹⁾ (DKK 0.01/km)	56.7	56.5	0.2	0

¹⁾ Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra kilometres travelled.

Passenger turnover per seat kilometre increased in line with the increased passenger turnover.

Costs per seat kilometre are on level with 2021. The costs increased primarily due to the increasing energy prices. The production per seat kilometre has, however, increased correspondingly.

Rolling stock

Major reconfiguration of operations in 2022

The timetable for 2022 led to the most significant reconfiguration of operations since the timetable of 2016. This included EB electric locomotives taking over operations from the ME locomotives and running on the new line between Elsinore and Næstved, among others. In addition, part of the traffic on Kystbanen has been separated from the Øresund traffic as part of the preparations for transferring the Øresund traffic to the Swedish company Skånetrafiken.

The full phasing in of EB electric locomotives in December 2021 caused the number of driven litra kilometres with electrically powered rolling stock to increase from 50 percent in 2021 to 54 percent in 2022 in relation to the total driven number of litra kilometres.

Knorr-Bremse has acquired DSB's Component Workshop

On 1 September 2022, the German Knorr-Bremse Group formally took over DSB's component and spare parts workshops. An agreement has been concluded for the long-term supply of component maintenance and spare parts for the majority of DSB's current train fleet until the ageing trainsets are fully phased out.

In conjunction with the acquisition, 422 employees have been transferred to Knorr-Bremse Rail Systems Denmark A/S. The sale has given the many skilled employees a future-proof workplace. At the same time, DSB will have a solid supplier of spare parts for the existing train fleet.

Train traffic between Denmark and Germany

The Spanish company Talgo will deliver 8 train coach groups, which at DSB are named EC train coaches. They will operate in the international train traffic between Denmark and Germany. The EC train coaches will be pulled by the EB electric locomotives. The first EC train coaches are expected to be operated in second half of 2024.

In January 2023, DSB was introduced to the first prototypes of the finished EC train coaches and had the option to provide feedback on the quality of the work. The plan is for Talgo to send the first EC train coaches for test runs in Denmark in the autumn of 2023.

DSB has entered into an agreement with Deutsche Bahn that, from the middle of 2023 and until delivery of the EC train coaches, IC1 train coaches will be introduced from Deutsche Bahn to handle the train traffic between Denmark and Germany.

175th anniversary of the Danish railway

On 26 June, the 175th anniversary of the Danish railway was celebrated at Copenhagen Central Station, attended among others by the Danish Minister for Transport at that time, Trine Bramsen.

The first rail line between Copenhagen and Roskilde was quickly followed by others, and a comprehensive change to Denmark began. The railway has become an important part of Denmark's infrastructure, as it connects the country and ensures mobility in society.

Kilometres driven

Table 5: Litra kilometres¹⁾

	Kilometres (1,000)		Growth	
	2022	2021	Abs.	Pct.
IC4 trainsets	6,591	6,244	347	6
IC3 trainsets	28,569	28,356	213	1
IR4 electric trainsets	12,310	11,177	1,133	10
Øresund electric trainsets ²⁾	5,830	6,773	(943)	(14)
Double decker coaches ³⁾	16,999	14,334	2,665	19
ME locomotives ⁴⁾	-	1,905	(1,905)	(100)
EB electric locomotives	3,700	1,359	2,341	172
S-electric trainsets	19,000	18,119	881	5
Total	92,999	88,267	4,732	5

¹⁾ Litra kilometres represent the total number of kilometres travelled in Denmark.

²⁾ Litra kilometres for Øresund trainsets include travel with both Danish and Swedish trainsets.

³⁾ Litra kilometres for double decker coaches are calculated per coach, regardless of the fact that multiple coaches are usually connected.

⁴⁾ No longer in operation as of 12 December 2021.

The total number of litra kilometres travelled in 2022 was higher than in 2021. In particular, this is because more kilometres were driven with IR4 electric trainsets and double-decker coaches. IR4 electric trainsets have driven longer because of an increased use of long-distance rail traffic resulting from the general prioritisation of operating with electrical rolling stock. In 2022, the double-decker coaches ran with longer trains and on longer lines in the Zealand regional train traffic - including Kystbanen.

High operational stability

In 2022, the total train fleet covered more kilometres between failures than in 2021. IC3 trainsets as

well as IR4- and S-electric trainsets in particular have had high operational stability.

Table 6: Mean Distance Between Failures¹⁾

	Kilometres (1,000)		Growth	
	2022	2021	Abs.	Pct.
IC4 trainsets	8.7	8.4	0.3	4
IC3 trainsets ²⁾	37.3	25.4	11.9	47
IR4 electric trainsets	45.8	25.6	20.2	79
Øresund electric trainsets SE ³⁾	4.2	4.6	(0.4)	(9)
Øresund electric trainsets DK ³⁾	16.3	13.8	2.5	18
Double decker coaches	26.5	36.8	10.3	(28)
ME locomotives	-	46.5	(46.5)	(100)
EB electric locomotives	19.8	3.0	16.8	560
S-electric trainsets	21.4	19.8	1.6	8

¹⁾ A technical incident on the rolling stock causing a delay.

²⁾ From January 2022, the measurement of Mean Distance Between Failures has been changed. Thus, the calculation is exclusively based on kilometres driven and incidents registered in Denmark. Previously, the figures included kilometres driven and failures in Denmark and abroad (Sweden and Germany). Comparative figures have been adjusted.

³⁾ The Øresund electric trainsets SE are maintained by Mantena in Sweden. The Øresund electric trainsets DK are maintained by DSB.

IC4 trainsets

In 2022, the IC4 trainsets were primarily operated in interregional traffic in Jutland and on Zealand, but also for selected departures in the long-distance rail traffic.

During the first months of the year, operational stability for the IC4 trainsets was particularly good. Since May, operational stability has been lower. Several conditions have contributed to this. In particular, extensive track works during 2022 caused

difficulties in getting the IC4 trainsets to the workshop on time.

IC3 trainsets

The IC3 trainsets continue to constitute a very central part of the train fleet for Long-distance & Regional trains. The plan is that they should remain in operation until the new IC5 electric trainsets have been phased in.

Operational stability for the IC3 trainsets has, through 2022, been significantly higher than in 2021, and they have operated with good stability, with 37,300 kilometres Mean Distance Between Failures. The higher operational stability is particularly linked with fewer faults on the signalling systems onboard the trainsets as well as fewer motor and clutch faults.

IR4 electric trainset

In 2022, IR4 electric trainsets were used in interregional traffic and have run more than 100 million kilometres than in 2021. This is partly because of prioritisation of operating electric rolling stock.

During all of 2022, the IR4 electric trainsets had a significantly higher Mean Distance Between Failures. Thus, they have maintained good operational stability in 2022. In later years, a number of initiatives have been implemented in the IR4 workshop and in operations resulting in the reduction of incidents.

Øresund electric trainsets

In 2022, DSB performed maintenance on the 34 Øresund electric trainsets DK at the workshop Helsingørskøbenhavn in Copenhagen, while Mantena performed maintenance on the 77 Øresund electric trainsets SE for Skånetrafiken.



DSB owns the 34 Øresund electric trainsets DK, which in 2022, ran with good operational stability. On the other hand, the 77 Øresund electric trainsets SE faced challenges measured in the Mean Distance Between Failures.

On 11 December 2022, Skånetrafiken assumed responsibility for the Øresund traffic. In connection with this, DSB has rented out 24 of the 34 Øresund electric trainsets DK to Skånetrafiken making them available to Transdev, which handles traffic under contract for Skånetrafiken.

The remaining 10 Øresund electric trainsets DK continue to run in Danish train traffic and are still maintained by DSB.

Double decker coaches

In 2022, the double-decker coaches serviced the interregional traffic on Zealand and were pulled by EB electric locomotives.

Operational stability for the double-decker coaches was extraordinarily high in 2021. The Mean Distance Between Failures in 2022 was lower, at 26,500, which is satisfactory.

EB electric locomotives

In total, DSB received 42 EB electric locomotives from the manufacturer, Siemens. The first 3 arrived in September 2020, and since then, the locomotives have been delivered on an ongoing basis. The last ones arrived in September 2022.

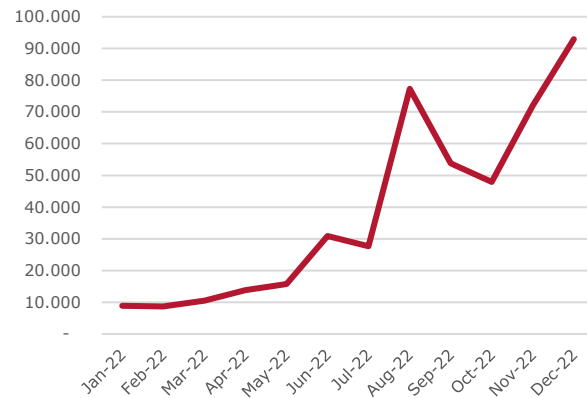
For the first ten years, Siemens will be responsible for maintenance of the locomotives. Thus, Siemens is the guarantee of the reliability of the locomotives.

Many customers have probably noticed the significant less noise and smell when taking the train. The EB electric locomotives were introduced on an ongoing basis in 2021 and, from the change in timetable in December 2021, have fully replaced the ME locomotives. This has had a very positive effect on DSB's environmental impact. This has also improved comfort for customers as well as staff on the train.

The electric locomotives have been designed to operate on lines with the new signalling system, and at the beginning of the year, they faced challenges on lines using the old signalling system. Over the course of the year, the locomotives have received a software update that has led to fewer faults when the EB locomotives run on the old signalling system. This has increased operational stability and punctuality.

Figure 3: Mean Distance Between Failures 2022

EB electric locomotives



Mean Distance Between Failures has increased steadily in 2022, in line with the new software update. During first half, Mean Distance Between Failures was 12,000 kilometres. In June, it was over 30,000 kilometres. The increase continued in second half with a Mean Distance Between Failures of more than 55,000 kilometres.

The electric locomotives emit neither diesel particles nor NO_x and are crucial to achieving DSB's environmental goal of 'No particle emissions from the locomotives' engines - avoiding environmental impact'.

S-electric trainsets

In 2022, more litre kilometres were driven with the S-electric trainsets than in 2021. In part, this is because longer trains were used on selected lines during certain periods in 2022.

In particular, in first half, the S-electric trainsets faced challenges with operational stability. In second half, a significant improvement of quality was accomplished. Despite the challenges in first half, the S-electric trainsets contributed to a fine and satisfactory customer punctuality for S-trains.

Changed schedule for the delivery of IC5 electric trainsets

The delivery of 100 IC5 electric trainsets (Coradia) from the French manufacturer Alstom are expected to be received up to half a year later than in the original schedule.

Coradia Stream is an established product platform - the closest one can get to a 'standard train'. Even though these are standard trains, it is necessary to make technical clarifications, updates and minor adjustments to national conditions during the design phase. DSB has ordered the necessary adjustments in terms of parking brakes, LED lighting and an additional interior door. Time for implementation is now expected to be mid-2025.

Planning for the future – a new planning and disposition system

In 2022, the work on the Planning System of the Future continued in collaboration with the supplier IVU Traffic Technologies (IVU).

Through the process, it has become clear that DSB's needs require greater changes to IVU's standard solution than assumed thus far. The implementation of the S-train's staff planning system has shown that the gap between the standard system in its current version and DSB's need to ensure an effective and punctual operation is too big.

Therefore, the project has been extended one year so that the remaining parts of the system for S-trains will be implemented during 2023, while the system for Long-distance & Regional trains is scheduled to be implemented from 2024 onwards.

The Electrification Programme

The electrification of large parts of the Danish railway network is still ongoing. The electrification involves 1,362 kilometres of tracks and all of the lines that DSB operates. Banedanmark's project is scheduled to continue up to 2029.

As more and more lines are electrified, DSB is able to deploy more electric rolling stock. From the timetable change in December 2021, for example, DSB has deployed electric rolling stock in the form of EB electric locomotives and double-decker coaches between Elsinore and Næstved, using the driving lines between Næstved and Ringsted. At the same time, this enabled the phase-out of all older diesel-powered ME locomotives.

The Electrification Programme is a critical prerequisite for DSB in the coming years being able to deploy the new electric rolling stock on all lines and thus meet the goals of being carbon neutral in 2030.

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



The Signalling Programme

The new signalling system is fully rolled out on the S-train tracks. In January 2022, the new signalling system - CBTC - was put into use at the core sections of the S-train track, and in September, CTBC was rolled out on the remaining S-train tracks. The roll-out led to a significant improvement in customer punctuality for S-trains.

Long-distance & Regional trains

The roll-out of the Signalling Programme for the Long-distance & Regional trains sets the framework for the train traffic of the future.

The EB electric locomotives and the new incoming IC5 electric trainsets from Alstom will come with the new signalling system installed.

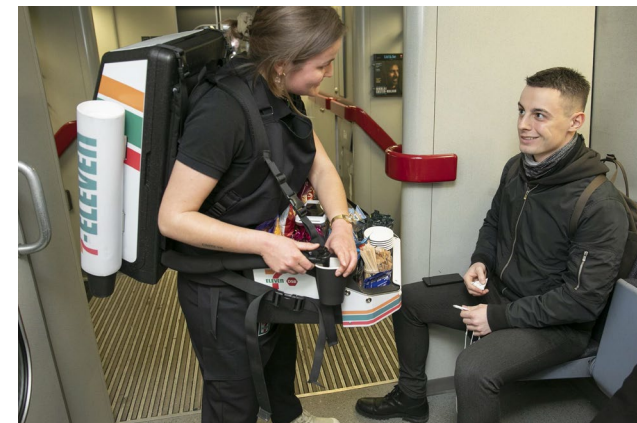
For Long-distance & Regional trains, introduction on Ny Bane (the line Copenhagen-Ringsted via Køge Nord) is planned for April 2023. At this time, the updated infrastructure, including software, must be ready.

It is a prerequisite that an adequate number of relevant trainsets are reconfigured for the new signalling system and that Danish Civil Aviation and Railway Authority approves the safety of the IR4 electric trainsets and double-decker coaches for the lines with the new signalling system. The double-decker coaches have already been reconfigured, 24 IR4 electric trainsets were reconfigured before the end of the year, and IC3 trainsets are expected to be reconfigured during first quarter of 2023. The safety approval for IR4 electric trainsets and double-decker coaches is expected to be in place before the new signalling system is put into operation on Ny Bane. In 2023, the focus is on re-building the above litra types before the change in timetable in December.

Service & Retail

The purpose of Service & Retail is to provide service and catering on trains and in stations. The business area has an important role in offering customers food, drinks and snacks, regardless of where they are on their journey.

Service & Retail operates 62 7-Eleven kiosks, 4 station houses, Kaffeexpressen and the Baggage Centre at Copenhagen Central Station.

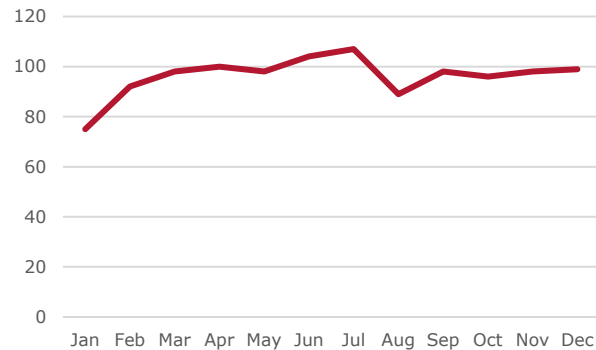


The start of the year was impacted by COVID-19 and the restrictions and recommendations issued by the authorities. This meant a major decrease in the number of customers in relation to the same period in 2019.

During the spring and summer, the customers returned at the same level as before the pandemic. In certain months, the number of customers even exceeded the period in 2019. The numerous events of the summer, such as the Tour de France and the re-opening of festivals, have had a positive effect on the number of customers during that period.

Figure 4: Number of customers in Service & Retail

Indexed compared to 2019



On 8 August 2022, Reitan Convenience Danmark A/S' IT systems were subject to a hacker attack, which caused that the sales and payment systems were out of operation at the 7-Eleven kiosks - including DSB's kiosks. Quickly, the kiosks returned to partial operation within 2-3 days.

Over the course of the autumn and winter, the number of customers was 2-4 percent under the level of 2019. This can be attributed to the lower purchasing power caused by the high inflation and the energy crisis, which also affected expenses negatively.

The lack of workforce made it difficult to recruit and retain employees, and at the same time increased employee rotation. In 2022, this has caused a lot more time spent recruiting and training new employees.

In 2022, the profit before tax amounted to DKK 4 million for Service & Retail.

Property Development

Property Development's main activity is to sell, develop and manage properties no longer used for train operations on a commercial basis.

Property Development also receives income from sale and project development, commercial property development and from renting out properties.

In 2022, there has been a focus on working with a number of projects related to commercial property development, and sales of properties, both large and small, have also been completed.

In 2022, the profit before tax amounted to DKK 47 million for Property Development.

Commercial property development

With the amendment of the DSB Act in 2019, DSB Ejendomsudvikling A/S was given the opportunity to enter into commercial property projects with external developers. The projects are set up via joint ventures where DSB Ejendomsudvikling A/S owns up to 50 percent of the shares. DSB Ejendomsudvikling A/S contributes with the building rights while the joint venture partner generally contributes with liquidity for the project development.

The goal is to set up projects for renting out and in this way establishing ongoing revenue that can contribute to financing DSB's train operations.

The projects must be of high quality and focus on sustainability. This reflects a consciousness that DSB's properties are an architectural heritage, which must be looked after on behalf of the whole of Denmark and support the purpose 'A sustainable way forward with room for all of us'. By striving for

DGBN certification for sustainable construction of at least gold level, the projects contribute to the fulfilment of DSB's sustainability strategy.

Thus far, 3 joint venture agreements have been entered into:

- Frugtmarkedet, Grønttorvet in Valby
- Project Downtown, Postbyen in central Copenhagen
- Jernbanebyen in Copenhagen

Frugtmarkedet, Grønttorvet, Valby

In January 2022, Property Development's first commercial development project was complete. Hibiscus Hus at the former Grønttorvet in Valby was completed and fully rented out. The property encompasses 375 apartments and was awarded a DGNB Gold certificate for sustainable construction.

The property is owned equally with Ny Valby Udvikling A/S, which is a company under FB Gruppen A/S.

"Our first commercial project, Hibiscus Hus, was completed ahead of time and received an impressive DGBN Gold certificate. The bar has now been set high for future projects."

*Søren Beck-Heede, CEO,
DSB Ejendomsudvikling A/S*

Project Downtown in Postbyen

The project is the last part of the development of Postbyen in central Copenhagen. It covers the development of approx. 25,300 floor metres of residential and commercial premises as well as the 9,600 floor metres of basement/plinth belonging to it on 7,400 square metres of grounds.

Postbyen will become a new city district focused on sustainability and open and public-oriented facilities.



The project consists of about 7,900 floor metres of regular residences, which will be constructed through a delegated builder model in collaboration with the social housing company FSB, approx. 7,500 floor metres of rental residences and about 9,900 floor metres of office and commercial premises.

The project will be carried out in partnership with Danica Ejendomsselskab ApS, which is a company under Danica Pension.

Construction will begin in 2025 and is expected to be completed in 2028.

Jernbanebyen, Copenhagen

Jernbanebyen will be Copenhagen's new green district, constituting about 494,000 floor metres, and surrounded by Vasbygade, Ingerslevsgade and Enghavevej. The new city district will consist of approximately 4-5,000 homes and 175,000 floor metres of commercial real estate, retail stores, schools and institutions.

The initial plan for Jernbanebyen was approved by Økonomiudvalget in Copenhagen Municipality in April 2022. The work on preparing a district plan for the area is under way. The final political approval of the district plan is expected to take place in 2024, after which construction can begin.

The partnership behind the development of Jernbanebyen in Copenhagen is now in place. The parties DSB Property Development, Novo Holdings, Industriens Pension and NREP have, as of early 2023, signed a contingent joint venture agreement for the commercial partnership. The agreement means that Jernbanebyen will be under common ownership after a district plan for the area has been approved.

Mediebyen, Odense

DSB has signed a declaration of intent with TV 2 Danmark, Jysk Fynske Medier, SDU, TV 2 Fyn and Media City Odense (MCO) about creating a media tech town by Jarlsberggade in Odense. Odense Municipality is a strategic partner. The first phase of the new media town will be ready by early 2026.

Financial activities

In 2022, the profit before tax amounted to DKK 229 million, compared to DKK 805 million in 2021. Thus, the result is within the reported interval in Trading update, third quarter 2022.

Discontinued operations

In July 2021, an agreement was concluded on the sale of DSB's Component Workshop. The agreement was conditional on the approval of the competition authorities. The agreement was approved in 2022, and the German Knorr-Bremse Group formally took over DSB's component and spare parts workshops.

In accordance with the Danish Financial Statements Act, the activity from 1 January 2021 was presented on individual line items of the financial statements. The discontinued operations have impacted the profit for the period by DKK 79 million.

Revenue

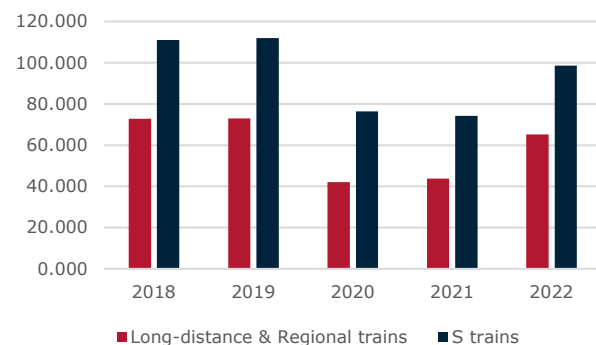
Total income amounted to DKK 10,773 million (DKK 10,848 million) while DSB's net revenue was DKK 8,958 million (DKK 9,039 million).

The passenger revenue increased by DKK 1,523 million in relation to 2021. This can be attributed to an increase in the number of journeys following the abolition of COVID-19 restrictions on 1 February. For Long-distance & Regional trains, the increase was DKK 1,156 million while it was DKK 367 million for S-trains.

Contract revenue from the state dropped by DKK 1,625 million compared to 2021 since, in 2022, DSB did not receive extra contract revenue due to COVID-19.

Figure 5: Number of journeys

(1,000 journeys)



Other operating income amounted to DKK 1,390 million. This is DKK 61 million more than in 2021. Profit on sale of property and construction rights has been DKK 225 million lower. On the other hand, profits increased on the sale of rolling stock and higher rent revenue as well as additional sale of kiosk products in DSB's 7-Eleven kiosks as customers began returning.

Expenses

Total expenses amounted to DKK 9,229 million (DKK 8,662 million).

The extraordinary development in energy prices has affected energy expenses by DKK 344 million compared to 2021. For 2022, DSB has hedged 91 percent of the total projected oil consumption and 68 percent of the total expected electricity consumption. VAT and taxes on DSB's energy consumption cannot be hedged and are therefore included in the

expenses, as DSB does not have full deduction for these.

Expenses for raw materials and consumables increased by DKK 469 million compared to 2021. The development is particularly affected by the extraordinary development in energy prices as well as the increased product consumption in connection with the increased sales in DSB's 7-Eleven kiosks.

Other external expenses increased by DKK 73 million compared to 2021. To a large extent, this was driven by the fact that 2021 was affected by a compensation for infrastructure charges for September-December 2020, cf. EU frameworks.

Staff expenses increased by DKK 25 million compared to 2021. The development is negatively affected by the ordinary wage development and conversely positively affected by DSB's continued work with streamlining.

Amortization, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to DKK 1,243 million compared with DKK 1,315 million in 2021. The development has been affected by lower amortisation of the S-electric train sets in connection with re-assessment of the use of life as well as increased write-downs on DSB's buildings.

Developments in assets and liabilities

Total assets at the end of 2022 amounted to DKK 13,990 million compared to DKK 13,722 million at the end of 2021.

In 2022, DSB invested DKK 1,886 million (DKK 1,361 million) in tangible fixed assets. Most importantly, the investments covered the purchase of

new electric rolling stock and large inspections of trains as well as prepayments concerning New Green Workshops.

Interest-bearing debt, net is at same level as on 31 December 2021, constituting DKK 2,729 million as of 31 December 2022.

Dividend for Ministry of Transport

The Board of Directors recommends that the Annual Meeting adopts a resolution that no dividend will be paid for 2022.

Solid liquidity reserves

DSB must always be able to maintain an appropriate level of liquidity to support investment projects and to pay the operating expenses.

Throughout all of 2022, DSB has had solid liquidity at a level of DKK 10 billion. Liquidity reserves constituted DKK 10,618 million as of 31 December 2022 (2021: DKK 10,571 million).

In 2022, the European Investment Bank granted an increase of EUR 100 million for the current project loan framework of EUR 500 million to a total of EUR 600 million (DKK 4,474 million) for DSB's new train fleet. Under the loan framework, loan agreements of EUR 600 million have been established. Under the loan agreements, loans can be established with a maturity date of up to 25 years. As of the end of 2022, loan disbursements have not yet been made.

In first half, a loan of EUR 67 million (DKK 498 million) was disbursed from the Nordic Investment Bank (NIB).

The liquidity will be further strengthened in the form of bank financing and the issuing of bonds as the need arises.

Expectations for 2023

Loss in 2023

DSB expects a loss before tax for 2023 at a level of DKK 150 to 250 million. The expected loss is heavily affected by the increasing energy prices over the course of 2022. For 2023, DSB has covered 70 percent of the expected consumption of electricity and 62 percent of the expected consumption of diesel.

Events after 31 December 2022

No events have occurred after 31 December 2022 which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2022.

Other circumstances

There are no other circumstances that, in the opinion of the management, have a significant impact on the assessment of the annual report for 2022.



Consolidated accounts and annual accounts

Statements

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of DSB for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act and the 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 corporation's assets, liabilities and financial position at 31 December 2022 and of the results of the group's and the parent corporation's operations and the group's cash flows for the financial year 1 January - 31 December 2022.

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 corporation's financial position in general and a description of the most important risks and uncertainty factors to which the group and the parent corporation are subject.

The annual report is recommended for approval by the Annual Meeting.

Taastrup, 9 February 2023

Executive Board

Flemming Jensen
CEO

Pernille Damm Nielsen
CFO

Jens Visholm Uglebjerg
Executive Vice President, Commercial

Jürgen Müller
Executive Vice President, Strategy
& Rolling Stock

Per Schrøder
Executive Vice President, Operations

Board of Directors

Peter Schütze
Chairman

Anne Hedensted Steffensen
Vice-Chairman

Henrik Amsinck

Lene Feltmann Espersen

Carsten Gerner

Christina Grumstrup Sørensen

Thomas Bryan-Lund

Preben Steenholdt Pedersen

Lone Riis Stensgaard

Independent auditors' report

To the Minister for Transport

Opinion

We have audited the consolidated accounts and the annual accounts of the independent public corporation DSB for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the group and the parent corporation and a consolidated cash flow statement, pages 67-105. The consolidated accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act and the DSB Act.

In our opinion, the consolidated accounts and the annual accounts give a true and fair view of the group and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2022 and of the result of the group's and the independent public corporation DSB's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act and the DSB Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark as well as the Danish Standards on Public Sector Auditing (SOR) as the audit was constructed on the basis of the provisions of the DSB Act. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the consolidated accounts and the annual accounts' (hereinafter collectively referred to as

'the financial statements') section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

The Auditor General is independent of the independent public corporation DSB in accordance with The Auditor General Act §1, stk. 6, and the Approved auditor is independent of the independent public corporation DSB in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the group's and the independent public corporation DSB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the group or the independent

public corporation DSB or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report and includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs, additional requirements applicable in Denmark as well as the public auditing standards according to the DSB Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark as well as the public auditing standards according to the DSB Act, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the independent public corporation DSB's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- Conclude the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the independent public corporation DSB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the independent public corporation DSB to cease to continue as a going concern
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions

and events in a manner that gives a true and fair view

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervising and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management report

Management is responsible for the Management report.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusions thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's report page 4-66 and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management report is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management report.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions included in the financial statements comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice, and that due financial consideration has been taken of the management of the funds and operations covered by the corporations included in the financial statements. Consequently, Management is responsible establishing systems and procedures supporting economy, productivity and efficiency.

In performing our audit of the financial statements, it is our responsibility to perform compliance audit and performance audit of selected items in accordance with public accounting standards. When conducting a compliance audit, we test the selected items to obtain reasonable assurance as to whether the transactions covered by the financial reporting comply with the relevant provisions of appropriations, legislation and other regulations as well as agreements entered into and usual practice. When conducting a performance audit, we perform assessment to obtain reasonable assurances as to whether the tested systems, processes or transactions support due financial considerations in relation

to the management of the funds and operations covered by the project financial statements.

We must report on any grounds for significant critical comments, should we find such when performing our work.

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

Copenhagen, 9 February 2023

EY

Authorized Limited Company of Accountants
CVR no. 30700228

Rigsrevisionen

CVR no. 77806113

Søren Skov Larsen
State-authorized public
accountant
mne26797

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

Birgitte Hansen
Auditor-General

Søren Vadskjær Skyum
Head of Office

Income statement					
Parent corporation				Group	
2021	2022	Note	Amounts in DKK million	2022	2021
			Income		
9,659	9,162	2.1	Net revenue	8,958	9,039
88	51	2.2	Work performed by the entity at its own ex- pense and capitalized	425	480
669	715	2.3	Other operating income	1,390	1,329
10,416	9,928		Total income	10,773	10,848
			Expenses		
1,108	949	2.5	Expenses for raw materials and consuma- bles	1,964	1,495
4,900	5,068	2.6, 2.7, 2.8	Other external expenses	3,826	3,753
2,630	2,616	2.9,2.10	Staff expenses	3,439	3,414
8,638	8,633		Total expenses	9,229	8,662
1,778	1,295		Profit/loss before amortization, depre- ciation and write-downs	1,544	2,186
1,205	1,132	3.1,3.2, 3.3	Amortization, depreciation and write-downs of intangible and tangible fixed assets	1,243	1,315
573	163		Operating profit/loss	301	871
			Financials		
216	110	4.3	Profit/loss after tax in group and associated corporations plus joint ventures	6	5
16	28	4.1	Financial income	24	8
79	98	4.1	Financial expenses	102	79
153	40		Net financials	(72)	(66)
726	203		Profit/loss before tax	229	805
(103)	(25)	5.1	Tax on profit for the year	(51)	(182)
623	178		Profit/loss for continuing activities	178	623
-	79	8.5	Profit/loss from discontinued operations	79	0
623	257		Profit/loss for the year after discontin- ued operations	257	623

Allocation of profit/loss					
Parent corporation			Note	Group	
2021	2022			2022	2021
		4.2	The earnings for the period are distributed as follows: Corporation participant in DSB	257	623
			Total	257	623
		4.2	The parent corporation's profit is proposed to be allocated as follows: Dividend for Ministry of Transport Reserve for development costs Retained earnings		
0	0				
32	15				
591	242				
623	257		Total		

Balance sheet - assets

Parent corporation		Note	Amounts in DKK million	Group	
2021	2022			2022	2021
		3.1	Intangible fixed assets		
61	41		Development projects	49	73
117	150		Intangible fixed assets in progress and pre-payments	151	117
178	191		Total intangible fixed assets	200	190
		3.2	Tangible fixed assets		
3,476	3,114		Land and buildings	3,395	3,765
3,234	3,008		Rolling stock	4,532	4,606
527	539		Operating equipment, fixtures and fittings and other equipment	601	593
156	288		Tangible fixed assets in progress and prepayments	1,721	643
7,393	6,949		Total tangible fixed assets	10,249	9,607
		4.3	Financial fixed assets		
1,899	1,802		Equity investments in group and associated corporations plus joint ventures	113	184
971	1,057		Loans to group corporations	-	-
79	49		Subordinated loan capital in associated corporations	49	79
67	239		Other receivables	241	69
3,016	3,147		Total financial fixed assets	403	332
10,587	10,287		Total fixed assets	10,852	10,129
16	7	6.1	Inventories	182	165
1	1	3.2	Commercial properties	1	1
		6.2	Receivables		
534	366		Trade receivables	433	580
54	43		Receivables from group corporations	-	-
-	69	5.2	Corporation tax	46	-
212	69		Other receivables	145	246
641	1,451	6.3	Accruals and prepayments	152	163
1,441	1,998		Total receivables	776	989
1,500	2,157	4.5	Securities	2,157	1,500
540	16		Cash and cash equivalents	22	546
-	-	8.5	Assets held for sale	-	392
3,498	4,179		Total current assets	3,138	3,593
14,085	14,466		Total assets	13,990	13,722

Balance sheet - liabilities and equity

Parent corporation		Note	Amounts in DKK million	Group	
2021	2022			2022	2021
			Equity		
4,760	4,760		Contributed capital	4,760	4,760
121	136	2.2	Reserve for development costs	-	-
(35)	260	7.6	Reserve for hedging transactions	260	(35)
247	532		Retained earnings	668	368
0	0		Proposed dividends	0	0
5,093	5,688		Total equity	5,688	5,093
			Provisions		
79	68	8.1	Other provisions	70	80
289	271	5.2	Deferred tax liabilities	317	316
368	339		Total provisions	387	396
			Non-current liabilities		
4,013	4,350		Long-term loans	4,350	4,013
439	81		Other non-current liabilities	81	439
142	108		Other liabilities	108	142
4,594	4,539	4.5	Total non-current liabilities	4,539	4,594
			Current liabilities		
664	64	4.5	Current portion of non-current liabilities	64	664
-	207	7.5	Bank loans	207	-
-	55		Credit institutions	55	-
1,775	1,608		Trade accounts payable	1,877	1,928
636	892		Debt to group corporations	-	-
90	-	5.2	Corporation tax	-	92
397	395		Other liabilities	450	445
468	679	6.4	Accruals and prepayments	723	468
-	-	8.5	Liabilities held for sale	-	42
4,030	3,900		Total current liabilities	3,376	3,639
8,624	8,439		Total liabilities	7,915	8,233
14,085	14,466		Total equity and liabilities	13,990	13,722

1.1 Accounting policies applied, 1.2 Significant accounting practices, 1.3 Significant accounting estimates, 2.4 Commercial property development, 4.4 Borrowing, 7.1 Interest risk, 7.2 Currency exchange risk, 7.3 Raw material price risk, 7.4 Liquidity risk, 7.7 Information on fair values, 8.2 Contingent assets and liabilities as well as other financial obligations, 8.3 Related parties, 8.4 Gains and losses on sale and scrapping of intangible and tangible fixed assets, 8.6 Events after the balance sheet date

Statement of changes in equity – parent corporation

Amounts in DKK million	Contributed capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2021	4,760	89	(414)	(343)	0	4,092
Declared dividend	-	-	-	-	0	0
Profit/loss for the year	-	32	-	591	0	623
Value adjustment of hedging instruments	-	-	379	-	-	379
Equity movements in group corporations	-	-	-	(1)	-	(1)
Equity at 31 December 2021	4,760	121	(35)	247	0	5,093
Declared dividend	-	-	-	-	0	0
Profit/loss for the year	-	15	-	242	0	257
Value adjustment of hedging instruments	-	-	295	-	-	295
Equity movements in group corporations	-	-	-	43	-	43
Equity at 31 December 2022	4,760	136	260	532	0	5,688

Statement of changes in equity – group

Amounts in DKK million	Contributed capital	Reserve for hedging transactions	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2021	4,760	(414)	(254)	0	4,092
Declared dividend	-	-	-	0	0
Profit/loss for the year	-	-	623	0	623
Value adjustment of hedging instruments	-	379	-	-	379
Other changes in equity	-	-	(1)	-	(1)
Equity at 31 December 2021	4,760	(35)	368	0	5,093
Declared dividend	-	-	-	0	0
Profit/loss for the year	-	-	257	0	257
Value adjustment of hedging instruments	-	295	-	-	295
Other changes in equity	-	-	43	-	43
Equity at 31 December 2022	4,760	260	668	0	5,688

Cash flow statement

Amounts in DKK million	Note	Group	
		2022	2021
Operating profit/loss		301	871
Adjustment for non-cash operating items			
Amortization, depreciation and write-downs of intangible and tangible fixed assets	3.1, 3.2, 3.3	1,243	1,315
Change in other provisions, net	8.1	(10)	(28)
Other adjustments			
Gains and losses on sale and scrapping of intangible and tangible fixed assets	8.4	(105)	(274)
Net financials, paid	4.6	(93)	(127)
Corporation tax, paid	5.1	(296)	(42)
Change in working capital	6.5	129	(524)
Total cash flow from operating activities from discontinued operations	8.5	48	(409)
Total cash flow from operating activities		1,217	782
Cash flows from investment activities			
Acquisition of intangible and tangible fixed assets - excluding capitalized interest	3.1, 3.2	(1,939)	(1,027)
Sales of intangible and tangible fixed assets	3.1, 3.2	173	374
Repayment of subordinated loan capital	4.3	30	51
Changes in securities		(450)	(1,500)
Dividends from joint ventures		164	-
Total cash flow from investment activities from discontinued operations	8.5	393	(14)
Total cash flows from investment activities		(1,629)	(2,116)
Cash flows from financing activities			
Proceeds from raising of long-term loans		498	1,487
Proceeds from raising of short-term loans		430	1,785
Repayment and payment of instalments on long-term loans		(665)	(570)
Repayment of, and payment of instalments on short-term loans		(430)	(1,785)
Change in credit institutions		55	0
Dividends paid		0	0
Total cash flow from financing activities in discontinued operations	8.5	-	-
Total cash flow from financing activities		(112)	917
Changes to cash and cash equivalents, total		(524)	(417)
Cash and cash equivalents, 1 January		546	963
Cash and cash equivalents, 31 December		22	546



Notes and accounting policies applied

Section 1 Interpretation

The notes are separated by subject 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 8 groups according to subject:

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 Material accounting practices
- 1.3 Significant accounting estimates

1.1 Accounting policies applied

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

The annual report has been prepared according to the same accounting policies as the annual report for 2021 except for the addendum below.

Collateral for market values of hedging transactions

Collateral for market values of hedging transactions is received in the form of bonds. The bonds are presented as securities in the balance sheet as ownership of the bonds remains with the group during the term of the underlying hedging transactions. The obligation to return cash is recognized as short-term bank loans.

Changes in accounting estimates

The expected useful life of S-electric trainsets has been re-evaluated and altered from approximately 25 years to approximately 35 years. In 2022, the altered amortization period has affected profit/loss before tax by DKK 184 million.

Consolidated accounts

The consolidated accounts comprise the parent corporation and the group corporations in which the parent corporation directly or indirectly holds more than 50 percent of the voting rights and exercises a controlling influence. Corporations in which the group holds between 20 and 50 percent of the voting rights and exercises significant, but not controlling, influence are regarded as associated corporations. Corporations 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 group corporations (subsidiaries and joint ventures) and associated corporations.

The consolidated accounts are prepared as a summary of the accounts of the parent corporation and the individual group corporations 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 realized and unrealized profits on transactions.

Business combinations

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

Gains or losses related to the sale or liquidation of group and associated corporations are stated as the difference between the sales price and the carrying amount of the net assets at the time of sale, including non-amortized goodwill and expected expenses of sale or liquidation.

Acquisitions of new corporations are accounted for using the purchase method, according to which the identifiable assets and liabilities of the newly acquired corporations are measured at their fair values at the date of acquisition. Expenses of restructuring which are recognized in the acquired corporation 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 recognized in the income statement. The tax effect of the revaluation is taken into account.

Any excess of the expense of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognized as intangible assets and amortized 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 recognized in the income statement as revenue at the time of takeover when the general conditions for recognition of revenue 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 corporations under the control of the parent corporation, 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 corporations is recognized 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 recognized in the income statement under Net financials.

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 li-

ability arose or was recognized in the latest annual accounts is recognized in the income statement under Net financials.

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 line items in the income statement and the balance sheet. As part of the joint VAT registration, the parent corporation pays compensation to group corporations in cases where the group corporation with an independent VAT registration would have had a right of full deduction of VAT.

Equity

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used for payment of dividends or covering losses. The reserve is reduced or dissolved if the recognized development costs are amortized, depreciated, written down 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 comprises recognized financial instruments 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 recognized 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 line item under Equity.

Cash flow statement

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

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

A separate cash flow statement has not been prepared for the parent corporation 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, net financials 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 liquidity reserves. Changes in working capital are adjusted for changes with no effect on liquidity.

Cash flows from investment activities

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

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.

Securities

Securities include listed bonds measured at their fair value at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

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 capitalized
- 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 fee
- 2.8 Audit fee
- 2.9 Remuneration of Board of Directors and Executive Board
- 2.10 Staff expenses

Section 3 - Operating equipment

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

Section 4 – Financing and capital structure

- 4.1 Financial revenue and expenses
- 4.2 Allocation of profit/loss
- 4.3 Financial fixed assets
- 4.4 Borrowing
- 4.5 Interest-bearing debt, net
- 4.6 Net financials, paid

Section 5 - Taxation

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

Section 6 – Working capital

- 6.1 Inventories
- 6.2 Receivables
- 6.3 Accruals and prepayments (assets)
- 6.4 Accruals and 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 Gains and losses on sale and scrapping of intangible and tangible fixed assets
- 8.5 Discontinued operations
- 8.6 Events after the balance sheet date

1.2 Material accounting practices

When preparing the annual report, whether a line item is material is assessed on an individual basis. This assessment is based on qualitative as well as 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.

Management regards the accounting practices for the following areas as the most significant for the group: Consolidated accounts, non-deductible VAT, tangible fixed assets - including Rolling stock, Land and buildings plus Derivative financial instruments. Applied accounting practices are described above and in the notes for the areas they are associated with.

1.3 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 which are significant to delivering the accounts include, among other things, the life expectancy of fixed assets, expected future money and the associated discounting rates, sales values, deferred provisions and contingent liabilities.

The estimates and assumptions are also based on historical experiences and other factors which 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 associated with significant accounting estimates.

The significant accounting estimates apply to, among other things, expectations for the future revenue, 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).

Section 2 Operations

This section concerns items included in Operating profit.

The section includes information on income and expenses in connection with the carrying out of operations.

The main events of 2022 are described in further detail under Results - Economic activities.

This section contains the following notes:

- 2.1 Net revenue
- 2.2 Work performed by the entity at its own expense and capitalized
- 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 fee
- 2.8 Audit fee
- 2.9 Remuneration of Board of Directors and Executive Board
- 2.10 Staff expenses

Note 2.1: Net revenue

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
		Passenger revenue distributed on business areas:		
2,673	3,821	Long-distance & Regional trains	3,809	2,653
1,142	1,509	S-trains	1,509	1,142
3,815	5,330	Total passenger revenue	5,318	3,795
5,075	3,450	Contract revenue	3,450	5,075
60	80	Sale and repair of maintenance services, etc.	121	111
709	302	Sale and leasing of rolling stock	69	58
9,659	9,162	Total	8,958	9,039

Total passenger revenue in the parent corporation and the group includes penalty fares of DKK 110 million (2021: DKK 79 million). In 2022, the allocation of passenger revenue between Long-distance & Regional trains and S-trains has been calculated by a new method. Comparative figures have been adjusted.

The net revenue for 2021 was impacted by additional contract revenue due to financial losses incurred in connection with COVID-19, of DKK 1,451 million for 2021 and DKK 88 million for 2020. There is no corresponding extra contract revenue in 2022.

In 2022, Sale and leasing of rolling stock are impacted by the parent corporation having sold 10 (2021: 29) EB electric locomotives to a group corporation. The sales are presented as Net revenue, as sale of rolling stock is a natural extension of the purpose of operating a railway corporation.

Accounting practices

DSB has selected IAS 18 as the interpretation for the recognition of revenue.

Passenger revenue is recognized at the time of transport. Provision is made in respect of the value of tickets sold that have not been used at the balance sheet date. Discounts and bonuses, etc. in connection with sales and payments relating to the travel time guarantee schemes are deducted from the net revenue. Revenue from penalty fares is measured after the deduction of expected losses.

Contract revenue is recognized over the periods to which the revenue relates.

Income from Sale and repair of maintenance services, etc., is recognized concurrently with production, which means that revenue correspond to the selling price of work performed for the year (production method).

Revenue from sale of rolling stock acquired with the intent to resell is included when the delivery and transfer of risk has taken place.

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

In the parent corporation, the addition of capitalized development projects covered by the rules of the Danish Financial Statements Act for binding of separate equity reserve amounted to DKK 51 million in 2022 (2021: DKK 88 million). At 31 December 2022, the reserve amounted to DKK 136 million (2021: DKK 121 million) and has been reduced by amortization and deferred taxes.

In the group, Work performed by the entity at its own expense and capitalized constituted DKK 425 million in 2022 (2021: DKK 480 million), consisting of capitalized development projects and major maintenance inspection of trains.

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 and development projects, which are capitalized. The value is measured based on expenses for the performance of the work performed based on expenses in the form of own work, etc. The item also includes directly attributable expenses and a proportionate share of indirect production expenses.

Note 2.3: Other operating income

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
2	3	Sales from kiosks, etc.	916	724
137	151	Rental and leasing	198	177
70	95	Gains on sales of intangible and tangible fixed assets	107	285
337	318	Intragroup revenue	-	-
123	148	Others	169	143
669	715	Total	1,390	1,329

In 2022, Other operating income in the group was affected by gains from sale of properties, etc., amounting to net profits of DKK 15 million. (2021: DKK 240 million).

Sales from kiosks, etc., relates to the sales from the 7-Eleven kiosks at stations where DSB is the franchisee.

The Other category in 2021 was impacted by compensation for salaries and expenses in connection with COVID-19 from the Danish Government's compensation packages.

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 leasing activities or gains from selling land and buildings - and revenue from commissions and Sales from kiosks, etc.

Intragroup revenue in the parent corporation includes trading with group corporations.

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

Note 2.4: Commercial property development

Amounts in DKK million	2022	2021
Other operating income	59	173
Profit/loss for before tax	47	138
Total equity	671	603
Total assets	724	698

In 2021, a joint venture agreement was entered into with Danica Ejendomsselskab ApS regarding the development of approximately 25,300 m² of floor space in a construction project at Postbyen in downtown Copenhagen. Postbyen will become a new city district focused on sustainability and open and public-oriented facilities. Construction will begin in 2025 and is expected to be completed in 2028.

Jernbanebyen will become an entirely new attractive city district in Copenhagen. The implementation of the project is based on the district plan being prepared for the area and

on an agreement with a joint venture partner. Both are expected to be in place during 2023.

Note 2.5: Expenses for raw materials and consumables

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
411	708	Energy for train operation	708	411
18	9	Goods for sale in kiosks, etc.	645	508
679	232	Spare parts and rolling stock, etc.	611	576
1,108	949	Total	1,964	1,495

In 2022, expenses for Energy for train operation were affected by the extraordinary development in energy prices.

Spare parts and rolling stock etc. are impacted in 2022 by the parent corporation having sold 10 (2021: 29) EB electric locomotives with an intention for onward sale to a group corporation.

Accounting practices

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

Energy for train operation is adjusted for the effect of realized derivative financial instruments.

Note 2.6: Other external expenses

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
389	607	Infrastructure charges	607	389
2,190	2,176	Repair, maintenance and cleaning, etc.	1,077	1,361
587	580	Administrative expenses	586	563
108	144	Leasing of buildings and premises, etc.	224	168
485	492	Consultancy fees etc., including audit fee	495	481
213	217	Leasing of rolling stock	19	32
100	88	Replacement transport, etc.	88	100
247	272	Commissions, etc.	224	201
114	132	Sales and marketing	132	114
99	112	Staff-related expenses	121	103
109	94	Payroll tax	124	141
10	2	Losses on sale and scrapping of intangible and tangible fixed assets	2	11
249	152	Other external expenses	127	89
4,900	5,068	Total	3,826	3,753

Infrastructure charges in the parent corporation and group in 2021 were impacted by the reimbursement of infrastructure charges for the September-December 2020 period amounting to DKK 207 million.

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 fee

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
30	30	Lawyers	30	30
281	252	IT consultants	252	278
26	25	Management consultants	25	26
5	1	Tax, VAT and accounting assistance	1	5
90	77	Technical consultancy	78	88
45	101	Programme management	101	45
477	486	Total	487	472

Programme management mainly comprises the expenses for the programme S-trains of the future.

Note 2.8: Audit fee

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
		Audit fee for EY		
		Authorised Limited Company of Accountants:		
3.5	3.5	Statutory audit	4.3	4.2
0.7	0.5	Other assurance statements	0.9	0.7
0.3	0.3	Tax and VAT consultancy	0.3	0.3
4.1	2.1	Other services	2.2	4.3
8.6	6.4	Total	7.7	9.5

Auditing fee comprises the fee for the external auditor appointed at the Annual Meeting.

Other services in 2021 were impacted by a non-recurring task approved and followed by the Audit Committee.

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

Note 2.9: Remuneration of Board of Directors and Executive Board

Amounts in DKK million	2022	2021
Remuneration of Board of Directors	2.6	2.6
Remuneration of committees	0.9	0.9
Remuneration of Board of Directors, total	3.5	3.5
Fixed remuneration	18.4	18.0
Pension	2.8	2.7
Value of employee benefits	0.6	0.6
Variable remuneration	-	2.8
Remuneration of Executive Board, total	21.8	24.1
Remuneration of Board of Directors and Executive Board, total	25.3	27.6

Remuneration of Board of Directors and Executive Board is elaborated upon in 'Vederlagsrapport 2022' (Remuneration Report 2022) available at www.dsb.dk

Note 2.10: Staff expenses

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
2,337	2,317	Wages and salaries	3,045	3,028
249	255	Pensions	337	330
44	44	Other social security expenses	57	56
2,630	2,616	Total	3,439	3,414
4,401	4,296	Average number of full-time employees	6,026	6,061

Severance pays of senior employees in connection with dismissal by the corporation 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 recognized as an expense. The pension contribution in 2022 amounted to 15 percent (2021: 15 percent) 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.

Accounting practices

Staff expenses include wages, pension contributions, remuneration and other social security expenses for the corporation'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 tangible fixed assets.

The main events in 2022 are further detailed under Results: Customers, Train operations and Financial activities.

This section contains the following notes:

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

Note 3.1: Intangible fixed assets - parent corporation

Amounts in DKK million	Develop- ment projects	Intangible fixed assets in progress and prepayments	Total intangible fixed assets
Cost price at 1 January 2022	1,248	123	1,371
Additions	-	52	52
Retained	25	(25)	0
Disposals	(20)	-	(20)
Cost price at 31 December 2022	1,253	150	1,403
Amortization, depreciation and write-downs at 1 January 2022	(1,187)	(6)	(1,193)
Amortization and depreciation for the year	(45)	6	(39)
Write-downs for the year	-	-	-
Disposals	20	-	20
Amortization, depreciation and write-downs at 31 December 2022	(1,212)	0	(1,212)
Carrying amount at 31 December 2022	41	150	191
Carrying amount at 31 December 2021	61	117	178

Note 3.1: Total intangible fixed assets - group

Amounts in DKK million	Develop- ment projects	Intangible fixed assets in progress and prepayments	Total intangible fixed assets
Cost price at 1 January 2022	1,275	123	1,398
Additions	-	53	53
Retained	25	(25)	0
Disposals	(20)	-	(20)
Cost price at 31 December 2022	1,280	151	1,431
Amortization, depreciation and write-downs at 1 January 2022	(1,202)	(6)	(1,208)
Amortization and depreciation for the year	(49)	6	(43)
Write-downs for the year	-	-	-
Disposals	20	-	20
Amortization, depreciation and write-downs at 31 December 2022	(1,231)	0	(1,231)
Carrying amount at 31 December 2022	49	151	200
Carrying amount at 31 December 2021	73	117	190

The additions to Development projects and Intangible fixed assets in progress and prepayments mainly comprise the development of new planning tools for train and staff management and system support for digital sales and information channels. Additions are mainly expenses for IT development, external consultants and direct salaries.

Accounting practices

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

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

Gains and losses on disposals are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains 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 corporation

Amounts in DKK million	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings and other equipment	Tangible fixed assets in progress and pre-payments	Total tangible fixed assets
Cost price at 1 January 2022	7,618	23,270	2,370	156	33,414
Additions	-	333	0	314	647
Retained	31	54	97	(182)	0
Disposals	(83)	(915)	(130)	-	(1,128)
Cost price at 31 December 2022	7,566	22,742	2,337	288	32,933
Amortization, depreciation and write-downs at 1 January 2022	(4,142)	(20,036)	(1,843)	-	(26,021)
Amortization and depreciation for the year	(178)	(622)	(78)	-	(878)
Write-downs for the year	(214)	-	(7)	-	221
Disposals	82	924	130	-	1,136
Amortization, depreciation and write-downs at 31 December 2022	(4,452)	(19,734)	(1,798)	-	(25,984)
Carrying amount at 31 December 2022	3,114	3,008	539	288	6,949
Carrying amount at 31 December 2021	3,476	3,234	527	156	7,393

Note 3.2: Total 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 pre-payments	Total tangible fixed assets
Cost price at 1 January 2022	8,279	24,854	2,791	643	36,567
Correction of cost price at 1 January 2022	-	227	-	-	227
Cost price at 1 January 2022 - adjusted	8,279	25,081	2,791	643	36,794
Additions	76	538	1	1,271	1,886
Retained	31	89	108	(193)	35 ¹⁾
Disposals	(180)	(764)	(138)	-	(1,082)
Cost price at 31 December 2022	8,206	24,944	2,762	1,721	37,633
Amortization, depreciation and write-downs at 1 January 2022	(4,514)	(20,248)	(2,198)	-	(26,960)
Correction of amortization, depreciation and write-downs at 1 January 2022	-	(215)	-	-	(215)
Amortization, depreciation and write-downs at 1 January 2022 - adjusted	(4,514)	(20,463)	(2,198)	-	(27,175)
Amortization and depreciation for the year	(180)	(710)	(93)	-	(983)
Write-downs for the year	(216)	-	(7)	-	(223)
Disposals	99	761	137	-	997
Amortization, depreciation and write-downs at 31 December 2022	(4,811)	(20,412)	(2,161)	-	(27,384)
Carrying amount at 31 December 2022	3,395	4,532	601	1,721	10,249
Carrying amount at 31 December 2021	3,765	4,606	593	643	9,607

¹⁾ Transfer from inventory.

For Land and buildings, in 2022 and 2021 a need was identified to write down the value of properties no longer relevant for train operations or supporting DSB's strategy. In connection with the planned redevelopment of Copenhagen Central Station, the business centre is planned to be demolished and has therefore been written down by DKK 162 million in 2022.

In 2022, there have been no indications of a need to write down Rolling stock. The expected useful life of S-electric trainsets has been re-evaluated and altered from approximately 25 years to approximately 35 years. In 2022, the altered amortization period has affected profit/loss before tax by DKK 184 million.

The disposals of Rolling stock during the year can be attributed to the sale of trains as well as to larger maintenance projects which, in accounting terms, are fully amortized and which were replaced by new equivalent maintenance projects during the year.

In connection with the operation of Kystbanen/Øresund traffic, collateral has been provided in the form of 10 trainsets at a book value of DKK 206 million. The financing amounted to EUR 29.1 million at 31 December 2022.

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

Cost price includes the purchase price and expenses directly related to the purchase up to the time when the asset is ready for use. With regard to own produced assets (primarily major maintenance inspections Life Cycle Cost - LCC of capitalized trainsets, the cost price comprises direct and indirect expenses for materials, components and wages/salaries as well as expenses of borrowing from specific and general borrowing in direct connection with the construction of the individual asset.

Expenses for major maintenance inspections (LCC) of trainsets are recognized separately and amortized 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 expenses for major maintenance inspections for the rolling stock class not yet being assigned a specific time for phasing out are amortized based on an individual assessment.

Assets are amortized on a straight-line basis over the expected useful lives based on the following assessment of the expected useful lives:

Buildings	30-60 years
Installations	10-15 years
Rolling stock	2-35 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 amortized over the useful life. The depreciation base 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 depreciation 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, amortization stops.

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

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

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

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
55	39	Development projects	43	54
255	392	Land and buildings	396	259
812	622	Rolling stock	710	902
89	85	Operating equipment, fixtures and fittings and other equipment	100	106
(6)	(6)	Set-off for received grants	(6)	(6)
1,205	1,132	Total	1,243	1,315

Accounting practices

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

Commercial properties

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

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

Leasing

DSB has selected IAS 17 as the interpretation for classification and recognition of leasing contracts.

In terms of accounting, leasing obligations are divided into finance and operating leasing liabilities. Expenses regarding operational leases are recognized in the income statement over the term of the lease. Total commitments regarding operational leasing and rent agreements are disclosed under Contingent assets and liabilities as well as other financial obligations.

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 amortization. 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 the lower recoverable amount. Any write-downs are recognized in the income statement.

In case of subsequence reversals of write-downs as a consequence of changes in the pre-conditions 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.

Section 4 Financing and capital structure

This section describes the financing of DSB's activities.

The interest-bearing debt, net was increased by DKK 4 million in 2022.

This section contains the following notes:

- 4.1 Financial income and expenses
- 4.2 Allocation of profit/loss
- 4.3 Financial fixed assets
- 4.4 Borrowing
- 4.5 Interest-bearing debt, net
- 4.6 Net financials, paid

Note 4.1 Financial income and expenses

Parent corporation		Financial income	Group	
2021	2022	Amounts in DKK million	2022	2021
10	20	Interest on receivables from group corporations	-	-
1	1	Interest on receivables from associated corporations	1	1
-	-	Recognized dividends from associated corporations and joint ventures	16	-
0	0	Foreign currency exchange gains	0	2
5	7	Others	7	5
16	28	Total	24	8

Parent corporation		Financial expenses	Group	
2021	2022	Amounts in DKK million	2022	2021
78	95	Interest on loans, debt to credit institutions, etc.	96	79
1	3	Foreign currency exchange losses	6	0
79	98	Total	102	79

Accounting practices

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

Note 4.2 Allocation of profit/loss

Parent corporation			Group	
2021	2022		2022	2021
		Profit/loss for the year is distributed as follows:		
		Corporation participant in DSB	257	623
		Total	257	623
		The parent corporation's profit/loss is proposed to be allocated as follows:		
0	0	Dividend for Ministry of Transport		
32	15	Reserve for development costs		
591	242	Retained earnings		
623	257	Total		

Note 4.3: Financial fixed assets - parent corporation

Amounts in DKK million

Parent corporation	Equity investments in group corporations	Equity investments in associated corporations	Loans, etc. to group corporations	Subordinated loan capital in associated corporations	Other receivables	Total financial fixed assets
Cost price at 1 January 2022	2,252	413	971	79	67	3,782
Additions	75	-	174	0	181	430
Disposals	-	-	(88)	(30)	(9)	(127)
Cost price at 31 December 2022	2,327	413	1,057	49	239	4,085
Value adjustments at 1 January 2022	(353)	(413)	0	0	-	(766)
Profit/loss for the year	110	0	-	-	-	110
Dividend received	(35)	-	-	-	-	(35)
Disposals	(325)	-	-	-	-	(325)
Other adjustments	78	-	-	-	-	78
Value adjustments at 31 December 2022	(525)	(413)	0	0	-	(938)
Carrying amount at 31 December 2022	1,802	0	1,057	49	239	3,147
Carrying amount at 31 December 2021	1,899	0	971	79	67	3,016

Note 4.3: Financial fixed assets - parent corporation (continued)

Equity investments in group companies:

Amounts in DKK million

Name	Registered office	Ownership, percent	Share capital, DKK	Share of book value in parent corporation, 2022
DSB Ejendomsudvikling A/S	Denmark	100	101 million	681
- Frugtmarkedet 11 Holding ApS ¹⁾	Denmark	50	80,000	-
- Ejendomsselskabet Frugtmarkedet 11 ApS ¹⁾	Denmark	50	80,000	-
- Komplementaranpartsselskabet Downtown CBD ¹⁾	Denmark	50	80,000	-
- P/S Downtown CBD ¹⁾	Denmark	50	370 million	-
- DSB EU Jernbanebyen ApS	Denmark	100	40,000	-
- DSB EU Jernbanebyen 1 ApS	Denmark	100	40,000	-
DSB Service & Retail A/S	Denmark	100	6.0 million	30
DSB Vedligehold A/S	Denmark	100	28.5 million	576
Selskabet af 23.05.2017 46DD A/S	Denmark	100	1.5 million	128
Selskabet af 28.08.2017 67DD A/S	Denmark	100	1.5 million	143
Selskabet af 04.09.2020 A/S	Denmark	100	1.4 million	17
Selskabet af den 04.01.2021 EB A/S	Denmark	100	1.4 million	168
Selskabet af 03.01.2022 A/S	Denmark	100	1.4 million	59
DOT - Din Offentlige Transport I/S ¹⁾	Denmark	33	0.9 million	0
BSD ApS	Denmark	100	125,000	0
Total				1,802

¹⁾ Corporations owned and operated jointly with others and where the parties together exercise a controlling influence (joint ventures) are consolidated in the consolidated accounts on a book value basis.

Accounting practices

Equity investments in group corporations are measured according to the book value method. Thereby, equity investments are measured at the proportionate share of the corporations' book value, calculated according to the accounting policies of the group less or plus unrealized intragroup gains and losses.

Equity investments in group corporations with a negative book value are measured at DKK 0, and any potential receivables from these corporations are written down to the extent that the receivable is irrecoverable. To the extent that the parent corporation has a legal or actual obligation to cover a deficit exceeding the receivable, the remaining amount is recognized in Other provisions.

The net value adjustment of equity investments in group corporations 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 corporation's income statement, the proportionate share of group corporations' profit/loss after tax, less the proportionate share of internal profit/loss, is recognized.

Note 4.3: Financial fixed assets - group

Amounts in DKK million	Equity investments in associated corporations ¹⁾	Equity investments in joint ventures ¹⁾	Subordinated loan capital in associated corporations	Other receivables	Total financial fixed assets
Cost price at 1 January 2022	413	179	79	69	740
Additions	0	0	0	247	247
Disposals	0	0	(30)	(75)	(105)
Cost price at 31 December 2022	413	179	49	241	882
Value adjustments at 1 January 2022	(413)	5	0	-	(408)
Profit/loss for the year	0	6	-	-	6
Received dividend	-	(164)	-	-	164
Other adjustments	-	87	-	-	87
Value adjustments at 31 December 2022	(413)	(66)	0	-	(479)
Carrying amount at 31 December 2022	0	113	49	241	403
Carrying amount at 31 December 2021	0	184	79	69	332

¹⁾ Presented on the balance sheet as 'Equity interest in group and associated corporations and joint ventures'.

Equity investments in associated corporations:

Name	Registered office	Ownership, percent	Share capital, DKK million	Share of book value in parent corporation, DKK million	Group, DKK million
Rejsekort & Rejseplan A/S	Denmark	45	122	0	0
Total				0	0

Equity investments in joint ventures:

Name	Registered office	Ownership, percent	Share capital, DKK	Group, DKK million
Frugtmarkedet 11 Holding ApS	Denmark	50	80,000	0
Komplementaranpartsselskabet Downtown CBD	Denmark	50	80,000	0
P/S Downtown CBD	Denmark	50	370 million	113
Total				113

Accounting practices

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

Equity investments in associated corporations and joint ventures with a negative book value are measured at DKK 0 and any receivables from these corporations are written down to the extent that the receivable is irrecoverable. To the extent that the parent corporation has a legal or actual obligation to cover a deficit exceeding the receivable, the remaining amount is recognized in Other provisions.

Subordinated loan capital in associated corporations and Other receivables is measured at amortized cost.

In the parent corporation's and group's income statement, the proportionate share of the associated corporations' and joint ventures' Profit/loss after tax, less the proportionate share of internal profit/loss, is recognized. If the distribution of dividends from an associated corporation or joint venture means the value of the investment becomes negative at

the time of distribution, the negative value is recognized as a dividend in the income statement under Net financials. The dividend recognized as revenue is thus treated as a realized profit from the associated corporation or joint venture. Subsequent profits can only be recognized in the income statement by the time the amount exceeds the dividends recognized as revenue.

Note 4.4: Borrowing

Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
1,559	1,518	Issued bonds	1,518	1,559
3,318	3,193	Others	3,193	3,318
4,877	4,711	Total	4,711	4,877

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

In the parent corporation and the group, DKK 4,506 million of the debt portfolio was raised without state guarantee (2021: DKK 4,632 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

Accounting practices

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

Other financial liabilities are measured at amortized cost price.

Note 4.5: Interest-bearing debt, net

Amounts in DKK million	Group	
	2022	2021
Long-term loans	4,350	4,013
Current portion of non-current liabilities	64	664
Bank loans	207	-
Credit institutions	55	-
Others	296	200
Interest-bearing liabilities	4,972	4,877
Securities	2,157	1,500
Cash and cash equivalents	22	546
Deposits	15	27
Subordinated loan capital, receivable	49	79
Interest-bearing assets	2,243	2,152
Total	2,729	2,725

DSB's securities portfolio of DKK 2,157 million (2021: DKK 1,500 million) consists of short-term listed bonds. Of this amount, DKK 207 million (2021: DKK 0 million) consists of bonds received as collateral for the market value of derivative financial instruments.

In the parent corporation and group, long-term debt liabilities due after more than 5 years amount to DKK 3,485 million at 31 December 2022 (2021: DKK 3,865 million).

Note 4.6: Net financials, paid

Amounts in DKK million	2022	2021
Financial income	24	8
Financial expenses	(102)	(79)
Other - including financial instruments	(15)	(56)
Total	(93)	(127)

Section 5 Taxation

In 2022, Tax on profit for the year amounted to an expense of DKK 25 million in the parent corporation and DKK 51 million in the group.

This section contains the following notes:

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

Accounting practices

The corporation is covered by the Danish rules on compulsory joint taxation of the group's Danish group corporations. The group corporations 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 corporation 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 corporations relative to their taxable income. In this connection, any corporations with a tax loss receive joint taxation contributions from corporations being able to use this loss to reduce their own tax profits.

The total tax for the year, comprising current corporation tax, the year's joint taxation contribution and changes in deferred tax, is recognized in the income statement by 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 group corporations.

Note 5.1: Tax on profit for the year

Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
(79)	(53)	Calculated tax on profit for the year	(54)	(82)
(27)	36	Change in deferred tax regarding the profit/loss for the year	16	(108)
-	-	Tax regarding internal profit	(4)	4
(106)	(17)	Tax on profit for the year	(42)	(186)
3	(8)	Adjustment of tax relating to previous years	(9)	4
(103)	(25)	Total	(51)	(182)
Reconciliation of tax rate:				
22.0%	22.0%	Tax on profit for the year	22.0%	22.0%
(0.8%)	(1.7%)	Tax effect of non-taxable income and non-deductible expenses	(3.0%)	1.2%
(6.5%)	(11.8%)	Tax effect regarding group and associated corporations plus joint ventures	(0.6%)	(0.1%)
(0.5%)	3.9%	Adjustment of tax relating to previous years	3.8%	(0.5%)
14.2%	12.4%	Effective tax rate for the year	22.2%	22.6%
42	296	Tax paid for the year	296	42

Note 5.2: Deferred tax liabilities

Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
188	289	Deferred tax liabilities at 1 January	316	152
23	10	Adjustment at 1 January	4	9
(4)	8	Adjustment regarding previous years	9	(4)
-	-	Change in deferred tax regarding intragroup profit	4	(4)
27	(36)	Change in deferred tax regarding the profit/loss for the year	(16)	108
55	-	Change in deferred tax regarding joint taxation	-	55
289	271	Deferred tax liabilities at 31 December	317	316
		Deferred tax liabilities concerns:		
34	42	Intangible fixed assets	42	35
320	283	Tangible fixed assets	356	377
(1)	(8)	Current assets	(8)	(1)
(64)	(46)	Other provisions	(51)	(71)
-	-	Intragroup profits	(22)	(24)
289	271	Deferred tax liabilities at 31 December	317	316

The group's Danish corporations are jointly and severally liable for tax on the group's consolidated taxable income, etc. The total corporation tax receivable is DKK 46 million at 31 December 2022 (2021: corporation tax liability of DKK 92 million). The group's Danish corporations 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, DSB Vedligehold A/S, Selskabet af 23.05.2017 46DD A/S and Selskabet af 28.08.2017 67DD A/S are jointly registered for VAT and payroll tax purposes as well as jointly and severally liable for payment of the corporations' 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 recognized on temporary differences relating to non-depreciable goodwill 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. If the calculation of the tax value may be made according to different taxation rules, deferred tax is measured on the basis of 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 financials, are recognized as an asset at the expected value of utilization, 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 unrealized intragroup profits and 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 realise as current tax.

Section 6 Working capital

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

This section contains the following notes:

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

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

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 expenses and expenses incurred to effect the sale.

Note 6.2: Receivables

Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
Trade receivables from sales and services comprise the following:				
8	31	Receivables from issued penalty fees	31	8
161	161	Receivables, passenger revenue	161	167
78	117	Reimbursements from government agencies	117	78
287	57	Others	124	327
534	366	Total	433	580

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 corporations 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 receivables and historical experiences in relation to determining losses. An average expected loss percentage is calculated based on the segmentation.

Note 6.1: Inventories

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
14	7	Oil for train operation	7	14
0	0	Spare parts, etc.	141	117
2	0	Goods for sale in kiosks, etc.	34	34
16	7	Total	182	165

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

At 31 December 2022, the inventory has been written down due to inventory obsolescence with a total of DKK 184 million (2021: DKK 266 million), almost entirely related to Spare parts, etc.

Accounting practices

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

At 31 December 2022, provisions for losses have not been made concerning Receivables from group corporations, Receivable joint taxation contribution, Other receivables, Accruals and prepayments, Debt to group corporations, or Subordinated loan capital in associated corporations.

Accounting practices

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions for expected losses are based on historical experience and are 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.

DSB has selected IAS 39 as the interpretation for write-downs of financial receivables.

Note 6.3: Accruals and prepayments (assets)

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
555	1,378	Prepaid expenses, etc.	73	72
55	44	Financial instruments	44	55
31	29	Prepaid wages and salaries and pension contributions (civil servants)	35	36
641	1,451	Total	152	163

The parent corporation's prepaid expenses mainly concern tangible fixed assets under construction sold to group corporations when put into service. Development is mainly a result of the conclusion of a contract regarding the upcoming workshop in Brabrand.

Accounting practices

Accruals and prepayments (assets) comprise expenses incurred relating to subsequent financial years.

Note 6.4: Accruals and prepayments (liabilities)

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
163	406	Tickets sold but not used	448	163
232	199	Prepaid contract revenue	199	232
66	61	Subsidies for facilities	61	66
2	1	Financial instruments	1	2
5	12	Others	14	5
468	679	Total	723	468
			Accruals and prepayments (liabilities fall due in the following periods):	
30	514	Within 1 year	558	30
438	165	After 1 year	165	438
468	679	Total	723	468

Accounting practices

Accruals and prepayments (liabilities) comprise payments received regarding income in the subsequent financial years.

Tickets sold but not used covers tickets sold where the travel time is scheduled after 31 December.

Note 6.5: Change in working capital

	Group	
Amounts in DKK million	2022	2021
Total change in receivables	105	(64)
Total change in inventories	(17)	270
Change in trade payables and other liabilities, etc.	41	(730)
Total change in working capital	129	(524)

Section 7

Financial conditions

DSB defines risk as an uncertainty associated with future targets having the potential to 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.

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

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

Liquidity risks relate to the opportunities for ensuring liquidity.

Counterparty risks occur when a counterparty fails 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 operations, investments and financing, DSB is exposed to changes in interest, currency exchange rates, raw material prices and liquidity and the credit rating of counterparties. 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 monitors, calculates, administers and manages risks, in addition to continuously monitoring risk exposure and liquidity reserves.

The purpose of 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 2021.

Accounting practices

Initial recognition of derivative financial instruments is made in the balance sheet at cost price and they are subsequently measured at fair value. Positive and negative changes in fair values of derivative financial instruments are recognized 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 recognized asset or recognized liability are recognized 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 classified as and meeting the criteria for hedging of future assets or liabilities are recognized in Other receivables or Other liabilities and in Equity. If the future transaction results in the recognition of assets or liabilities, amounts previously recognized 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 recognized 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 recognized in the income statement on an ongoing basis.

Note 7.1: Interest risk

	Remain- ing debt, local currency (million)	Remain- ing debt, DKK (million)	At varia- ble inter- est rates	At fixed interest rates	Remain- ing loan pe- riod (years)	Average effective interest rate	Duration (years)	Fair value of currency and in- terest swaps
At 31 December 2022								
DKK	2,975	2,975	-	100%	7.9	0.7%	7.1	223
JPY	20,000	1,315	-	100%	17.5	4.4%	12.2	(68)
SEK	265	205	-	100%	2.9	0.4%	2.7	(10)
EUR	29	216	-	100%	3.7	4.0%	3.3	(3)
Total		4,711	-	100%	10.1	1.9%	8.5	142
At 31 December 2021								
DKK	2,477	2,477	-	100%	8.9	0.6%	8.6	42
JPY	20,000	1,314	-	100%	18.5	4.4%	13.8	(387)
SEK	318	245	-	100%	3.4	0.4%	3.4	(13)
EUR	113	841	-	100%	1.3	0.9%	1.3	(37)
Total		4,877	-	100%	9.9	1.7%	9.2	(395)

As a result of financing activities, DSB is exposed to fluctuations in interest rates in Denmark and abroad. The exposure to interests rates is related to fluctuations in CIBOR, STIBOR and EURIBOR. The policy is to contract loans so that there are only unhedged currency risks in DKK and EUR. Normally, interest rate risks are hedged using interest rate swaps in which variable rate loans are converted to a fixed rate.

Within a 12-month period, interest rate sensitivity may not exceed DKK 100 million (with a change in interest rates of one percentage point), the debt portfolio must have a duration of less than 15 years, and at least 25 percent of the liability portfolio must be at a fixed rate. Accordingly, the weighted average duration of gross debt is 8.5 years (2021: 9.2 years). Of the financial liabilities, 100 percent were converted to a fixed rate of interest with maturity of longer than 1 year (2021: 100 percent). Variable-rate debt is rate fixed regularly during the year.

At times, DSB needs to place surplus liquidity in instruments other than bank deposits - among other things to reduce counterparty risk. Therefore, there is a bond portfolio at year-end of DKK 1,950 million in short-term bonds. If the yield rates increase by 1 percent, the market value of the bonds will decrease by 0.35 percent or DKK 7 million.

Note 7.2: Currency exchange rate risk

Currency risks in recognized 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 group corporations' financing or hedging of exposure from group corporations.

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

Currency risks associated with operations are, among other things, related to diesel consumption (USD). Other currency risk from trading with suppliers is limited except for EUR currency risks. The exposure to EUR is particularly related to the acquisition of rolling stock.

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

DSB has no other significant currency risks.

The hypothetical impact on profit/loss for the year and equity in the case of changes in exchange rates is as follows:

Nominal position in local currency (million)				Sensitivity in DKK million			
Cash and cash equivalents plus receivables, total	Financial liabilities (non-derivative)	Derivative financial instruments for securing future cash flows	Total	Change in exchange rate	Hypothetical impact on Profit/loss before tax	Hypothetical impact on equity before tax	
At 31 December 2022							
JPY	0	(20,000)	20,000	0	10.0%	0	0
SEK	2	(237)	265	1	10.0%	0	18
EUR	3	33	29	1	0.5%	0	10
USD ¹⁾	1	36	24	(12)	10.0%	(8)	159
At 31 December 2021							
JPY	0	(20,000)	20,000	0	10.0%	0	0
SEK	11	(321)	346	36	10.0%	3	26
EUR	0	(133)	113	(20)	0.5%	(1)	11
USD ¹⁾	0	(21)	21	0	10.0%	0	194

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

Conditions for sensitivity analysis:

- Unchanged price and interest rate level
- Financial instruments which are recognized in the balance sheet at 31 December 2022 (2021)

Note 7.3: Raw materials price risk

Amounts in DKK million	Nominal		Sensitivity			
	Fair value of commodity price agreements	Next year's expected raw materials consumption	Raw materials agreements	Changes to raw materials price	Hypothetical impact on Profit/loss before tax	Hypothetical impact on equity before tax
At 31 December 2022						
Raw materials - diesel	(18)	38,431 tonnes	24,000 tonnes	10.0%	0	13
Raw materials - electricity	(89)	339,166 MWh	237,137 MWh	10.0%	0	36
At 31 December 2021						
Raw materials - diesel	13	36,102 tonnes	33,000 tonnes	10.0%	0	17
Raw materials - electricity	133	370,068 MWh	249,996 MWh	10.0%	0	28

Conditions for sensitivity analysis:

- Financial instruments which are recognized in the balance sheet at 31 December 2022 (2021)

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

62 percent of the expected diesel consumption in 2023 is hedged at 31 December 2022 (2021: 91 percent). Similarly, 70 percent of the expected electricity consumption in 2023 is hedged at 31 December 2022 (2021: 68 percent).

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	4,414	4,711	70	988	3,653
Long-term loans and Subordinated loan capital (interest)	1,338	1,235	87	345	(803)
Other financial instruments	105	69	63	6	-
Bank loans and Credit institutions	262	262	262	-	-
Trade accounts payable	1,877	1,877	1,877	-	-
In total, at 31 December 2022	7,996	8,154	2,359	1,339	4,456

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	4,677	4,877	664	938	3,275
Long-term loans and Subordinated loan capital (interest)	1,049	1,271	81	329	861
Other financial instruments ¹⁾	(150)	(184)	(180)	(4)	-
Trade accounts payable	1,928	1,928	1,928	-	-
In total, at 31 December 2021	7,504	7,892	2,493	1,263	4,136

¹⁾ A negative value indicates an asset.

DSB's policy is to always maintain sufficient liquidity 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, but at least DKK 1,000 million. The cash reserve is calculated as cash and cash equivalents plus access to drawing on bank facilities.

At 31 December 2022, agreements were concluded on uncommitted bank facilities of DKK 6,462 million and committed bank facilities of DKK 5,225 million, expiring during the period 2023-2027 (2021: uncommitted for DKK 5,718 million and committed for DKK 5,225 million, expiring during the period 2022-2028). Of these cash resources, DKK 10,618 million is not utilized (2021: DKK 10,571 million).

In 2022, a committed loan facility of EUR 100 million was signed with The European Investment Bank (EIB) with a total committed amount of EUR 600 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 and cash equivalents and agreements on financial instruments are either placed in banks, bonds 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 and cash equivalents and deposits amount to a total of DKK 281 million at 31 December 2022 (2021: DKK 830 million). If the access to offsetting exposure in financial contracts with financial counterparties and collateral is included, the receivables from these items at 31 December 2022 amount instead to DKK 29 million (2021: DKK 586 million).

In order to reduce counterparty risks, DSB receives collateral for the market value of derivative financial instruments with financial counterparties in the form of bonds. At 31 December 2022, DSB has received securities in the amount of DKK 207 million (2021: DKK 0 million). DSB does not provide collateral.

Note 7.6: Fair values calculated in the equity

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
(200)	218	Currency swaps	218	(200)
5	220	Interest swaps	220	5
133	(89)	Electricity price swaps	(89)	133
13	(18)	Oil price swaps	(18)	13
4	2	Foreign exchange contracts	2	4
10	(73)	Deferred tax	(73)	10
(35)	260	Total	260	(35)

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 142 million at 31 December 2022 (2021: DKK (396) million), of which DKK 438 million is recognized in equity (2021: DKK (195) million).

At 31 December 2022, derivative financial instruments with a positive and a negative fair value amounted to DKK 245 million (2021: DKK 61 million) and DKK 208 million (2021: DKK 441 million).

Note 7.7: Information on fair values

Financial instruments				
Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
(35)	260	Fair value at 31 December	260	(35)
-	-	Value adjustments in the income statement	-	-
379	295	Changes recognized in the Reserve for hedging transactions	295	379
2	2	Fair value level	2	2

The valuation of the derivative financial instruments is 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 market prices are provided by a 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. The derivative financial instruments are categorized at level 2 in the fair value ranking. No significant unobservable inputs are included in the valuation.

Section 8 Other notes

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

In 2022, the group has sold properties and the gains are recognized under Other operating income, and losses are recognized under Other external expenses.

This section contains the following notes:

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

Note 8.1: Other provisions - group

Amounts in DKK million

	Other lia- bilities	Other pro- visions, total
Other provisions at 1 January 2022	80	80
Provisions	6	6
Applied	(5)	(5)
Reversed	(11)	(11)
Other provisions at 31 December 2022	70	70

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

Accounting practices

Provisions are recognized 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 meeting this obligation.

Provisions are recognized and measured as the best estimate of the expenses 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 8.1: Other provisions - parent corporation

Amounts in DKK million

	Other lia- bilities	Other pro- visions, total
Other provisions at 1 January 2022	79	79
Provisions	4	4
Applied	(4)	(4)
Reversed	(11)	(11)
Other provisions at 31 December 2022	68	68

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

Parent corporation		Amounts in DKK million	Group	
2021	2022		2022	2021
0	0	Contingent assets	0	0
61	64	Contingent liabilities	147	159
12,896	14,687	Other financial obligations	14,316	12,405

Contingent assets and liabilities

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

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 3 years to civil servants who are dismissed for a cause that is not the fault of the civil servant, 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. At the balance sheet date, DSB has only recognized a liability for dismissed civil servants.

In 2018, DSB cancelled the contract with DXC concerning data centre and SAP operations. In 2019, DSB raised claims against DXC. DXC has raised a counterclaim against DSB. The final outcome and the financial consequences are uncertain. DSB has not included any potential compensation payments in 2022.

DSB is a party to a small number of pending cases. Also, there are ongoing dialogues with SKAT, Denmark's tax agency, regarding the interpretation of rules. The outcome of these cases and dialogues is not expected to have a significant impact on the financial position of the corporation.

Other financial obligations

Other financial obligations mainly consist of agreements to purchase Talgo train coaches, IC5 electric trainsets and New Green Workshops. The increase in obligations in relation to 2021 can be mainly attributed to the contractor agreement entered into regarding New Green Workshops and the extension of the lease on Telegade 2 in Taastrup.

As part of DSB's agreement with Rejsekort & Rejseplan A/S concerning the use of the Rejsekort (Travel card) system, DSB is obliged to pay an annual subscription fee until the year 2028. The total liability amounts to DKK 1,067 million (DKK 1,241 million), of which DKK 178 is due for payment in 2023 (DKK 169 million in 2022) and DKK 711 million will fall due in the period 2024-2027 (DKK 530 million in the period 2023-2026).

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 363 million (DKK 215 million) of which DKK 182 million is due for payment in 2023 (DKK 111 million in 2022) and DKK 181 million will fall due in the period 2024-2027 (DKK 104 million in 2023-2026).

In 2022, DSB has extended the contract for leasing Telegade 2 in Taastrup. The lease is non-terminable by DSB for the period until 2041. The total liability in this regard is DKK 759 million (DKK 103 million) of which DKK 33 million is due for payment in 2023 (DKK 23 million in 2022) and DKK 140 million will fall due in the period 2024-2027 (DKK 80 million in the period 2023-2026).

As part of the 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 for the partnership's total debts and liabilities amounting to DKK 6 million (DKK 3 million). The other partners include Trafikselskabet Movia and Metroselskabet I/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: Related parties

Related parties	Basis
Ministry of Transport	100 percent owner
Board of Directors and Executive Board	Management control

DSB's transactions with Ministry of Transport and related agencies and institutions (primarily the Danish Civil Aviation and Railway Authority and Banedanmark) consist of:

Amounts in DKK million	Group	
	2022	2021
Income		
Contract revenue	3,450	5,075
Rental and sale of maintenance, goods and services, etc.	10	11
Expenses, etc.		
Infrastructure charges	607	389
Guarantee commission	0	1
Prepayments		
Prepaid contract revenue	199	232

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

Note 8.4: Gains and losses on sale and scrapping of intangible and tangible fixed assets

Amounts in DKK million	Group	
	2022	2021
Gains on sales of intangible and tangible fixed assets	107	285
Losses on sale and scrapping of intangible and tangible fixed assets	(2)	(11)
Total	105	274

Note 8.5: Discontinued operations

Parent corporation			Group	
2021	2022	Amounts in DKK million	2022	2021
		Income statement		
-	-	Net revenue ¹⁾	435	703
-	-	Work performed by the entity at its own expense and capitalized	40	25
-	-	Expenses for raw materials and consumables	246	407
-	-	Other external expenses	104	137
-	-	Staff expenses	118	174
-	-	Amortization, depreciation and write-downs of intangible and tangible fixed assets	7	10
-	-	Net financials	0	0
-	-	Tax on profit for the period	0	0
-	-	Profit/loss after tax	0	0
-	79	Profit on sale of corporation	79	-
-	79	Profit/loss from discontinued operations	79	0
		Assets		
-	-	Total intangible fixed assets	-	0
-	-	Total tangible fixed assets	-	120
-	-	Inventories	-	242
-	-	Total receivables	-	14
-	-	Cash and cash equivalents	-	16
-	-	Total assets	-	392
		Liabilities		
-	-	Total provisions	-	0
-	-	Other debt liabilities, total	-	42
-	-	Total liabilities	-	42

¹⁾ In 2022, the intragroup net revenue amounted to DKK 400 million (2021: DKK 664 million).

Note 8.5: Discontinued operations (continued)

Amounts in DKK million	Group	
	2022	2021
Cash flow statement		
Cash flow from operating activities	48	(409)
Cash flows from investment activities	393	(14)
Cash flows from financing activities	-	-
Cash flows, total	441	(423)

In July 2021, an agreement was concluded on the sale of DSB's Component Workshop. Since 2021, the Component Workshop has therefore been recognized as discontinued operations. The agreement was conditional on the approval of the competition authorities. The agreement was approved in 2022, and on 1 September the German Knorr-Bremse Group formally took over DSB's component and spare parts workshops.

In 2022, the average number of full-time employees amounted to 373 (2021: 372).

Accounting practices

Discontinued operations comprise the activities and cash flows which will be handed over, shut down or given up on as per a comprehensive plan, but only if they can be separated from other activities. Discontinued operations are presented as a separate line item in the income statement.

Assets held for sale include assets expected to be handed over in connection with discontinued operations. Liabilities associated with discontinued operations are liabilities directly associated to these assets which will be transferred during the transaction.

Assets and liabilities concerning discontinued operations are presented as separate balance sheet line items.

Cash flows from operating, investments and financing activities for the discontinued operations are presented on separate line items in the group cash flow statement.

Note 8.6: Events after the balance sheet date

No events have occurred after 31 December 2022 which, in the opinion of management, have a significant impact on the assessment of the annual report for 2022.

Other circumstances

There are no other circumstances which, in the opinion of management, have a significant impact on the assessment of the annual report for 2022.

Supplemental key figures

Number of journeys (1,000)	2018	2019	2020	2021	2022
Øst (Sjælland inkl. Kyst- og Kastrupbanen)	41,574	40,914	23,220	23,895	33,858
Vest (Jylland og Fyn)	10,557	11,203	8,436	7,881	10,322
Øst/Vest (over Storebælt)	7,644	7,843	5,151	5,775	8,216
Others ¹⁾	13,023	12,950	5,258	6,301	12,798
Long-distance & Regional trains	72,798	72,910	42,065	43,852	65,194
S-trains	111,105	111,960	76,345	74,206	98,548
Total, including relinquished traffic	183,903	184,870	118,410	118,058	163,742
Relinquished traffic	3,365	2,598	1,750	-	-
Danish activities, total	187,268	187,468	120,160	118,058	163,742
VIAS ²⁾	2,165	-	-	-	-
Total foreign activities	2,165	-	-	-	-
Total number of journeys	189,433	187,468	120,160	118,058	163,742

Passenger kilometres (million)	2018	2019	2020	2021	2022
Øst (Sjælland inkl. Kyst- og Kastrupbanen)	1,466	1,415	837	885	1,163
Vest (Jylland og Fyn)	748	771	554	553	705
Øst/Vest (over Storebælt)	1,705	1,691	1,082	1,259	1,781
Others ¹⁾	417	425	170	199	428
Long-distance & Regional trains	4,336	4,302	2,643	2,896	4,077
S-trains	1,303	1,304	893	874	1,182
Total, including relinquished traffic	5,639	5,606	3,536	3,770	5,259
Relinquished traffic	73	70	47	-	-
Danish activities, total	5,712	5,676	3,583	3,770	5,259
VIAS ²⁾	64	-	-	-	-
Total foreign activities	64	-	-	-	-
Total passenger kilometres	5,776	5,676	3,583	3,770	5,259

¹⁾ Others includes Øresund - over broen and International.

²⁾ The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)

Train kilometres (1,000)	2018	2019	2020	2021	2022
Øst (Sjælland inkl. Kyst- og Kastrupbanen)	11,392	11,683	11,698	11,493	11,630
Vest (Jylland og Fyn)	3,865	3,883	3,608	3,400	3,273
Øst/Vest (over Storebælt)	17,891	18,171	18,106	18,603	17,952
Others ¹⁾	2,602	2,289	1,832	2,456	2,502
Long-distance & Regional trains	35,750	36,026	35,244	35,952	35,357
S-trains	14,916	15,329	15,087	15,444	15,495
Total, including relinquished traffic	50,666	51,355	50,331	51,396	50,852
Relinquished traffic	2,913	2,864	2,695	-	-
Danish activities, total	53,579	54,219	53,026	51,396	50,852
VIAS ²⁾	2,300	-	-	-	-
Total foreign activities	2,300	-	-	-	-
Total train kilometres	55,879	54,219	53,026	51,396	50,852

¹⁾ Others includes Øresund - over broen and International.

²⁾ The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)

Rolling stock in operation ¹⁾	2018	2019	2020	2021	2022
IC4 trainsets	75	63	63	62	60
IC3 trainsets	96	96	96	96	96
IR4 electric trainsets	44	44	44	44	44
Øresund electric trainsets ²⁾	111	111	34	34	10
Double decker coaches	113	113	113	113	113
MR trainsets	12	-	-	-	-
Leased Desiro trainsets ³⁾	12	12	-	-	-
Desiro trainsets ³⁾	4	4	-	-	-
Desiro trainsets on loan/leased from Ministry of Transport, Building and Housing ³⁾	4	4	-	-	-
ME locomotives	32	29	28	-	-
EA electric locomotives	5	5	-	-	-
EB electric locomotives	-	-	3	32	42
S-electric trainsets (eight coaches)	104	104	104	104	104
S-electric trainsets (four coaches)	31	31	31	31	31
VIAS - electric trainsets ⁴⁾	19	-	-	-	-
Shunting locomotives/tractors	14	14	5	5	4

¹⁾ Rolling stock included in the group's operations at year-end.

²⁾ As of 11 December 2022, 24 Øresund electric trainset is on lease to Skånetrafiken.

³⁾ All Desiro trainsets have been sold and handed over to Arriva as of 13 December 2020.

⁴⁾ The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)

Mean Distance Between Failures ¹⁾²⁾ (1,000 km)	2018	2019	2020	2021	2022
IC4 trainsets	4.7	8.1	10.0	8.4	8.7
IC3 trainsets ²⁾	27.9	336	33.7	25.4	37.3
IR4 electric trainsets	12.4	17.5	26.0	25.6	45.8
Øresund electric trainsets SE ³⁾	6.5	6.9	10.1	4.6	4.2
Øresund electric trainsets DK ³⁾	6.5	6.9	10.1	13.8	16.3
Double decker coaches	18.5	22.1	26.1	36.8	26.5
MR trainsets	9.0	1.6	-	-	-
Desiro trainsets ⁴⁾	8.6	12.0	13.1	-	-
ME diesel locomotives	22.5	25.0	34.5	46.5	-
EA electric locomotives ⁴⁾	5.8	4.2	6.5	-	-
EB electric locomotives	-	-	0.8	3.0	19.8
S-electric trainsets	14.2	16.9	20.7	19.8	21.4

¹⁾ A technical failure of the rolling stock which causes a delay.

²⁾ From January 2022, the measurement of Mean Distance Between Failures has been changed. Thus, the calculation is exclusively based on kilometres driven and incidents registered in Denmark. Previously, the figures included kilometres driven and failures in Denmark as well as abroad (Sweden and Germany). Comparative figures have been adjusted.

³⁾ The Øresund electric trainsets SE are maintained by Mantena in Sweden. The Øresund electric trainsets DK are maintained by DSB.

⁴⁾ No longer in operation from December 2020.

Supplemental key figures (continued)

Average number of full-time employees	2018	2019	2020	2021	2022
DSB	4,667	4,586	4,572	4,392	4,286
- of which social chapter ¹⁾	94	85	80	65	67
DSB Service & Retail A/S	575	550	516	545	670
- of which social chapter ¹⁾	13	12	11	9	11
DSB Vedligehold A/S ²⁾	1,760	1,726	1,659	1,114	1,061
- of which social chapter ¹⁾	34	31	25	20	13
DSB Ejendomsudvikling A/S	1	4	10	10	9
- of which social chapter ¹⁾	-	-	-	-	-
Danish activities, total	7,003	6,866	6,757	6,061	6,026
VIAS ³⁾	89	-	-	-	-
Total foreign activities	89	-	-	-	-
DSB group, total	7,092	6,866	6,757	6,061	6,026

- ¹⁾ The social chapter includes programmes such as flex jobs, sheltered employment, vocational rehabilitation, partial retirement and early retirement benefit, and was introduced in 1996 with the aim of promoting employment in the government labour market for people with reduced working capacity in Denmark.
- ²⁾ In 2021, DSB Vedligehold A/S was impacted by Component Workshop being presented as discontinued operations.
- ³⁾ The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (continued)

Negotiation-entitled organization (number of employees at year-end)	2018	2019	2020	2021	2022
AC	499	488	484	541	633
Individual	247	251	254	284	284
DJ	3,464	3,448	3,400	3,165	3,021
FO DSB	1,186	1,127	1,045	615	602
HK	1,926	1,907	1,829	1,880	1,982
Others	49	35	32	19	20
Total	7,371	7,256	7,044	6,504	6,542

Supplemental key figures (continued)

Employee group - type of employment (number of employees at year-end)	2018	2019	2020	2021	2022
Contract staff	247	251	254	284	284
Collective agreement employees	5,424	5,443	5,351	4,937	5,088
Hourly-paid employees	22	17	11	16	34
Civil servants	1,678	1,545	1,428	1,267	1,136
Total	7,371	7,256	7,044	6,504	6,542

Supplemental key figures (continued)

Total operated railway stations (year-end)	2018	2019	2020	2021	2022
Long-distance train stations, including joint stations	135	140	126	119	119
S-train, including joint stations	85	86	87	87	87
S-train joint stations with Long-distance & Regional trains	(9)	(11)	(10)	(10)	(10)
S-train, excluding joint stations	76	75	77	77	77
Stations in Germany operated by VIAS ¹⁾	28	-	-	-	-
Total operated railway stations	239	215	203	196	196
Kilometres of track operated by DSB in Denmark	1,593	1,576	1,406	1,287	1,287
Kilometres of track operated by DSB in Germany¹⁾	504	-	-	-	-

- ¹⁾ The activities in Germany were sold as of 1 January 2019.

Income statement by quarter

Amounts in DKK million	2022				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Passenger revenue	1,028	1,417	1,461	1,412	506	878	1,184	1,227
Contract revenue ¹⁾	1,018	861	704	867	1,663	1,446	992	974
Sale of corrective and planned maintenance of rolling stock, etc.	23	30	31	37	23	11	10	67
Sale and leasing of rolling stock	25	14	16	14	27	10	14	7
Net revenue	2,094	2,322	2,212	2,330	2,219	2,345	2,200	2,275
Work performed by the entity at its own expense and capitalized	129	101	79	116	148	85	171	76
Other operating revenue	308	383	394	305	431	323	334	241
Total income	2,531	2,806	2,685	2,751	2,798	2,753	2,705	2,592
Expenses for raw materials and consumables	431	457	458	618	464	303	359	369
Other external expenses	953	980	976	917	842	1,064	923	924
Staff expenses	845	875	875	844	883	809	844	878
Total expenses	2,229	2,312	2,309	2,379	2,189	2,176	2,126	2,171
Profit/loss before amortization, depreciation and write-downs	302	494	376	372	609	577	579	421
Amortization, depreciation and write-downs of intangible and tangible fixed assets	297	302	310	334	334	298	298	385
Operating profit/loss	5	192	66	38	275	279	281	36
Net financials	(21)	(9)	(28)	(14)	(19)	(18)	(16)	(13)
Profit/loss before tax	(16)	183	38	24	256	261	265	23
Profit/loss for the period	(12)	150	23	96	200	204	209	10
Total equity	5,415	5,895	6,161	5,688	4,467	4,767	5,044	5,093
Operating profit margin (EBITDA margin)	14.4	21.3	17.0	16.0	27.4	24.6	26.3	18.5
Return on invested capital after tax (ROIC after tax) p.a.	0.2	10.6	2.1	2.9	11.3	10.3	10.1	1.0

¹⁾ Ministry of Transport has cancelled supplementary contract 44 on extra contract revenue due to COVID-19. Consequently, DSB in third quarter 2022 reversed DKK 157 million which had previously been recognized as revenue in first quarter.



Key figure definitions

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

Operating profit margin (EBITDA margin) = Profit/loss before amortization, depreciation and write-downs x 100 / Net revenue

Profit ratio (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 interest-bearing debt, net)

Gearing = Interest-bearing debt, net / Profit/loss before amortization, depreciation and write-downs

Solvency ratio = Total equity x 100 / Total assets

Interest coverage = (Operating profit + Financial income) / Financial expenses



ESG Reporting

For the first time in the 2021 fiscal year, all major European corporations were required to report in accordance with the EU Taxonomy Regulation. This regulation is a common European classification system for economic activities intended to contribute to reaching the EU environmental targets.

As a railway corporation, DSB is covered by the requirements to report under the category of 'Transporting & Storage' (NACE H49.10 and H52.21).

During the year, a further effort has been made to assess which activities included in the EU Taxonomy Regulation and thus classified as 'Taxonomy-eligible'.

DSB has chosen to state approximate levels instead of exact figures to reflect the uncertainty associated with interpreting the EU Taxonomy Regulation. The uncertainty is due to the fact that the delegated act for the first 2 environmental goals was not adopted until December, and there are still a number of unanswered questions about the EU Taxonomy Regulation and the requirements for reporting.

Based on the current information, it is assessed that the vast majority of DSB's revenue falls under the EU Taxonomy Regulation and is thus 'Taxonomy-eligible' which also applies to the majority of the expenses. This reflects DSB's significant potential in terms of making a positive contribution to the environment.

In the 2022 annual report, the proportion of activities meeting the requirements for being sustainable and thus being classified as 'Taxonomy-aligned' is reported for the first time.

Work has begun on preparing for the additional requirements of the EU Taxonomy Regulation, which are expected to materialise in the coming years.

Implementation of regulatory requirements such as the CSRD (Corporate Sustainability Reporting Directive) and the CSDDD (Corporate Sustainability Due Diligence Directive) will be a factor in DSB's future ESG reporting. Thus, ESG goals and follow-ups will be integrated at the core of DSB's management systems.

Declaration for 2022

Economic activities (1)	Code(s) (2)	Absolute revenues (3) DKK million	Proportion of revenue (4) Pct.	Criterion for significant contribution						DNSH criteria ("do no significant harm")						Minimum guarantees (17) Yes/No	Proportion of revenue in accordance with the classification system, year 2022 (18) Pct.	Proportion of revenue in accordance with the classification system, year 2021 (19) Pct.	Category (opportunity- creating activity) (20) M	Category (conversion activity) (21) O	
				Climate change mitigation (5) Pct.	Climate change adaptation (6) Pct.	Water and marine resources (7) Pct.	Circular economy (8) Pct.	Pol- lution (9) Pct.	Bio- diversity and eco- systems (10) Pct.	Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Pol- lution (15) Yes/No	Bio- diversity and eco- systems (16) Yes/No						
A. Activities included in the classification system																					
A.1 Environmentally sustainable activities (in accordance with the classification system)																					
6.1 Passenger interurban rail transport	H 49.10	3,943	37	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	37		Yes	No	
6.14 Infrastructure for rail transport	H 52.21	1,740	16	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	16		Yes	No	
Revenue from environmentally sustainable activities (in accordance with the classification system) (A.1)		5,683	53	100	0	N/A	N/A	N/A	N/A								53				
A.2 Activities which are included in the classification system but which are not environmentally sustainable (activities which are not in accordance with the classification system)																					
6.1 Passenger interurban rail transport	H 49.10	2,755	26																		
6.14 Infrastructure for rail transport	H 52.21	912	8																		
Revenue produced by activities which are included in the classification system but which are not environmentally sustainable (activities which are not in accordance with the classification system) (A.2)		3,667	34																		
Total (A.1 + A.2)		9,350	87																		
B. Activities not included in the classification system																					
Revenue produced by activities which are not included in the classification system (B)		1,423	13																		
Total (A + B)		10,773	100																		

Economic activities (1)	Code(s) (2)	Absolute ex- penses (3) DKK million	Pro- portion of ex- penses (4) Pct.	Criterion for significant contribution						DNSH criteria ("do no significant harm")						Minimum guar- antees (17) Yes/No	Proportion of costs in accord- ance with the classification system, year 2022 (18) Pct.	Proportion of costs in accord- ance with the classification system, year 2021 (19) Pct.	Category (opportu- nity- creating activity) (20) M	Category (conver- sion activity) (21) O
				Climate change mitiga- tion (5) Pct.	Climate change adapta- tion (6) Pct.	Water and marine re- sources (7) Pct.	Circular econ- omy (8) Pct.	Pol- lution (9) Pct.	Bio- diver- sity and eco- sys- tems (10) Pct.	Climate change mitiga- tion (11) Yes/No	Climate change adapta- tion (12) Yes/No	Water and marine re- sources (13) Yes/No	Circular econ- omy (14) Yes/No	Pol- lution (15) Yes/No	Bio- diver- sity and eco- sys- tems (16) Yes/No					
A. Activities included in the classification system																				
A.1 Environmentally sustainable activities (in accordance with the classification system)																				
6.1 Passenger interurban rail transport	H 49.10	(1,540)	48	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	48		Yes	No
6.14 Infrastructure for rail transport	H 52.21	(233)	7	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	7		Yes	No
Expenses arising from environmentally sus- tainable activities (in accordance with the classification system) (A.1)		(1,773)	56	100	0	N/A	N/A	N/A	N/A								56			
A.2 Activities which are included in the classi- fication system but which are not environ- mentally sustainable (activities which are not in accordance with the classification system)																				
6.1 Passenger interurban rail transport	H 49.10	(1,242)	39																	
6.3 Urban and suburban transport, road passenger transport	H 49.39	(74)	2																	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H 77.11	(3)	0																	
6.14 Infrastructure for rail transport	H 52.21	(95)	3																	
Expenses arising from activities which are in- cluded in the classification system but which are not environmentally sustainable (activi- ties which are not in accordance with the clas- sification system) (A.2)		(1,414)	44																	
Total (A.1 + A.2)		(3,187)	100																	
B. Activities not included in the classification system																				
Expenses arising from activities which are not included in the classification system (B)		0	0																	
Total (A + B)		(3,187)	100																	

Economic activities (1)	Code(s) (2)	Absolute CAPEX (3) DKK million	Pro- portion of CAPEX (4) Pct.	Criterion for significant contribution						DNSH criteria ("do no significant harm")						Minimum guar- antees (17) Yes/No	Proportion of CAPEX that is in ac- cordance with the clas- sification system, year 2022 (18)	Proportion of CAPEX that is in ac- cordance with the clas- sification system, year 2021 (19)	Category (oppor- tunity- creating activity) (20) M	Category (conver- sion activity) (21) O
				Climate change mitiga- tion (5) Pct.	Climate change adap- tation (6) Pct.	Water and marine re- source (7) Pct.	Circu- lar econ- omy (8) Pct.	Pol- lution (9) Pct.	Bio- diver- sity and eco- sys- tems (10) Pct.	Climate change mitiga- tion (11) Yes/No	Climate change adap- tation (12) Yes/No	Water and marine re- source (13) Yes/No	Circu- lar econ- omy (14) Yes/No	Pol- lution (15) Yes/No	Bio- diver- sity and eco- sys- tems (16) Yes/No		Pct.	Pct.		
A. Activities included in the classification system																				
A.1 Environmentally sustainable activities (in accordance with the classification system)																				
6.1 Passenger interurban rail transport	H 49.10	1,209	62	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	62		Yes	No
6.14 Infrastructure for rail transport	H 52.21	173	9	100		N/A	N/A	N/A	N/A	Yes	Yes	N/A	Yes	Yes	N/A	Yes	9		Yes	No
Expenses arising from environmentally sustainable activities (in accordance with the classification system) (A.1)		1,382	71	100	0	N/A	N/A	N/A	N/A								71			
A.2 Activities which are included in the classification system but which are not environmentally sustainable (activities which are not in accordance with the classification system)																				
6.1 Passenger interurban rail transport	H 49.10	285	15																	
6.14 Infrastructure for rail transport	H 52.21	162	8																	
Expenses arising from activities which are included in the classification system but which are not environmentally sustainable (activities which are not in accordance with the classification system) (A.2)		447	23																	
Total (A.1 + A.2)		1,829	94																	
B. Activities not included in the classification system																				
Expenses arising from activities which are not included in the classification system (B)		110	6																	
Total (A + B)		1,939	100																	

The table shows key figures for, respectively, environmental, social and governance aspects in relation to section 99a, paragraph 3 (3) of the Danish Financial Statements Act. Also, the key figures are in accordance with the 'Corporate Sustainability Reporting Directive (CSRD)', which was adopted by the EU Commission on 28 November 2022, and which sets the reporting requirements regarding sustainability with effect from reporting year 2024.

ESG	Number	KPI	Unit	Year				
				2018	2019	2020	2021	2022
Environmental	1	EU taxonomy - Revenue, aligned	pct.					53
	2	EU taxonomy - Expenses, aligned	pct.					56
	3	EU taxonomy - Investments, aligned	pct.					71
	4	CO ₂ , scope 1	tonnes	170,228	171,772	167,243	142,691	126,890
	5	CO ₂ , scope 2	tonnes	56,867	48,719	43,953	43,987	45,095
	6	CO ₂ intensity	tonnes CO ₂ / DKK million	23	23	24	21	19
	7	Energy consumption	GJ	3.7	3.6	3.5	3.2	3.1
	8	Energy intensity	GJ / DKK million	0.000016	0.000016	0.000016	0.000017	0.000018
	9	Water consumption	m ³	171,295	179,247	145,528	129,662	138,214
	10	Particle emissions	m ³	18	17	16	11	6
	11	Quantity of waste generated	tonnes	10,642	12,520	8,137	7,423	8,087
	12	Recycling	pct.	39	57	46	40	32
	13	Environmental conditions (enquiries)	number	140	89	93	85	81
Social	14	Absence due to sickness	number	8.8	8.4	9.5	9.2	11.3
	15	Work accidents LTIFR	number	15.9	14.8	14.9	23.0	10.6
	16	Serious work accidents	number	28.0	21.0	25.0	23.0	15.0
	17	Work accidents causing absence due to violence and intimidation	number	50.0	32.0	9.0	43.0	6.0
	18	Signal overruns	number	163.0	217.0	169.0	202.0	159.0
	19	Significant accidents	number	13	10	8	10	18
	20	Serious injuries in trains	number	-	12	-	-	-
	21	Employee satisfaction	5-point scale		3.5	3.9	3.8	3.9
	22	Employee turnover rate	pct.	10.8	10.6	10.5	11.5	14.4
	23	Full-time workforce	FTE	7,092	6,866	6,757	6,061	5,951
	24	Gender diversity in the organization	pct.	23.6	23.9	24.3	25.2	26.8
	25	Gender diversity at other management levels	pct.	27.2	29.1	29.5	29.5	32.7
	26	Gender pay gap	ratio	1.2	1.08	1.08	1.07	1.06
	27	Employees of other ethnicities	pct.	8.9	8.5	8.8	10.2	12.1
	28	Office trainees and apprentices	number	63	99	90	94	84
	29	Child guides	number	17,390	15,591	11,411	11,063	11,072
	30	Disability assistance	number	17,553	18,000	9,167	13,284	18,814
Governance	31	Gender diversity on the Executive Board	pct.	0	0	0	0	20
	32	Gender diversity on the Board of Directors	pct.	50	50	50	50	50
	33	CEO-to-worker pay ratio	ratio	13.9	13.5	15.5	14.0	13.5
	34	Whistleblowing scheme	number	3	3	5	4	5
	35	Compliance, number of certifications	number	4	4	4	5	6
	36	SLS - a natural part of every day	5-point scale	3.2	3.4	3.7	3.8	3.8

ESG	Number	KPI	UN Global Goals	Standard	Definition
Environmental	1	EU taxonomy - Revenue, aligned		EU taxonomy, regulation 2020/852 of 18 June 2020, proportion included in the EU taxonomy's alignment	The share of DSB's revenue attributed to economic activities included in the EU taxonomy definitions under 6.1 Passenger interurban rail transport, 6.14 Infrastructure for rail transport and associated screening criteria
	2	EU taxonomy - Expenses, aligned		EU taxonomy, regulation 2020/852 of 18 June 2020, proportion included in the EU taxonomy's alignment	The share of DSB's operating expenses attributed to economic activities included in the EU taxonomy definitions under 6.1 Passenger interurban rail transport, 6.14 Infrastructure for rail transport, 6.3 Urban and suburban transport, road passenger transport, 6.5 Transport by motorbikes, passenger cars and light commercial vehicles and associated screening criteria.
	3	EU taxonomy - Investments, aligned		EU taxonomy, regulation 2020/852 of 18 June 2020, proportion included in the EU taxonomy's alignment	The share of DSB's revenue attributed to economic activities included in the EU taxonomy definitions under 6.1 Passenger interurban rail transport and 6.14 Infrastructure for rail transport and associated screening criteria
	4	CO ₂ , scope 1	13	The Greenhouse Gas Protocol (GHG)	Total CO ₂ emissions in tonnes from diesel for train transport, fuel for cars as well as fuel oil and gas for heating
	5	CO ₂ , scope 2	13	The Greenhouse Gas Protocol (GHG)	Total CO ₂ emissions in tonnes from electricity for train transport and other operations as well as district heating
	6	CO ₂ intensity	13	The Greenhouse Gas Protocol (GHG)	Total CO ₂ emissions in tonnes for scope 1 and 2 divided by net revenue
	7	Energy consumption	13		Total energy consumption for train operation and other operations (buildings, fixed facilities, corporate vehicles) calculated on the basis of a consumption statement from meter readings and annual statements from suppliers
	8	Energy intensity	13		Total energy consumption for train operation and other operations (buildings, fixed facilities, corporate vehicles) calculated on the basis of a consumption statement from meter readings and annual statements from suppliers divided by net revenue
	9	Water consumption	12		Water consumption from water utilities on the basis of a consumption statement based on meter readings and annual statements from suppliers
	10	Particle emissions	12 - 2		Quantity of particles based on energy consumption and key figures for quantity of particles per litre of fuel
	11	Quantity of waste generated	12 - 5	Municipal waste regulations and guidelines from the Danish Environmental Protection Agency and EWC codes	Quantities of waste disposed of incl. construction waste
	12	Recycling	12 - 5	Municipal waste regulations and guidelines from the Danish Environmental Protection Agency and EWC codes	Amount of waste recycled as a proportion of the total amount of waste
	13	Environmental conditions (enquiries)			Enquiries from customers, neighbours and authorities about environmental conditions, typically noise pollution or air quality
Social	14	Absence due to sickness		Awaiting the Danish Business Authority's instructions on ESG key figures	Average number of days of absence due to sickness on working days per employee
	15	Work accidents LTIFR	3	The Danish Business Authority's instructions on ESG key figures	Number of work accidents that result in at least 1 full day of absence divided by million hours worked
	16	Serious work accidents	3	Awaiting the Danish Business Authority's instructions on ESG key figures	A serious work accident where an absence of 21 days or longer is registered
	17	Work accidents causing absence due to violence and intimidation	3	Awaiting the Danish Business Authority's instructions on ESG key figures	Work accidents causing absence due to violence and intimidation
	18	Signal overruns	3	Awaiting the Danish Business Authority's instructions on ESG key figures	Overrunning of signals in areas where Banedanmark operates signals

ESG	Num ber	KPI	UN Global Goals	Standard	Definition
Social, continued	19	Significant accidents	3	Ordinance on reporting of data in the railway area, no. 1340 of 26 November 2015	Any accident in which at least one railway vehicle in motion is involved resulting in death or serious injury to at least one person, or extensive destruction of rolling stock, track or other facilities or damage to the environment in excess of DKK 1.2 million, or in suspension of train traffic for 6 hours or more on a main line. Accidents at workshops, warehouses and depots are not included. The accident must be unwanted or unintentional, which excludes vandalism, suicide and acts of terrorism. This KPI comprises S-trains and Long-distance & Regional trains (including Øresund). Definition from the Danish Transport and Construction Agency (TBST) guidance in the reporting ordinance of 13 January 2014. TBST issued a new ordinance at year-end 2015, applicable for 2016
	20	Serious injuries in trains			Order no. 1340 of 26 November 2015
	21	Employee satisfaction		Rambøll Management Consulting	Annual measurement of employee satisfaction The survey helps to clarify where initiatives to implement wellbeing need to be implemented
	22	Employee turnover rate		The Danish Business Authority's instructions on ESG key figures	Number of FTEs leaving / FTEs * 100
	23	Full-time workforce		Danish Financial Statements Act, section 68	Average number of persons employed during the financial year
	24	Gender diversity in the organization	5	The Danish Business Authority's instructions on ESG key figures	The Danish Financial Society's Guidelines for Key Figures Number of women employees as a proportion of all employees - FTE
	25	Gender diversity at other management levels	5	Danish Financial Statements Act, section 99	Number of women managers with responsibilities over staff as a proportion of all managers - FTE
	26	Gender pay gap	5	Center for ESG Research (2017). Integrated Ratio Guideline, 4.11	The difference between the average gross hourly earnings of male employees and of women employees as a percentage of the average gross hourly earnings of male employees
	27	Employees of other ethnicities			The number of employees of other ethnicities as a proportion of the total workforce
	28	Office trainees and apprentices			Center for ESG Research (2017). Integrated Ratio Guideline, 4.11
	29	Child guides			Number of journeys with child guides in trains offering child guides
	30	Disability assistance			Number of disability assistance services provided at DSB facilities, including number carried out by external train operators
Governance	31	Gender diversity on the Executive Board	5		Danish Financial Statements Act, section 99 b
	32	Gender diversity on the Board of Directors	5		Danish Financial Statements Act, section 99 b
	33	CEO-to-worker pay ratio	5		Center for ESG Research (2017). Integrated
	34	Whistleblowing scheme			Reports received in the whistleblowing portal system EQS
	35	Compliance, number of certifications			This KPI comprises 6 certifications: ISO14001, ISO 9001, ISO27001, DS/ISO 45001:2018, Safety Certificate and ECM
	36	SLS - a natural part of every day			EU Regulation 2018/762 of 08/03/2018 and order no. 712 of 20/05/2020

Applied accounting practices in the context of the EU Taxonomy Regulation

DSB reports on the EU Taxonomy Regulation with regard to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 which in Article 8(1) states that large corporations must under Directive 2013/34/EU on non-financial reporting publish information about how and to what extent their activities are associated with environmentally sustainable economic activities.

The EU Taxonomy Regulation specifies the frameworks for the EU classification system, as it states the conditions an economic activity must fulfil in order to qualify as environmentally sustainable. These include that the economic activity must contribute significantly to fulfilling one or more of the 6 environmental goals specified in Article 9 in accordance with Articles 10-15. A delegated act establishing the technical screening criteria for the latter 4 environmental goals has not yet been adopted.

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

In addition to contributing significantly to one or more environmental goals, the economic activity must at the same time do no significant harm to the other environmental goals. DSB has reviewed and assessed all of the corporation's economic activities, partly in relation to whether

they contribute to climate change mitigation, partly in relation to the principle of doing no significant harm to the other environmental conditions.

The basis for this has been regulation 2020/852 and the technical screening criteria in annexes 1 and 2 of the EU Taxonomy Regulation. This specifically applies to annex 1 section 6.1 pages 134-135, annex 2 section 6.1 pages 190-192 and appendix A from annex 1.

In addition, the activity must be carried out in accordance with a number of minimum guarantees including the OECD guidelines for multinational companies and the UN's guiding principles on business and human rights - including basic principles and rights established under the auspices of the International Labour Organization and in international instruments on fundamental human rights.

Screening process for activities

Taxonomy-included indicates which proportion of the group's revenue, investments and operating expenses is comprised of economic activities included in the EU Taxonomy Regulation. Taxonomy-sustainable activities indicate whether an activity described in the delegated act of the regulation simultaneously meets the screening criteria to be qualified as environmentally sustainable.

Based on the descriptions of activities, DSB has identified that the group is covered by the following economic activities with the screening criteria derived from them:

- 6.1. Passenger interurban rail transport, where the activity must meet one of the following criteria: Trains and passenger coaches have zero direct (tailpipe) CO₂ emissions, or trains and passenger coaches have zero direct (tailpipe) CO₂ emissions when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode).

DSB's activities comprise train operations with either diesel or electric-powered stock. Electric-powered stock meets the stated criteria, as it produces no direct CO₂ emissions.

- 6.3 Urban and suburban transport, road passenger transport, comprising purchase, financing, leasing, rental and operation of urban and suburban transport vehicles for passengers and road passenger transport. The direct (tailpipe) CO₂ emissions from the activity must be zero.
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles, comprising purchase, financing, renting, leasing and operation of vehicles. The activity must until 31 December 2025 produce specific emissions of CO₂ lower than 50 g CO₂ per kilometre and from 2026 zero emissions. DSB's activities comprise leasing of a number of passenger and freight vehicles in connection with the operation of, among other things, stations and workshops.
- 6.14. Infrastructure for rail transport, where the activity comprises, among other things, passenger transfer from railway to railway or from other methods of transport to railways, including stations. DSB's maintenance of stations is included under this item.

Accounting practices for KPIs

Activities included in the Taxonomy are expressed by a KPI and are calculated as the ratio among, respectively, revenue, investments and operating expenses which can be deemed to fall under the EU Taxonomy Regulation and the group's total revenue, investments and the share of operating expenses falling under the EU Taxonomy Regulation.

Taxonomy-sustainable activities are expressed by a KPI and are calculated as the ratio between revenue, investments and operating expenses, respectively, which can be

classified as sustainable due to meeting the screening criteria described in the delegated acts of the EU Taxonomy Regulation, as well as the group's total revenue, investments and the share of operating expenses falling under the EU Taxonomy Regulation.

Activities included in the EU Taxonomy Regulation

Revenue

Revenue falling under the EU Taxonomy Regulation is calculated as the share of DSB's revenue which can be attributed to one of the above economic activities and includes passenger revenue, contract revenue, revenue from corrective and planned maintenance of rolling stock etc., income from sale and leasing of rolling stock as well as work performed by the entity at its own expense and capitalized. Income from selling and renting out properties and areas as well as income from selling kiosk products, etc. are not part of the economic activities covered by the EU Taxonomy Regulation and thus not included.

Investments

Investments are calculated as the share of DSB's investments attributed to one of the above economic activities, primarily investments in new electric-powered rolling stock, major overhauls (including the purchase of rotatable and spare parts) and investments in stations. Investment related to kiosk activities and the selling of properties and areas are not included, as these economic activities are not covered by the EU Taxonomy Regulation.

Operating expenses

Operating expenses include the share of DSB's expenses attributed to one of the above economic activities - including primarily expenses in connection with corrective and planned maintenance of rolling stock, renovation of buildings, short-term leasing contracts, and other direct expenses relating to the day-to-day maintenance of tangible

fixed assets. The definition has been assessed not to include, among other things, staff expenses for train operation, energy expenses for train operation, central and decentralized overhead and expenses in connection with the sale of kiosk products, etc.

Activities under the EU Taxonomy Regulation meeting the screening criteria

With regard to article 8 (1) of the EU Taxonomy Regulation, the activities make a significant contribution to achieving the abovementioned environmental objectives.

Revenue

Numerator:

The share of revenue meeting the technical screening criteria is included. It predominantly comprises passenger revenue and the contract revenue generated by electric train operations, which produce no CO₂ emissions, and revenue from, among other things, operation and maintenance of stations, safety and traffic management systems as well as planning services. Revenue in connection with the leasing of premises - primarily at stations - is also included. Revenue from activities conducted with diesel-powered rolling stock is not included, i.e. revenue generated from the operation of diesel-powered trains.

There is no risk of counting any item twice in the numerator, as none of the shares of revenue allocated to 6.1, 6.14, 6.3 or 6.5 can be classified as being included in multiple activities.

Denominator:

The group's total revenue, as stated in notes 2.1, 2.2 and 2.3.

Investments

Numerator:

Investments are stated as the proportion of DSB's investments attributed to one of the above economic activities. This mainly relates to investments in new electric rolling stock, major overhauls - including the purchase of rotatable and spare parts - and investments in stations. Investments related to kiosk activities and sale of properties and areas are not included, as these economic activities are not included in the EU Taxonomy Regulation.

There is no risk of counting any item twice in the numerator, as none of the investments allocated to 6.1, 6.14, 6.3 or 6.5 can be classified as being included in multiple activities.

Denominator:

The group's addition of intangible and tangible assets, as stated in notes 3.1 and 3.2.

Operating expenses

Numerator:

Operating expenses comprise the proportion of DSB's expenses which is a result of one of the above economic activities. This primarily concerns expenses in connection with the corrective and planned maintenance of tangible fixed assets. The definition has been assessed not to include, among other things, staff expenses for train operation, energy expenses for train operation, central and decentralized overhead and expenses in connection with the sale of kiosk products, etc.

There is no risk of counting any item twice in the numerator, as none of the shares of operating expenses allocated to 6.1, 6.14, 6.3 or 6.5 can be classified as being included in multiple activities.

Denominator:

The group's total operating expenses, as stated in notes 2.5, 2.6 and 2.10, minus the share of DSB's operating expenses which does not fall under the EU Taxonomy Regulation, cf. above.

DNSH - do no significant harm

DSB's economic activities are assessed in relation to whether they contribute to climate change mitigation and in relation to the principle of doing no significant harm to the other environmental conditions. The basis for this assessment has been 2020/852 and the technical screening criteria in annexes 1 and 2 of the EU Taxonomy Regulation. This primarily applies to annex 1 sections 6.1, 6.14 and 6.3, annex 2 sections 6.1, 6.14, 6.3 and 6.5 and appendix A from annex 1.

The same considerations apply within revenue, investments and operating expenses.

Mitigation of climate change, regulation 2020/852 article 10

Transport of passengers by train is fundamentally an activity contributing to mitigation of climate change, given that the CO₂ emissions generated are lower than for other means of transport. Annex 1 page 134 lists electric train traffic as contributing to mitigation of climate change. All activities in relation to electric rolling stock are therefore assessed as mitigating climate change.

DSB's overall strategy is to convert the train traffic to become exclusively electric-powered. DSB still operates diesel stock, and these activities are assessed as not mitigating climate change.

DSB is currently in the process of acquiring new electric rolling stock to replace the current diesel-powered rolling

stock. Over the coming years, this entails an ongoing steep reduction in the consumption of diesel oil and thus a significant reduction in CO₂ emissions.

In the outlook for 2030, CO₂ emissions will be reduced to zero following the switch to electric train operations combined with Denmark's national ambitions to achieve 100 percent renewable electricity in 2030.

S-train traffic is 100 percent electric, while 38 percent of long-distance and interregional traffic is electric. In 2022, 54 percent of DSB's train traffic was electric.

As with traffic, DSB's other operations will be converted to become CO₂ neutral in 2030.

Each year, DSB prepares an Annual Environmental Report, in which energy consumption and CO₂ emissions are monitored. In addition, KPIs for energy consumption are followed up each month.

Climate change adaptation, regulation 2020/852 article 11

DSB's train traffic is run on infrastructure managed by Banedanmark and owned by Banedanmark and Sund & Bælt. The most significant consequences for DSB's business operations in connection with climate change occur when climate change affects the use of the traffic infrastructure.

The infrastructure (Banedanmark's and Sund & Bælt's) and a majority of DSB's activities have a useful life of over 10 years. Part of DSB's rolling stock will be replaced within a 10-year period.

In accordance with Appendix A section II of Council Regulation (EU) 2020/852, DSB's business is exposed to the greatest hazards in relation to:

- Wind - primarily fallen trees blocking tracks and/or bringing down overhead contact lines
- Storm surges causing flooding of low-lying areas
- Heavy precipitation causing flooding of low-lying areas
- Track buckling at high temperatures
- Landslides along individual stretches of line

It is assessed that the consequences will typically be relatively short (½-2 days) restrictions on train traffic and hence short-term consequences for DSB's business operations. This has been the case in experience with previous situations involving storms, track buckling etc. The consequences will be a reduction of speed, reduction of frequency or suspension of operations. The damage and consequences do not differ from those which regularly occur in connection with broken rails, bringing down of overhead contact lines, etc. These are conditions that occur every year.

Banedanmark, in collaboration with the railway companies in Denmark, has drawn up contingency plans to ensure that the consequences on traffic are known and that these contingency measures are reasonably quick to implement, thus reducing consequences as much as possible.

Specifically, a provision plan has been drawn up in the event of a storm. The plan describes the sequence from the decision-making process to activation of the plan, as well as different levels of changes to traffic and the reopening of traffic when the wind subsides.

In the case of a storm, the general level of activity in Denmark is reduced. This affects the number of passengers in DSB's trains and thus has a short-term negative effect on DSB's income.

Storms are the most frequent reason for restrictions on train traffic in Denmark. On the basis of climate prognoses, this is expected to continue to be the case. A comprehensive plan has therefore been drawn up for use in the event of a storm.

The UN climate forecasts have been translated into Danish conditions by the Danish Meteorological Institute and made available through a climate atlas displaying the various climate changes. This shows the consequences for RCP4.5 - an intermediate scenario from the UN - and RCP8.0 - a pessimistic scenario from the UN - as well as for different time horizons.

The other effects of climate on the infrastructure occur less frequently and not every year. If in future these changes, DSB will take the initiative to extend the provisional plans to additionally cover new relevant areas.

In addition, Banedanmark has drawn up a circular on normal winter measures. The circular describes the management of situations in connection with snow and ice, as regards traffic conditions, clearance and skid prevention.

The impact on DSB's own assets (rolling stock, workshops, preparation facilities, stations etc.) has in previous experience been very short-lived and limited. Also, this is assessed to be the case in future.

Consequences on traffic are managed as they arise. If weather conditions require restrictions on customer journeys, these will be implemented.

The sustainable use and protection of water and marine resources

In relation to Council Regulation (EU) 2020/852, annex 1, sections 6.1 Passenger interurban rail transport, 6.3 Urban and suburban transport, road passenger transport

and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles are determined not to be relevant.

As regards 6.14 infrastructure for rail transport, the activities must comply with the criteria in appendix B to Council Regulation (EU) 2020/852.

Transition to a circular economy, regulation 2020/852 article 13

DSB is working towards the goals of reducing the amount of waste and ensuring that the largest possible proportion is recycled. DSB has set a strategic goal for 2030 of at least 90 percent of waste recycled.

Currently, DSB has waste collection at all workshops and at construction and development projects, as well as collection of wastepaper at the administrative workplaces. Continuously, new steps will be taken in line with the development of the waste sector and with regard to handling new divisions of waste.

In the coming years DSB will be working towards the goal of separated collection of customer-facing waste, which is currently the least-recycled waste.

A number of rolling stock components are sent for refurbishment before reinstatement, which helps to keep the amount of waste down.

Pollution prevention and control, regulation 2020/852 article 14

DSB is working actively to reduce pollution from the corporation's activities. The transition from diesel to electric train operations will cause a reduction in air pollution and reduce the risk of soil contamination in connection with refuelling of diesel.

The engines for DSB's diesel-powered IC3 and IC4 train-sets were supplied before 2006, when the EU requirements for engines in rolling stock entered into force. The engines meet the requirements for the best heavy goods vehicle engine at the time of acquisition, which was Euro III. This means that the engines do not meet the requirements of regulation 2016/1628 appendix II.

Simultaneously with the electrification of the train traffic in the coming years, DSB is establishing 3 new workshops, which will at minimum be certified DGNB Gold for sustainable construction. Washing facilities and faeces disposal are designed according to the latest standards to reduce the risk of impact on the environment.

In addition, DSB has in place drip trays in connection with the refuelling of rolling stock, oil separators on sewers and separated collection of waste in workshops etc.

On an ongoing basis, DSB sells or develops land that is no longer used for railway purposes. Any soil contamination from previous activities is handled in this connection.

The protection and restoration of biodiversity and ecosystems

The protection and restoration of biodiversity and ecosystems is not relevant in relation to passenger transport by rail, see annex 1, page 135 of Council Regulation (EU) 2020/852.

Minimum social guarantees

It is a natural part of DSB's work to respect human rights and ensure good relationships with employees. DSB also requires that this be the case for the suppliers.

The overall frameworks for human rights requirements, including social rights and staff relations, are stated in DSB's social responsibility policy.

Social responsibility policy

The social responsibility policy has been adopted by DSB's Board of Directors and is based on DSB's fundamental values. The policy forms the framework for how everyone at DSB - employees, management and Board of Directors - exhibits socially responsible behaviour, takes the right decisions on a day-to-day basis and treats each other, customers and other stakeholders. The Board of Directors has general responsibility for the policy and evaluates it at least once a year. The annual statement on social responsibility is included and published in the annual report.

This policy and its supporting policies are the foundation that everyone at DSB must adhere to, as a natural part of daily working life. The policy applies to everyone in the DSB group - employees, management and Board of Directors - when action is taken in the DSB context. The policy also applies to persons external to DSB, as external persons or corporations are of decisive significance for the work being carried out.

UN Global Compact

DSB has been a participant in the UN Global Compact since 2009. Everyone at DSB must act in accordance with this initiative's 10 universal principles on human and labour rights. DSB publishes an annual communication on progress (COP) at the UN Global Compact website.

Human rights

DSB adheres to fundamental human rights law and norms, cf. the UN Declaration of Human Rights and the European Convention on Human Rights - including the prohibition on the use of child labour and of forced labour or the exploitation of involuntary labour.

ILO convention

DSB supports the ILO convention no. 94 and ensures that salary, general work conditions and working hours are in accordance with applicable legislation and the applicable

collective agreements for that work area entered into with the recognized and relevant trade union organizations on the Danish labour market.

DSB does not tolerate discrimination on the basis of gender, race, colour, religion or belief, political opinion, sexual orientation, age, disability, or national, social or ethnic origin.

Anti-corruption

In the social responsibility policy, behaviour in work-related contexts is also described. This means, among other things, that DSB does not tolerate the giving or taking of bribes in any form.

In order to ensure that personal interests do not influence and are not suspected of influencing work at DSB or the management of DSB's interests, DSB employees may not, as a general rule, accept gifts or other advantages. This is described further in the guidelines for receipt of gifts.

Competitors

DSB treats competitors in a fair and proper manner and engages in no anti-competitive activities.

Abusive conduct

DSB does not accept bullying or sexual harassment. DSB encourages employees who experience bullying or sexual harassment to take action in response. This applies both if employees are bullied or harassed themselves and if they witness others being bullied or harassed.

Suppliers and partners

Sub-contractors, suppliers and consultants must undertake to comply with DSB's Code of Conduct for partners.

Code of Conduct

DSB's Code of Conduct describes requirements and expectations for suppliers' behaviour.

Attention is called to the fact that suppliers are acting as ambassadors for DSB when they collaborate with and carry out tasks for DSB. Suppliers are therefore expected to share DSB's fundamental values and to meet expectations of proper behaviour as well as to comply with applicable laws and regulations and to follow DSB's Code of Conduct, which is available to all at dsb.dk and must be signed by all suppliers before the conclusion of any agreement.

Also, there is a requirement that suppliers carefully choose the sub-contractors with whom they will collaborate in order to carry out business activities for DSB, that they inform these sub-contractors of the principles of the Code of Conduct and that they ensure that these principles are complied by the sub-contractors.

Anti-corruption

DSB does not tolerate the giving or taking of bribes in any form. Any form of bribery or attempted bribery on the part of the supplier will be considered non-compliance, regardless of whether DSB is involved in the specific incident in question, and may, depending on the circumstances, lead to the termination of the collaborative relationship.

Fair competition

The proper and sound conduct of business is important to DSB. Suppliers must conduct themselves as fair and responsible actors on the market and comply with the relevant provisions of competition law.

UN Global Compact

DSB expects all suppliers to act in accordance with this initiative's 10 universal principles on human and labour rights.

Human rights

Suppliers must adhere to fundamental human rights law and norms, cf. the UN Declaration of Human Rights and the European Convention on Human Rights - including the prohibition on the use of child labour and of forced labour or the use of compulsory labour.

ILO convention

Suppliers of construction services, goods specially manufactured for DSB and services must ensure that all employees who perform work in accordance with the supplier's agreement with DSB under ILO Convention no. 94 (1955) are guaranteed wages (including special benefits), working hours and other working conditions which are no less favourable than those which apply to work of the same kind under a local collective agreement or other locally regulated labour market conditions applicable in the area where the work is carried out. Suppliers must ensure that their employees are informed of the abovementioned terms and conditions.

If the supplier does not comply with the abovementioned requirements, and this results in a justified claim for additional pay from the supplier's employees and any subcontractors' employees, DSB is permitted to withhold remuneration from the supplier in order to ensure that the employees are provided with the abovementioned conditions of employment.

Anti-discrimination

DSB's suppliers do not tolerate discrimination on the basis of race, colour, religion or belief, political opinion, sexual orientation, age, disability, or national, social or ethnic origin.

Working environment

A working environment that is safe and healthy - both physically and psychosocially - fosters development in a corporation and is one of DSB's important aims. There is a

clear connection between good work performance and a sense of well-being.

DSB's many workplaces have different working environmental risks and needs, which are prioritized and managed locally. But the shared approach is always that the working environment is fully responsible for the health and safety of employees.

DSB works in accordance with the guidelines in the working environmental standard OHSAS 18001:2008 and requires suppliers of goods and services to work at a corresponding level. Throughout the period of validity of the agreement, each supplier must comply with DSB's working environment policy, which is publicly available at www.dsb.dk.

All suppliers must have a working environment policy recorded in writing. The supplier must at all times be able to document the priority of working environment and the systematic and appropriate work on its own working environmental matters - for example by presenting a working environment handbook as well as goals and action plans for working environment.

DSB's working environment manager must be informed as soon as possible by e-mail at arbejdsmiljo@dsb.dk if accidents at work occur, or if the supplier receives orders from the Danish Work Environment Authority while carrying out work for DSB.

Environment

Suppliers undertake to have an environmental policy in place and to maintain an officially approved environmental management system (ISO 14001, EMAS or similar) throughout the contract period. Alternatively, the supplier must be able to present documentation of a non-certified environmental management system at any time upon request.

By a non-certified environmental management system, DSB means that, as a minimum, the supplier must have in place an environmental policy stated in terms of environmental goals and action plans, which are continuously followed up by the supplier. In addition, the supplier must have fixed procedures which ensure that legislation and other regulations in the environmental area are complied with in the supplier's activities. Finally, there must be a designated person within the supplier's organization who is responsible for environmental work.

Social conditions - due diligence and risk management

As mentioned above, DSB adheres to fundamental human rights law and norms cf. the UN Declaration of Human Rights and the European Convention on Human Rights, and supports ILO Convention 94. In addition, DSB follows the OECD guidelines for multinational corporations.

To ensure strong working relationships, DSB has organized collaboration through collaboration committees consisting of representatives elected by the employees. A collaboration agreement has been drawn up jointly with the representatives elected by the employees. Matters to ensure respect for human rights are discussed in the collaboration committees. This is described more detailed in the chapter Employee conditions under Social conditions.

Working environmental as an area of focus

Ensuring occupational health and safety is essential for DSB. This is handled by ensuring that all of DSB's units and locations have one shared approach to an effective working environment effort supporting the day-to-day work of ensuring working environment through specific steps, policies and guidelines. The key issue in this regard is that working environment should be a natural part of the day-to-day planning and performance of work - through advice and guidance from the working environ-

ment organization and with skill development for employees. To ensure this, DSB has drawn up a working environment policy available to all employees.

This working environmental policy states that DSB works to prevent and manage occupational risks by having in place a system for identifying and dealing with risks and contingencies in the working environment. This includes setting goals, drawing up management plans and implementing activities which improve working environment on an ongoing basis.

Situations and conditions affecting working environment are continuously identified, risk assessed and monitored to ensure a proactive approach to identifying these situations and conditions, assessing risks and contingencies and identifying and handling significant working environmental conditions (Danish acronym VAMF). This happens in connection with:

- Workplace evaluation
- Working environment reviews
- Prevention of occupational accidents, occupational diseases and near accidents
- Internal audit
- Changes and alteration activities such as procurement, construction and other projects
- Changes to work processes and organizational changes
- Other significant working environmental conditions (Danish acronym VAMF)
- Determining risks and contingencies in relation to the organization's framework and conditions

The procedure for access is documented in a process description available on DSB's intranet, among other places.

In connection with new projects, working environment risk assessments are drawn up as well as, where applicable,

action plans and a communication plan. The procedure for major changes is described on DSB's intranet. The process is described in the working environment management system.

Each year an evaluation of working environment management is drawn up. The management evaluation is available at DSB's intranet.

Due diligence in the supply chain

As stated above, DSB requires, through its Code of Conduct, that partners and other suppliers respect human rights etc.

The management system describes how DSB follows up on contracts. This document states that if it comes to DSB's knowledge that suppliers are infringing human rights, there will be a dialogue with the supplier in question, and an action plan will be drawn up to ensure that human rights are respected.

DSB is developing and implementing a new process to ensure monitoring of suppliers. Among other things, it involves a segmentation model of suppliers, which for human rights areas is founded on a risk-based approach to potential violations of human rights in the value chain. DSB will implement this model in the new contract management system in 2023.

Governance of social conditions

Adherence to human rights law and norms and those on other social conditions is a central part of the work of implementing and complying with DSB's policies and code of conduct. The work is coordinated in DSB's compliance unit and managed based on the principles in the guidelines for compliance, which are available to all DSB employees on the intranet.

Compliance is an essential element of DSB's corporate culture. For DSB it is of central importance to take responsibility for conduct, to operate the corporation in an ethical manner, to show respect towards customers, suppliers and other stakeholders and to keep the trust placed in the corporation by society.

Therefore, DSB has chosen a decentralized approach to compliance by placing as much as possible under line responsibility and within decentralized compliance functions to get closest to where conduct is engaged in and experienced, with secondary support provided by a central corporate compliance function.

The compliance function

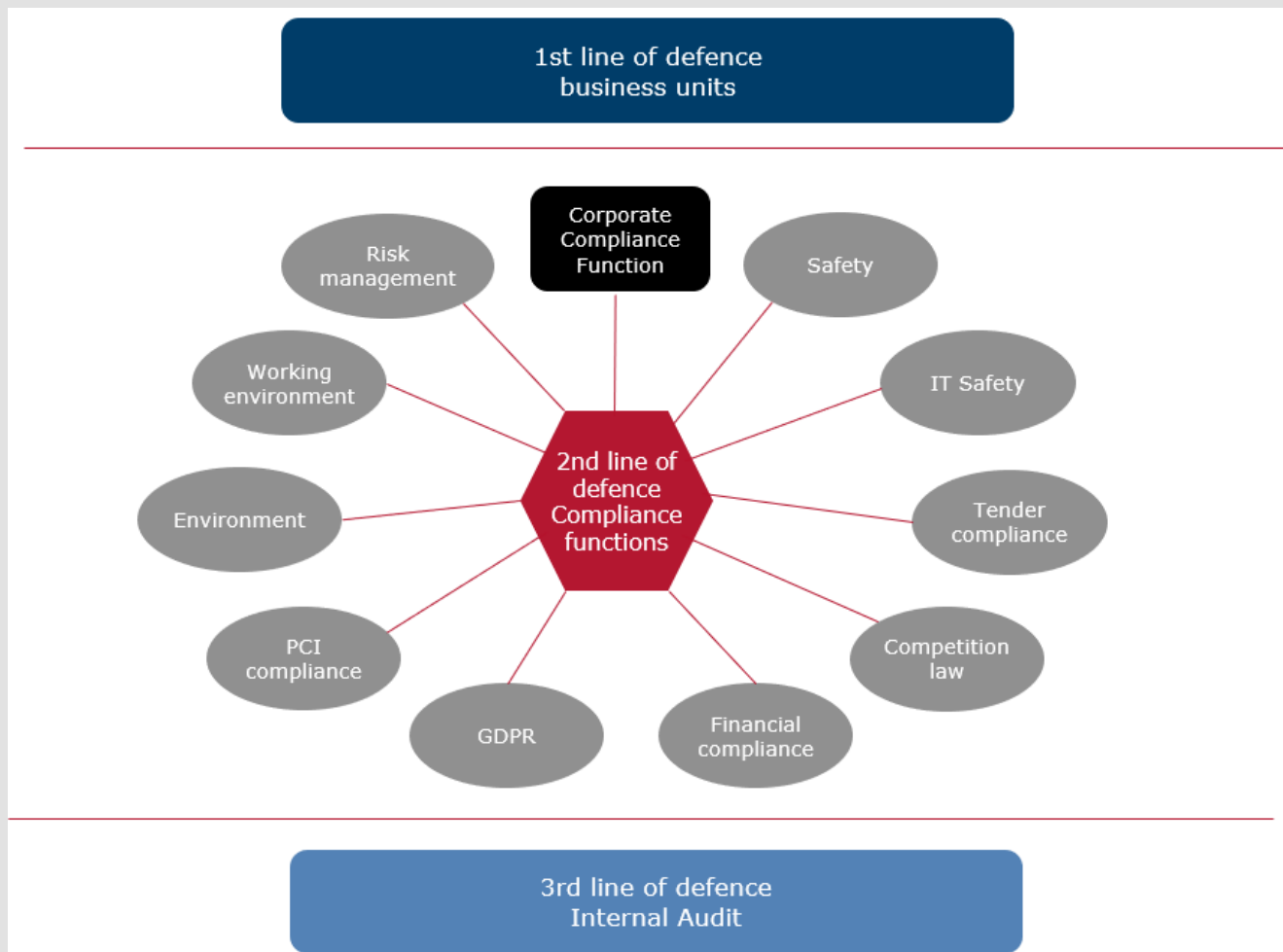
The compliance function is responsible for advising and following up on the laws and regulations relevant for the entire corporation and which do not naturally belong in the other compliance functions. Also, the function ensures a uniform approach to the implementation of compliance work throughout the corporation in accordance with DSB's compliance strategy and by improving knowledge of this strategy through training and advice in the area of compliance. The key basis for the work is the policy for social responsibility. The compliance function additionally focuses on establishing an overview of compliance status in the other significant compliance functions.

Compliance risks

DSB has established 3 lines of defence for managing and controlling compliance risks throughout the corporation. Compliance risks refers to the risk of a breach of internal and/or external rules and regulatory requirements at DSB.

1st line of defence - business units

The managers of the individual business units are in charge of and manage compliance risks in their own area and are responsible for their own business processes, risk



identification, risk assessment, internal controls and corrective measures, where considered necessary to deal with process and monitoring deficiencies. The manager's daily responsibility for compliance also includes the task of promoting awareness of compliance among employees.

2nd line of defence - the compliance functions

The 2nd line of defence consists - in addition to the compliance function - of the units working with compliance and act as a monitoring function for the business units, which in the 1st line of defence are responsible for and manage compliance risks in their own area - for example Working Environment.

3rd line of defence - Internal Audit

Internal Audit is an independent internal monitoring function and is responsible for auditing the activities of the 1st and 2nd lines of defence. Internal Audit's tasks include operational auditing with a view to assessing oversight of significant business processes and assessing the effectiveness of the functions of the 2nd line of defence.

Reporting by the compliance function

The compliance function reports significant incidents to the Executive Board and prepares an overall annual compliance report for the Executive Board and the Board of Directors via the Audit Committee. The report includes an assessment of whether monitoring and audit measures in the various compliance areas are carried out in accordance with best practice.

Incident management

DSB implements systematic and preventative working environment measures in order to minimize deviations and incidents. The purpose of this is to ensure that deviations and incidents are responded to and followed up with remedial and corrective action with a view to removing the cause of the incident or deviation to prevent it from happening again.

An evaluation is carried out of the effect of actions initiated after a working environmental incident. This means that an assessment is made of whether or not the actions put in place remedied the incident. If this is not the case, the process is restarted from the beginning. This is documented in the procedure for management of failures and deviations.

Corruption and bribery

The policy for social responsibility states that DSB does not tolerate the giving or taking of bribes in any form.

In order to ensure that personal interests do not influence and are not suspected of influencing work or the management of DSB's interests, employees may not, as a general rule, accept gifts and other advantages. This is detailed further in the guidelines for receipt of gifts.

The compliance function reviews the rules on gifts for managers and employees at least once per year. This is done through, among other things, questionnaire surveys for managers and awareness campaigns on the intranet.

In the past 3 years no instances of bribery have been noted at DSB. The annual report states whether there have been cases of bribery.

DSB assesses that the Guidelines for receiving gifts and other advantages, the e-learning program 'Correct conduct at DSB' and the requirements set for suppliers in the Code of Conduct help to a large extent to prevent the risk of bribery. In addition, employees and partners have the opportunity to report irregularities via DSB's whistleblowing scheme.

Whistleblowing scheme

DSB wants to be an open, trustworthy and transparent corporation. It is essential that information on irregularities at DSB be brought to light.

Employees are often the first to discover irregularities, fraudulent behaviour and similar. However, even an open corporate culture is not always sufficient to ensure that the information is passed on to the correct recipient. DSB's whistleblowing scheme allows employees and external parties - anonymously or not anonymously - to report questionable circumstances or operations which may be providing a cover for criminal activity, gross and/or repeated violations of legislation or significant internal guidelines at DSB, and which may cause a financial loss or reputational damage to DSB.

The whistleblowing portal is managed by an external party. The reports are encrypted and forwarded anonymously to the head of Internal Audit, who investigates all cases received.

The number of cases reported to the whistleblowing scheme is stated in the annual report. The details of the whistleblowing scheme are described in the whistleblowing policy and guidelines for the whistleblowing scheme, which are available on DSB's website and can be accessed by all employees and external parties.

The Executive Board approves the policy and guidelines for the whistleblowing scheme.

Customer ambassador

DSB has a customer ambassador who is tasked with looking at DSB through the customers' eyes and contributing to ensuring that each customer receives the service they are entitled to when travelling with DSB. Therefore, customers can contact the customer ambassador if they are not satisfied with a decision received from the Customer Centre in a specific complaint case.

Making a complaint to DSB's customer ambassador is free of charge, and the customer ambassador can handle cases of all types concerning interaction with DSB on the internet, in purchase situations, at stations and on trains.

The customer ambassador can recommend that DSB reverses the decision. The customer ambassador processes customer complaints and considers cases at own initiative.

The customer ambassador prepares half-yearly status reports published on dsb.dk.

GDPR/Information security

DSB complies with the individual's right to the protection of personal data, regardless of whether this concerns customers, employees, partners, suppliers or others providing personal data to DSB.

DSB's basic position is:

- protection of personal data is a high priority for DSB
- everyone should be able to feel secure that personal data being collected and processed by DSB is protected in accordance with the data protection legislation in force at any given time

This is upheld by:

- complying with fundamental processing rules and principles for handling personal data
- respecting the rights of the individual - among other things by providing information on purpose, processing, insight etc. to everyone about whom data is collected and processed
- documenting protection and monitoring measures
- communicating with everyone about whom personal data is collected and processed
- keeping an updated record of the processing of personal data carried out by DSB or by a data processor on behalf of DSB
- having in place updated procedures for management of any data security breaches
- concluding data processing agreements with suppliers processing personal data for DSB

Tax

The tax policy is based on the premise that DSB is a responsible corporation conducting business with a focus on compliance with legal requirements and ethics, including responsibility in the area of taxation.

DSB supports UN global goal no. 16.6 in the area of taxation by participating in Tax Governance collaboration with the Danish Tax Agency. Also, DSB directly and indirectly supports a number of other global goals in general by paying taxes and duties in accordance with legislation.

Reporting

The annual report includes information on significant matters in the social area, including respect for human rights. See Value Creation: Social conditions

Other corporate information

Notifications to the Danish Business Authority

10 February 2022
DSB's Annual Report for 2021

5 April 2022
Notice convening the ordinary Annual Meeting, 2022

28 April 2021
Minutes of ordinary Annual Meeting of DSB

5 May 2022
Trading update, first quarter 2022

19 May 2022
DSB's CFO resigns

22 June 2022
New CFO at DSB 1 September 2022

8 August 2022
Notice convening the extraordinary Annual Meeting of 2022

25 August 2022
Half year report 2022

15 November 2022
Trading update, third quarter 2022

Financial calendar 2023

Expected publication of interim reports:

First quarter 2023	15 May 2023
First half 2023	31 August 2023
Third quarter 2023	16 November 2023

Publications

Annual report 2022 is available at www.dsb.dk.

Environmental report 2022 is available at www.dsb.dk.

Remuneration report 2022 is available at www.dsb.dk.

Corporation details

Address

DSB
Telegade 2
DK-2630 Taastrup
Tel. (+45) 70 13 14 15

www.dsb.dk

CVR no. 25050053

Municipality of domicile

Høje-Taastrup

Ownership

DSB is an independent public corporation owned by Ministry of Transport

Auditors

EY
Authorized Limited Company of Accountants
CVR no. 30700228

The National Audit Office of Denmark

Bank

Nordea Danmark, a subsidiary of Nordea Bank Abp, Finland

Editors

Anne Rømer
Charlotte R Petersen



Line accounts

Statement

DSB's management has today considered and approved DSB's line accounts for 2022.

The accounts are drawn up in accordance with the principles and methods specified in the DSB Accounting Regulations, taking into account the interpretations agreed with Ministry of Transport.

It is our view that:

- The Accounting Regulations have been complied with in 2022, 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 allocation of finances to the lines.

Taastrup, 9 February 2023

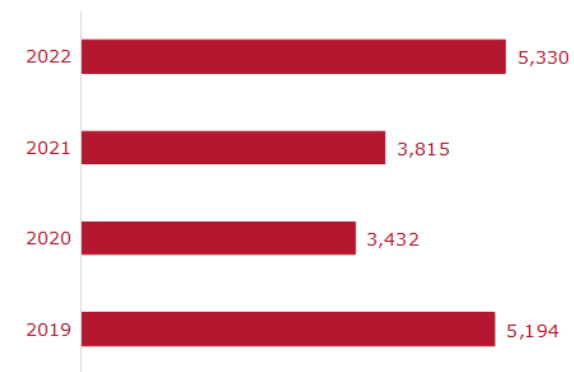
Flemming Jensen
CEO

Pernille Damm Nielsen
CFO

Highlights for 2022¹¹

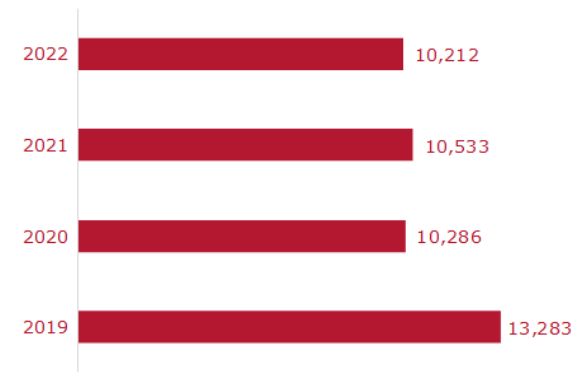
Passenger revenue
Amounts in DKK million

40%



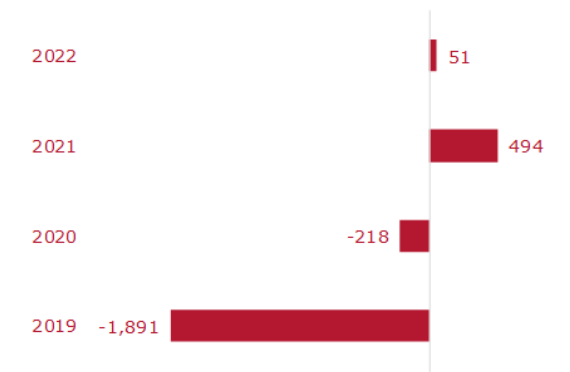
Expenses & Amortizations
Amounts in DKK million

-3%



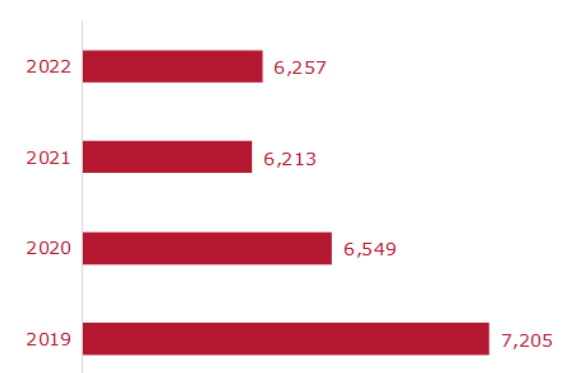
Operating profit/loss
Amounts in DKK million

-90%



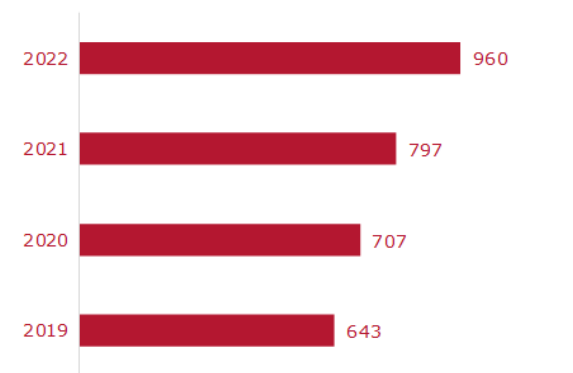
Train service, exp., amort. & net finan.
Amounts in DKK million

1%



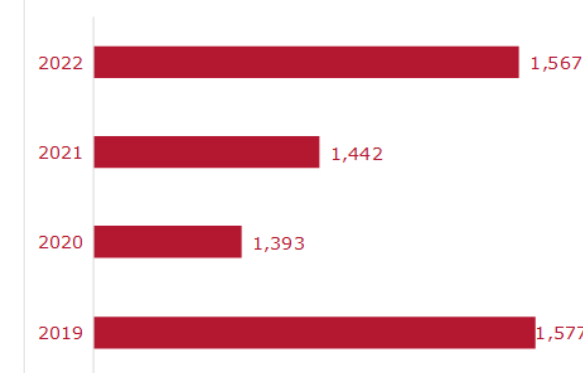
Stations, exp., amort. & net finan.
Amounts in DKK million

20%



System & Channels, exp., amort. & net finan.
Amounts in DKK million

9%



¹¹ Profit/loss is Public services from the parent corporation DSB.

Accounts

The purpose of accounting by line is to provide transparency about DSB's train operations, just as DSB continuously uses the results of the line accounts to improve efficiency. Reporting of profit/loss for train operations is divided into areas of activity to contribute to transparency.

The following is highlighted:

- Passenger revenue in 2022 is higher than in 2019 (before COVID-19). However, 2019 was affected by the Metro double factor
- At the same time, total expenses are at a lower level than before COVID-19. The level in 2019 was, however, affected by major write-downs of rolling stock
- The evolution of energy prices is having a negative effect on development on all lines, whether these are powered by diesel fuel or electricity
- S-train and Øresund traffic made Profit before tax in 2022 without added funds from the traffic contract and have therefore contributed to financing Long-distance & Regional trains traffic, which in total made a Loss before tax

Activity Area Accounts

Public services delivered by DSB pursuant to the traffic contract are divided among Train Service, Train System, General Obligations and Other, see Table 1.

- Train Service relates to the operational task of operating trains

- Train System is a collective designation for the activities supporting the task of operating trains, from operation of stations, provision of rolling stock, planning and monitoring the daily train operations to traffic information and ticket sales
- General Obligations are activities not depending on train operations - for example, subsidies given to Fonden Danmarks Jernbanemuseum and expenses for stations not serviced but operated and maintained by DSB and where the expenses are not covered by the other operators
- Others concern the sale of properties in the parent corporation, profit/loss from discontinued activities and elimination items

Furthermore, Train Service is categorized as Long-distance & Regional train traffic, S-train traffic and Øresund traffic. Train System is categorized as Stations, Rolling Stock and Systems & Channels. Systems & Channels includes Sales Channels and Customer Service as well as Traffic Handling and shared functions.

For 2022, revenue before leasing of rolling stock amounted to DKK 9,682 million. The revenue finances the delivered Public service.

In 2022, passenger revenue amounted to DKK 5,330 million, and in the line accounts this is distributed to Train Service¹²⁾, i.e., the passenger traffic. The principal revenue for Train System is the distributed contract revenue. Also included is commissions income from the sale of tickets by other operators, which in 2022 amounted to DKK 42 mil-

lion of Other operating income. The last major income line item in Train System Activities is the sale of EB electric locomotives to rolling stock companies, which is stated under Other operating income in Rolling Stock and amounts to DKK 233 million.

Danish train passenger traffic is characterised by a strong desire for cohesion in 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 collective and integrated commercial solutions such as, for example, Rejsekort (Travel card), Rejseplanen (Travel planner) and DOT. Calculation of the passenger revenue has been based on agreements between the traffic companies and operators on revenue sharing.

The applicable ordinance on the sharing of ticket revenue in the Greater Copenhagen area between the current parties on Zealand (Trafikselskabet Moavia, Metroselskabet and DSB) was originally to expire on 30 June 2022, but was extended to the end of 2022.

From 2023, a new income-sharing model is being incorporated. The new model is a so-called 'source distribution model' based on factors such as Rejsekort (Travel card) data rather than the companies' own tallying systems and statements of the number of journeys taken. The source distribution approach has already been implemented between the parties in Western Denmark and with inter-regional traffic

¹²⁾This is an analytical choice, as the passenger revenue is in fact also used for co-financing, for example, stations, sales channels, timetable planning, traffic information, etc. If the passenger revenue

were also allocated to Train System, the amount of the contract revenue to be allocated to these areas of activities would be reduced.

and offers a significantly better and more transparent basis for DSB's income sharing.

In 2022, some traffic has been contracted by DSB on behalf of Arriva Danmark on a single line 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. In practice, contracted traffic causing DSB pays for the expenses of operating a number of departures from central and western Jutland in order to ensure direct departures for customers to the rest of the country. The income from the contractor traffic accrues to Arriva Danmark, and DSB is compensated via contract revenue.

In 2022, the total contract revenue amounted to DKK 3,450 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.

DSB has a broader purpose of a sustainable way forward with room for all of us based on DSB's social responsibility of helping to reduce congestion and being a climate-friendly alternative to taking the car. DSB's investments in new electric trains and green workshops will, together with the Danish Government's investment in railway infrastructure, help to ensure the realization of the societal, financial and environmental gains from the electrification of the railway network. For customers, this will mean shorter travel times, higher departure frequencies, more punctuality and increased comfort.

Of the total Revenue before leasing of rolling stock, Passenger revenue amounted to 55 percent, Contract revenue amounted to 36 percent and Other

operating income amounted to 9 percent. There has been a major change in this distribution since 2021 as a result of increasing passenger revenue, and because in 2022, as in 2021, DSB has received no additional contract revenue as a result of COVID-19.

In accordance with the contract with the state, contract revenue is divided into activity areas on the basis of a number of criteria. For Stations, an annual return on invested capital (ROIC) of 3 percent must be ensured. Material and General obligations are based on expense recovery with no yield, and for Systems & Channels, a profit margin of 5 percent applies.

Contract revenue is not placed in the Other category because it primarily concerns items of a special nature which have no involvement with ordinary train operations. The remaining contract revenue therefore accrues to Train Service.

The profit for Stations and for Systems & Channels is therefore due to the technical distribution of the contract revenue.

Of the total revenue before leasing of rolling stock, 63 percent financed Train Service and 35 percent financed Train System activities, while the remaining 2 percent financed General Obligations and Other.

In 2022, Expenses before leasing of rolling stock amounted to DKK 8,542 million for Public services. 66 percent of these are used for Train Service, 33 percent for Train System activities and the rest for General Obligations and Other.

For income as well as expenses, expenses relating to leasing rolling stock have been disregarded, as

the rolling stock is considered in the line accounts as a profit/loss-neutral transfer within the corporation. It is assumed technically that the rolling stock is leased for Train Service without a commercial return.

Leasing of rolling stock expresses a pool of all income, expenses, amortization, depreciation, write-downs and net financials relating to the rolling stock owned.

In the contract with the state, it is stipulated that the Rolling Stock activity area must be financed by imputed rent for the trains made available for traffic. This means that the Rolling Stock activity area leases the material to Train Operations, and that expenses for this must be recovered.

Activities involving acquisition of new stock, construction of new workshops and S-trains of the future are covered by contract revenue.

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 Line Economy Model. This model divides the income statement 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.

Table 1: Profit/loss from DSB's Train Operations divided into areas of activity

	Train Service				Train System				
	Public ser- vices	Long- Dis- tance & Re- gional train traffic	S-train traffic	Øre- sund traffic ¹⁾	Sta- tions	Rolling stock	Sys- tems & Chan- nels	Gen- eral Obliga- tions ²⁾	Oth- ers ³⁾
Amounts in DKK million									
Passenger revenue	5,330	3,416	1,543	371	0	0	0	0	0
Contract revenue	3,450	663	0	0	909	366	1,471	41	0
Other operating income ⁴⁾	902	116	30	22	98	403	174	6	53
Revenue before leasing of rolling stock	9,682	4,195	1,573	393	1,007	769	1,645	47	53
Leasing out of rolling stock	581	0	0	0	0	581	0	0	0
Total income	10,263	4,195	1,573	393	1,007	1,350	1,645	47	53
Expenses for raw materials and consumables ⁵⁾	904	485	150	32	0	232	5	0	0
Other external expenses	5,032	2,399	540	217	478	398	896	55	49
Staff expenses	2,606	1,310	439	56	121	96	589	(21)	16
Expenses before leasing of rolling stock	8,542	4,194	1,129	305	599	726	1,490	34	65
Leasing of rolling stock	581	239	316	26	0	0	0	0	0
Total expenses	9,123	4,433	1,445	331	599	726	1,490	34	65
Profit/loss before amortization, depreciation and write-downs	1,140	238	128	62	408	624	155	13	(12)
Amortization, depreciation and write-downs	1,089	31	13	1	339	622	72	11	0
Operating profit/loss	51	(269)	115	61	69	2	83	2	(12)
Net financials	(33)	(2)	(1)	0	(22)	(2)	(5)	(1)	0
Profit/loss before tax	18	(271)	114	61	47	0	78	1	(12)
Tax on profit for the year	(2)								
Profit/loss for continuing activities	16								
Profit/loss from discontinued operations	0								
Profit/loss for the year after discontinued operations	16								
Distribution:									
Contract revenue		19%	0%	0%	26%	11%	43%	1%	0%
Income before leasing of rolling stock		43%	16%	4%	10%	8%	17%	1%	1%
Expenses before leasing of rolling stock		49%	13%	4%	7%	8%	18%	0%	1%
Expenses, amortization, depreciation, write-downs and net financials	10,245	4,466	1,459	332	960	1,350	1,567	46	65
Of which support functions	1,784	807	266	34	79	262	295	41	0

¹⁾ Øresund traffic includes Øresund - over broen and Kyst- og Kastrup-banen.

²⁾ General Obligations concern subsidies to Fonden Danmarks Jernbanemuseum, civil servants on loan, own superfluous civil servants, the relative income and expenses for traffic-independent stations not covered by the other operators and the training of train drivers via the public train driver study programme.

³⁾ Others concern the regulation of net profits from property sales in the parent corporation, expenses for preparing for the divestment of component and spare parts workshops and elimination items.

⁴⁾ Other operating income includes the sale of maintenance services for rolling stock, the renting out of properties, gains from selling rolling stock, commission revenue from the sale of tickets from other operators, renting out of rolling stock to third parties and the sale of Vectron electric locomotives to the rolling stock companies.

⁵⁾ Expenses for raw materials and consumables under Rolling stock includes the purchase of Vectron electric locomotives sold to the rolling stock companies.

Expenses of Train Service

Most of DSB's expenses for 2022, including amortization, depreciation and write-downs, net financials and expenses related to Train Service (DKK 6,257 million), categorized as Long-distance & Regional trains traffic (DKK 4,466 million), S-train traffic (DKK 1,459 million) and Øresund traffic (DKK 332 million), see Table 1.

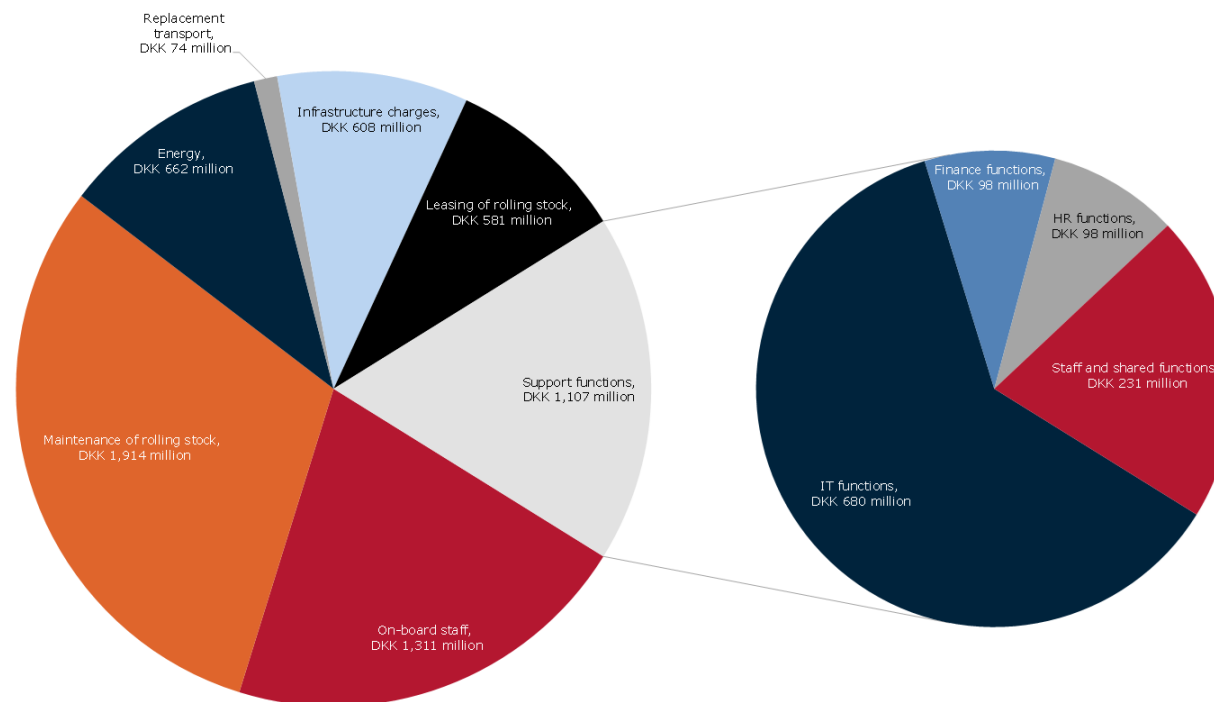
Rolling stock maintenance and Leasing of rolling stock in total amounted to DKK 2,495 million or 40 percent of the total expenses for Train Service, while expenses for onboard personnel amounted to DKK 1,311 million or 21 percent, see Figure 1.

In the coming years, a very large number of infrastructure works will be carried out in Denmark. These works are absolutely essential and, once they have been completed, they will - together with the new electric trains - ensure well-functioning and sustainable train operations benefitting 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 revenue as the customers opt out of taking the train and use other modes of transportation, but also in the form of increased expenses for replacement traffic.

Banedanmark's grants cover the project costs of infrastructure works, while DSB pays the expenses of replacement traffic when train operations are prevented due to track closures. In 2022, DSB has spent DKK 74 million on replacement traffic. Banedanmark plans and carries out the infrastructure works.

Figure 1: Expenses of Train Service

Amounts in DKK million



Leasing of rolling stock expresses the net expenses DSB has borne for the train fleet. This is income from sale of rolling stock, dedicated contract revenue¹³, leasing of rolling stock as well as expenses in the form of insurance and train leasing from, among others, the rolling stock companies as well as amortization, depreciation and write-downs and interest.

In accordance with the Accounting Regulations, DSB allocate the complete expenses of the activities and thus also a part of the Supporting functions, which constituted DKK 1,107 million or 18 percent of the Train Service expenses. The support functions include cross-sector IT functions, Staff and shared functions, and Finance and Personnel functions.

¹³ See political agreement "Purchase of double deckers" of 1 April 2014.

More than half of the expenses of Support functions are staff and consultancy expenses. The remainder includes expenses of software development, licences, outsourced data operations centre, insurance, leasing of premises, and expenses of consumption, marketing and depreciation/amortization, etc.

Expenses 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 expenses.

Consequently, Train Service, to which the largest share of employees contributes directly as members of the onboard personnel, carries a relatively large share of the expenses of supporting functions.

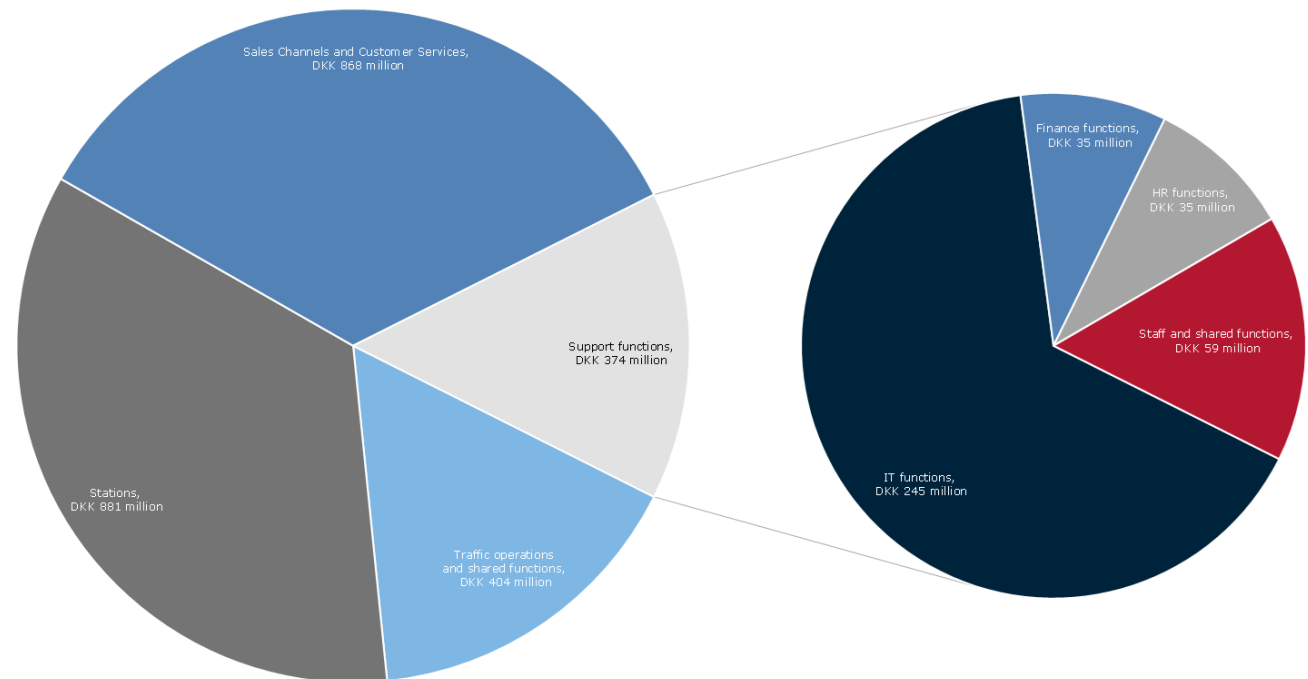
The expenses of support functions are only variable to a limited extent in relation to the extent of Train Service. The handover of traffic to other operators thus has no substantial effect on the expenses for interdepartmental IT functions or other support functions.

Expenses for Train System

Expenses for Train System, excluding rolling stock, which ensures coherence in train services in Denmark, amounted to DKK 2,527 million in 2022 including amortization, depreciation and write-downs and net financials, see Table 1. Systems & Channels, which comprises Traffic Handling & Shared Functions (DKK 404 million) and Sales Channels & Customer Service (DKK 868 million), accounts in total of DKK 1,272 million or 50 percent of this, while Stations accounts for DKK 881 million or 35 percent.

Figure 2: Expenses for Train System

Amounts in DKK million



As with Train Service, Train System must be calculated at fully distributed expenses and must therefore carry a share of the total Support functions, which amounted to DKK 374 million or 15 percent of the expenses for Train System.

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), Marketing, and settlements for Catering from DSB Service & Retail A/S.

Traffic Handling & Shared Functions includes traffic-oriented activities such as planning of personnel, rolling stock, and traffic, safety, monitoring and control of railway traffic at the operations centres, etc. operated by DSB in common with Banedanmark.

Stations contains operating expenses for all station buildings including energy and service staff as well as amortization, depreciation and write-downs and interest.

VAT and tax

DSB has a partial right of deduction of incoming VAT, since the group has both VAT-liable and VAT-free activities. The non-deductible share of input VAT is included in the individual line items in the income statement. The non-deductible VAT then follows the actual expenses through the allocation model.

For 2022, the non-deductible proportion of incoming VAT amounts to a total expense of DKK 514 million. DSB and a number of group corporations are registered jointly for VAT.

Corporation tax is not allocated to the activity areas and lines. 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 at DKK 2 million for 2022.

Profit/loss for the year

Profit for the year for Public services has been calculated as DKK 16 million. The profit for the year is allocated to DSB's equity, and thus the owner's - the state's - value of DSB increases in line with the profit for the year. The contract revenue also deducts various levies such as taxes, VAT and payroll taxes which are returned to the state, and DSB also pays infrastructure charges to use the infrastructure (tracks and fixed links) which DSB relies on for Long-distance & Regional train operations.

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 infor-

mation about the finances of train operations on individual lines provides a good overview of the societal priorities of Danish train operations.

In a broader perspective, the line 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 which DSB also manages on behalf of, and in collaboration with, the other public transport operators.

However, the line accounts are not well suited to direct financial comparison between operators, even if such comparison focuses solely on the train operation activities. Furthermore, the line accounts cannot be used as a reference work with respect to adjustment of expenses in connection with the transfer of lines.

The reason for this is partly that the line accounts are distribution accounts and partly that DSB's expenses, like all other corporations' expenses, are variable to differing degrees depending on the production volume. This means that parts of the expenses have little to no correlation with the number of train or seat-kilometres driven. Therefore, there is no notable correlation between the extent of the train services and expenses for, e.g., sales and distribution channels, planning systems and monitoring centres. When DSB transfers train traffic, this means that DSB loses economies of scale and opportunities for transversal synergy.

The line accounts for the activity area Train Service reflects the expenses of operating train services. The expenses are allocated to the lines in relation

to their use of activities and the supporting functions are allocated to the lines based on the number of full-time employees involved in the individual activities, see Table 2.

A positive figure reflects that the line has operated at a profit and can, therefore, be operated without any state subsidies. On the other hand, negative figures reflect that the line operates at a loss and financing must be added from profit-making lines and/or government contract revenue.

According to the Accounting Regulations, DSB is required to also specify the individual lines, including all expenses, regardless of whether the individual expense concerns the extent of production. Therefore, the Train System expenses of Stations and Systems & Channels are broken down into lines in Table 3. In practice, this means that expenses are included regarding, for example, operation of stations, the Rejsekort (Travel card) system, ticket machines, traffic information and operation centres managing traffic to reduce delays, etc.

The expenses are broken down by lines, even if the activities are not directly correlated with the actual finances of the train operations on the individual lines.

The key figures for Passenger revenue per seat kilometre and Costs per seat-kilometre provide the best indication of how the seat capacity is utilized on the individual lines, see Table 3. The seat-kilometre takes into account the number of seats available in the individual rolling stock class and the number of trainsets/coaches coupled on a line.

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 line the commuter uses (see Figure 10).

Table 2: Line accounts for Train Service

Amounts in DKK million	Passenger revenue	Total income	Onboard personnel	Maintenance of rolling stock	Energy	Replacement transport	Infrastructure taxes	Total direct expenses	Leasing of rolling stock (avg. expenses)	Supporting function expenses	Profit/loss
Copenhagen - Aarhus - Aalborg (InterCityLyn)	1,019	1,034	150	289	101	12	129	681	56	131	166
Copenhagen - Aalborg (InterCity)	657	674	167	211	79	14	142	613	44	142	(125)
Copenhagen - Esbjerg (InterCity)	454	462	74	84	40	4	84	286	22	66	88
Copenhagen - Odense - Hamburg (InterCity)	136	137	17	50	20	0	22	109	(20)	16	32
Long-distance trains	2,266	2,307	408	634	240	30	377	1,689	102	355	161
Aarhus - Hamburg	52	53	6	14	5	0	2	27	(21)	5	42
Aarhus - Fredericia - Esbjerg	95	99	41	130	30	2	15	218	10	38	(167)
Odense - Fredericia	20	22	17	19	8	0	6	50	4	15	(47)
Aarhus - Fredericia - Flensburg	34	36	19	15	6	0	6	46	4	15	(29)
Fredericia - Sønderborg	42	45	25	16	8	0	6	55	4	21	(35)
Fredericia - Vejle - Struer	0	1	13	10	3	1	3	30	2	11	(42)
Regional West	243	256	121	204	60	3	38	426	3	105	(278)
Copenhagen - Holbæk - Kalundborg	193	202	94	207	48	4	17	370	18	85	(271)
Copenhagen - Slagelse	49	51	8	12	5	1	2	28	3	7	13
Elsinore - Copenhagen - Roskilde - Næstved	508	551	218	335	100	10	33	696	94	188	(427)
Copenhagen - Køge Nord - Næstved - Nykøbing F.	122	127	47	54	20	4	10	135	14	39	(61)
Køge - Næstved - Nykøbing F.	35	38	32	25	9	3	8	77	5	27	(71)
Regional East	907	969	399	633	182	22	70	1,306	134	346	(817)
Long-distance & Regional train traffic	3,416	3,532	928	1,471	482	55	485	3,421	239	806	(934)
Copenhagen - Malmö	371	393	45	68	31	4	123	271	26	35	61
Øresund traffic	371	393	45	68	31	4	123	271	26	35	61
Central (Hellerup-Valby)	589	597	92	74	25	5	0	196	71	73	257
Køge (Sydhavn - Køge)	202	208	59	78	33	2	0	172	61	46	(71)
Høje Taastrup (Danshøj - Høje Taastrup)	145	147	25	26	10	1	0	62	22	20	43
Frederikssund (Langgade - Frederikssund)	169	173	50	68	28	1	0	147	53	39	(66)
Farum (Ryparken - Farum)	101	103	31	36	15	1	0	83	31	24	(35)
Hillerød (Bernstorffsvej - Hillerød)	183	187	42	57	24	3	0	126	43	33	(15)
Klampenborg (Charlottenlund - Klampenborg)	33	34	9	10	4	0	0	23	9	7	(5)
Ringbanen (Ny Ellebjerg - Hellerup)	121	124	30	26	10	2	0	68	26	24	6
S-train traffic	1,543	1,573	338	375	149	15	0	877	316	266	114
Train Service excl. contract revenue	5,330	5,498	1,311	1,914	662	74	608	4,569	581	1,107	(759)
Calculated contract revenue	0	663	0	0	0	0	0	0	0	0	663
Train Service, including contract revenue	5,330	6,161	1,311	1,914	662	74	608	4,569	581	1,107	(96)

Table 3: Line accounts for Train operations

Amounts in DKK million	Train Service Passenger revenue	Train Service Other income	Train Service Expenses	Profit/loss from Train Service	Other Income	Other Expenses	Train Operations Profit/loss	Passenger revenue per seat-kilometre ¹⁾	Services cost per seat-kilometre ¹⁾	Profit/loss from Train operations per passenger kilometre ¹⁾	Passenger kilometres million units ²⁾	Train kilometres million units
Copenhagen - Aarhus - Aalborg (InterCityLyn)	1,019	15	868	166	35	234	(33)	0.47	0.40	(0.03)	1,157	6.12
Copenhagen - Aalborg (InterCity)	657	17	799	(125)	31	235	(329)	0.36	0.44	(0.45)	736	6.60
Copenhagen - Esbjerg (InterCity)	454	8	374	88	18	140	(34)	0.43	0.35	(0.07)	515	3.26
Copenhagen - Odense - Hamburg (InterCity) ³⁾	136	1	105	32	4	24	12	0.31	0.24	0.10	123	1.29
Long-distance trains³⁾	2,266	41	2,146	161	88	633	(384)	0.42	0.39	(0.15)	2,531	17.27
Aarhus - Hamburg ³⁾	52	1	11	42	2	10	34	0.45	0.11	0.66	48	0.56
Aarhus - Fredericia - Esbjerg	95	4	266	(167)	8	63	(222)	0.20	0.56	(1.92)	115	2.41
Odense - Fredericia	20	2	69	(47)	2	23	(68)	0.11	0.38	(3.73)	18	0.82
Aarhus - Fredericia - Flensburg ³⁾	34	2	65	(29)	2	17	(44)	0.27	0.53	(1.42)	33	0.79
Fredericia - Sønderborg	42	3	80	(35)	3	28	(60)	0.20	0.38	(1.12)	54	0.98
Fredericia - Vejle - Struer	0	1	43	(42)	1	16	(57)	0.00	0.56	(0.91)	61	0.43
Regional West³⁾	243	13	534	(278)	18	157	(417)	0.21	0.45	(1.27)	329	5.99
Copenhagen - Holbæk - Kalundborg	193	9	473	(271)	14	129	(386)	0.25	0.61	(1.89)	204	2.77
Copenhagen - Slagelse	49	2	38	13	2	26	(11)	0.48	0.38	(0.21)	52	0.30
Elsinore - Copenhagen - Roskilde - Næstved	508	43	978	(427)	46	443	(824)	0.21	0.40	(1.78)	462	5.44
Copenhagen - Køge Nord - Næstved - Nykøbing F.	122	5	188	(61)	8	67	(120)	0.27	0.41	(0.72)	169	1.74
Køge - Næstved - Nykøbing F.	35	3	109	(71)	4	41	(108)	0.18	0.56	(2.70)	40	1.26
Regional East	907	62	1,786	(817)	74	706	(1,449)	0.23	0.45	(1.56)	927	11.51
Long-distance & Regional train traffic³⁾	3,416	116	4,466	(934)	180	1,496	(2,250)	0.32	0.42	(0.59)	3,787	34.77
Copenhagen - Malmö	371	22	332	61	27	249	(161)	0.67	0.60	(0.61)	262	1.40
Øresund traffic	371	22	332	61	27	249	(161)	0.67	0.60	(0.61)	262	1.40
Central (Hellerup-Valby)	589	8	340	257	32	282	7	0.61	0.35	0.04	239	2.58
Køge (Sydhavn - Køge)	202	6	279	(71)	7	116	(180)	0.16	0.22	(0.74)	245	3.41
Høje Taastrup (Danshøj - Høje Taastrup)	145	2	104	43	4	53	(6)	0.36	0.26	0.09	92	1.12
Frederikssund (Langgade - Frederikssund)	169	4	239	(66)	6	97	(157)	0.16	0.22	(0.91)	173	2.76
Farum (Ryparken - Farum)	101	2	138	(35)	3	55	(87)	0.18	0.25	(1.02)	83	1.55
Hillerød (Bernstorffsvej - Hillerød)	183	4	202	(15)	6	85	(94)	0.20	0.22	(0.45)	207	2.43
Klampenborg (Charlottenlund- Klampenborg)	33	1	39	(5)	1	16	(20)	0.21	0.25	(1.87)	11	0.40
Ringbanen (Ny Ellebjerg - Hellerup)	121	3	118	6	3	45	(36)	0.37	0.36	(0.73)	49	1.16
S-train traffic	1,543	30	1,459	114	62	749	(573)	0.27	0.26	(0.52)	1,099	15.41
Total lines³⁾	5,330	168	6,257	(759)	269	2,494	(2,984)	0.32	0.37	(0.58)	5,148	51.58
Public services³⁾	5,330	168	6,257	(759)	331	2,903	(3,331)	0.32	0.37	(0.65)	5,148	51.58

¹⁾ Calculated financial ratios are not rounded off.

²⁾ Passenger kilometres is exclusive of the transport obligation and third-party sales via apps in Western Denmark.

³⁾ Train production includes traffic in Germany

Method used for preparation of the line accounts

As a public undertaking, DSB must satisfy a number of reporting requirements, see Figure 3. 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 corporation from different perspectives, which makes it difficult to determine the connection between the individual reports and at the same time negatively affects transparency.

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 corporation.

The purpose of DSB's Accounting Regulations is to separate Public Services from Competitive Activities in order to provide an insight into the activities which are subject to contract revenue 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 corporation's profit/loss into Public Services under a negotiated contract and Competitive Activities.

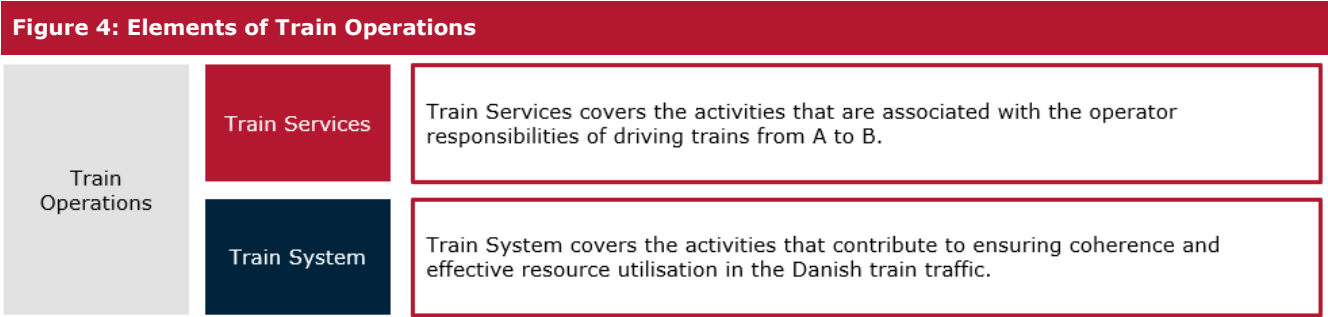
The traffic contract only covers Public Services performed under the contract. These services represent a proportion of the independent public corporation DSB's services. This means, for example, that DSB Vedligehold A/S is not covered directly by the Public Service obligation, but indirectly in the form of the preparation and maintenance services that are delivered and invoiced for Train Service. Neither is DSB Service & Retail A/S covered by the public service obligation.

Figure 3: Reporting requirements in DSB



The line 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 line accounts are a breakdown of the train operations on the lines in accordance with DSB's Accounting Regulations.

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 4.



The line economy model

The line economy model provides a basis for DSB's General Accounts and line accounts. This creates a clear correlation and a complete transaction trail between the individual accounts.

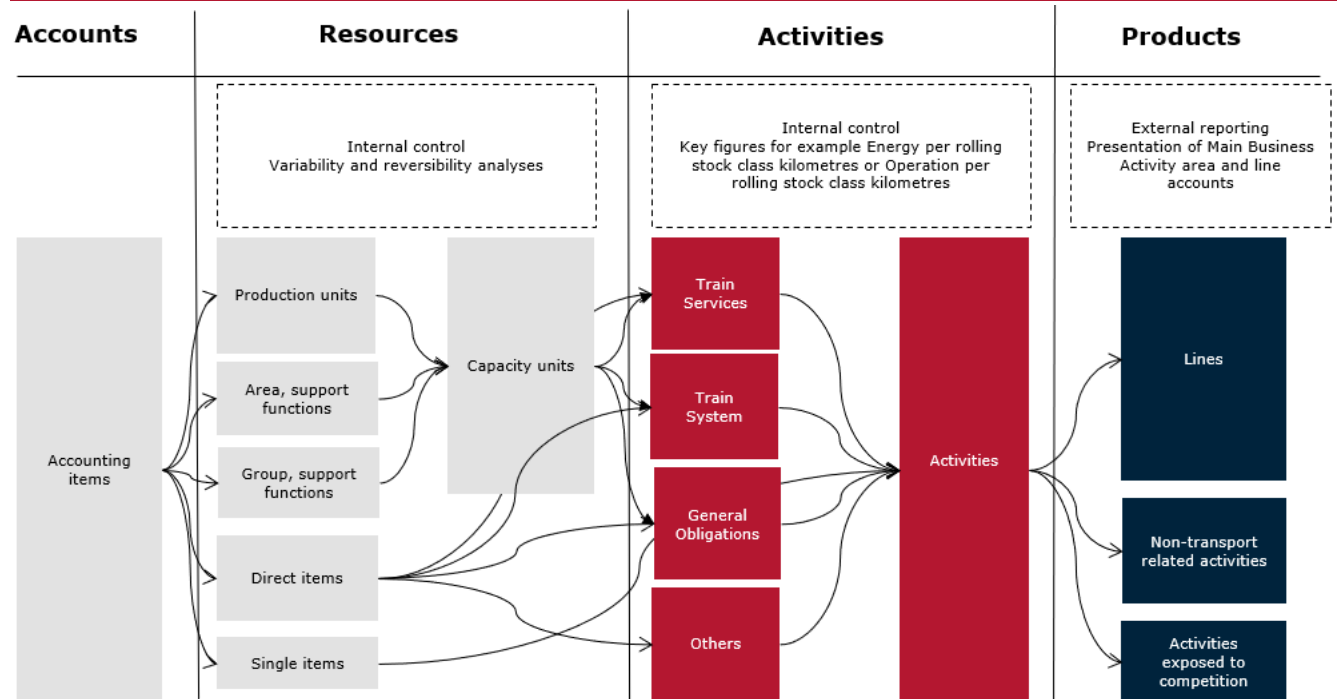
The model creates the General Accounts setup by dividing activities into Public Services under a negotiated contract and Competitive Activities, such as, for example, renting out properties to external customers.

Public Services are further divided into activity areas and the activities that DSB implements to operate the individual lines. The lines contain all accounting entries relating to Train operations, see previous definition.

Figure 5 describes the principal method used in the line economy model where the accounting entries are grouped and distributed via activities for lines. 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 bases of allocation based on production information.

The line 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 expenses be allocated to the lines.

Figure 5: Design of the Line Economy Model



Definition of lines

- Figure 6 shows the definitions used for the individual lines that have been adapted to the production and timetable DSB used in 2022. The changes compared to 2021 are primarily traffic on Zealand which has been reconfigured with a view to including Kystbanen in the rest of the traffic on Zealand.

The lines operated by DSB in 2022 are defined as follows:

- Long-distance trains are defined as trains crossing Great Belt and consist of the InterCityLyn and InterCity lines Copenhagen - Odense - Aarhus - Aalborg, Copenhagen- Esbjerg and Copenhagen - Odense - Hamburg
- The remaining InterCityLyn and InterCity lines are defined as interregional trains, as in practice, this is interregional train traffic as the trains stop at all stations (Fredericia - Vejle - Struer, Aarhus - Hamburg and Fredericia - Sønderborg).
- Fredericia - Vejle - Struer is considered a separate line, as pursuant to the traffic contract, DSB is obliged to operate the line 8 times per day and it does not receive the associated passenger revenue but is instead compensated by Arriva.
- Øresund traffic is made up of Copenhagen - Malmö (up to the Øresund Limit only)
- The train categories Regional West and Regional East follow the underlying train production.

Definition of activities and division into the activity areas Train Service and Train System

The central element in the line economy model is the definition of the activities carried out by DSB in

Figure 6: Line definitions 2022

Long-distance & Regional trains

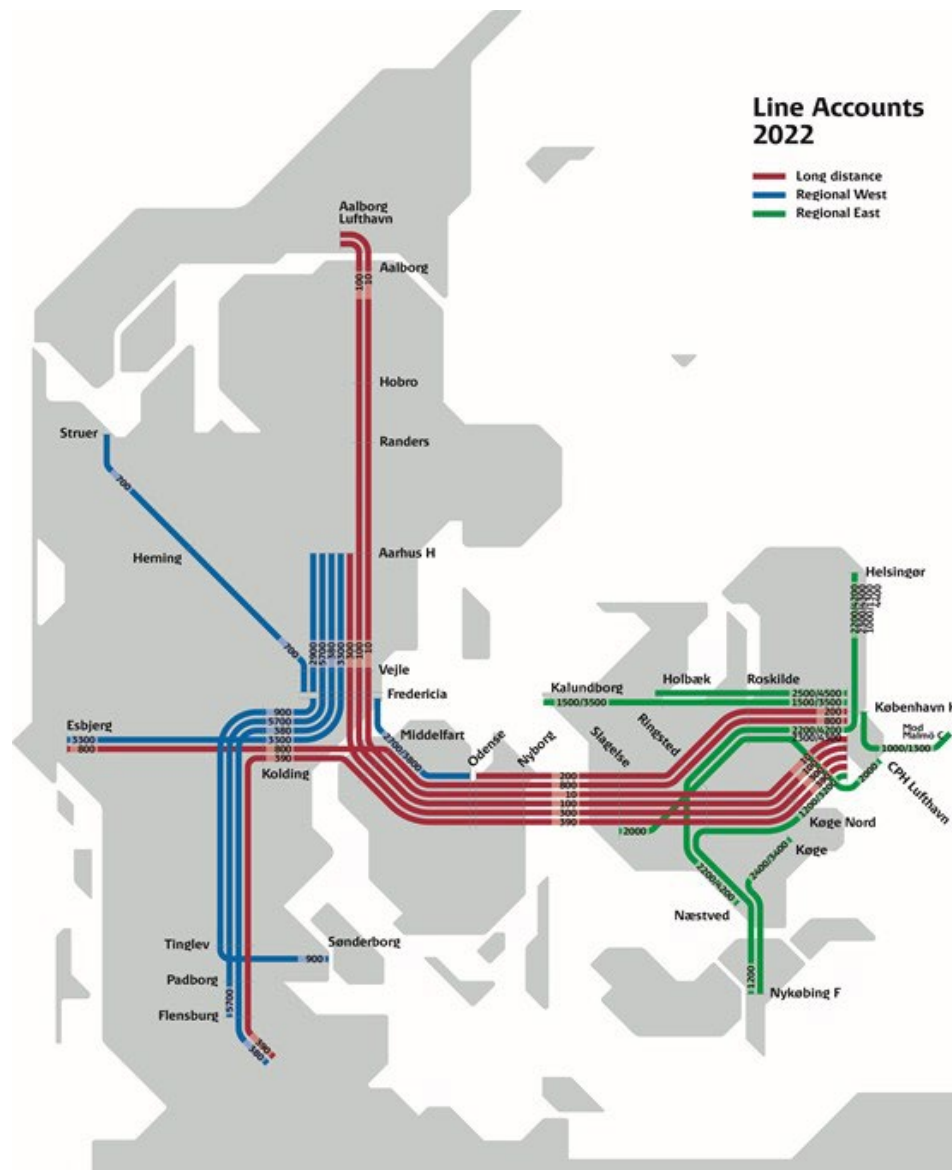
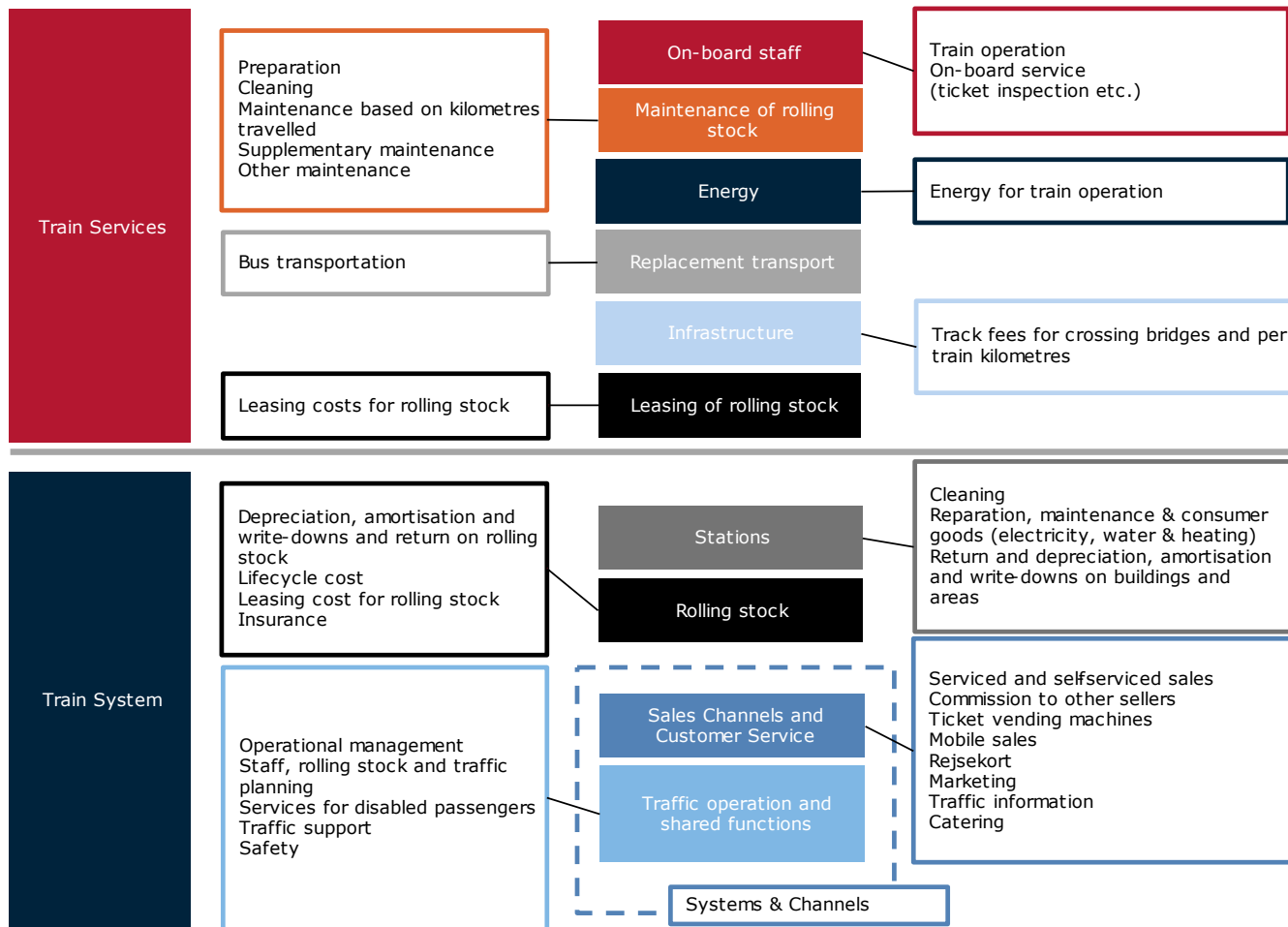


Figure 7: 'Activities in Train Service and Train System



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, see Figure 7.

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 corporation's current organization 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 line economy model is based on the objective that the model should reflect the income, expense and production structure. Since it is an allocation model, the amount of the income and expenses per line will depend on the choice of activity groupings and basis of allocation.

The train service activities for lines are in general distributed according to the following principles:

- If the activity is performed only for the operation of a single line, there will be a direct allocation to the line
- If, instead, the activity is carried out in order to be able to operate multiple lines, the expenses will be distributed to lines in accordance with an appropriate production parameter.

Figure 8 shows the main production-based basis of allocation used in the allocation of the train service activities to the individual lines. This can be illustrated by the examples below:

- The total expenses of the train transport activity under onboard personnel are distributed among the lines based on the locomotive driver's time registration connected to the individual lines via the rolling stock.
- The full maintenance expenses of, for example, IC3 trainsets are distributed relative to the lines where IC3 trainsets are used based on the number of rolling stock class kilometres the IC3 trainset has travelled.
- The infrastructure charges for crossing the Great Belt are allocated in proportion to the number of

Figure 8: The main basis of allocation for Train Service in the Line 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

bridge crossings made on the individual line in addition to how many kilometres the individual train has travelled.

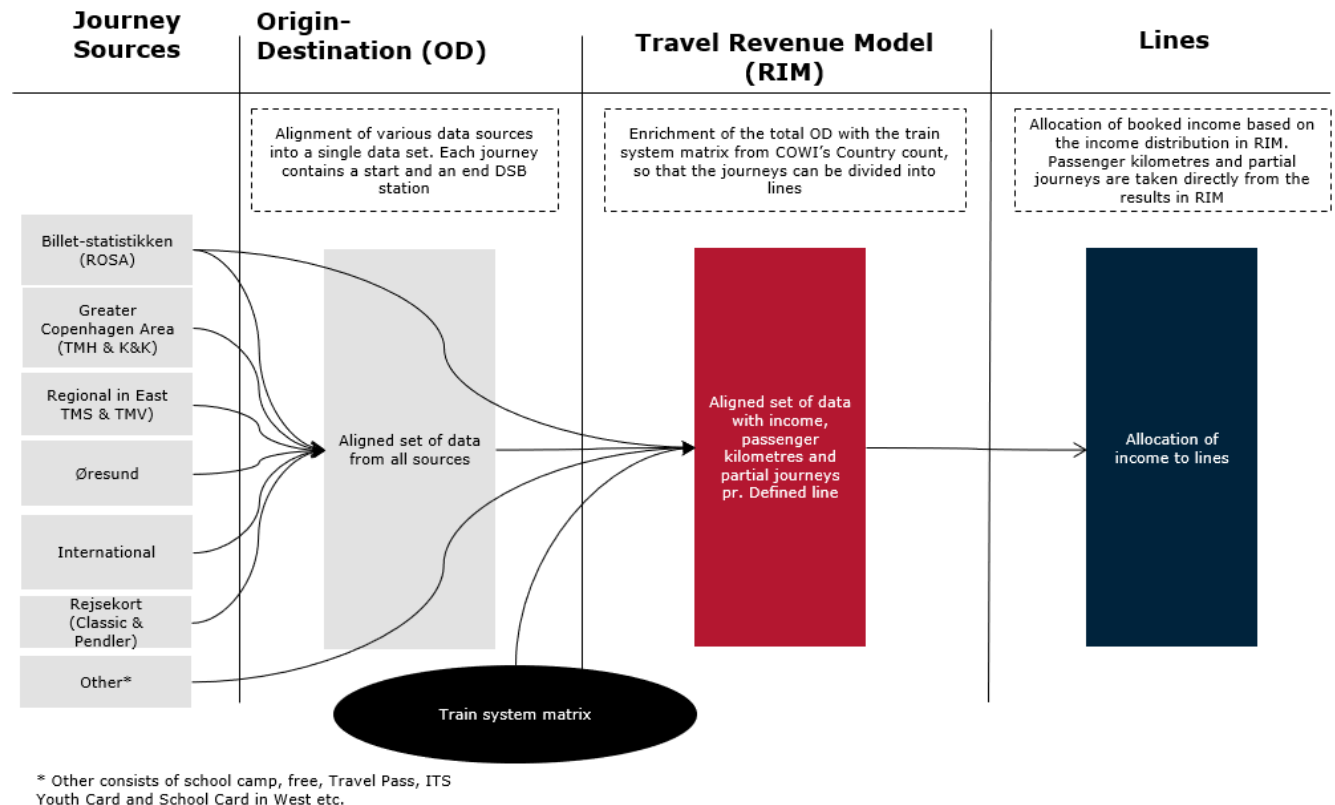
Distribution of passenger revenue to the lines

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 both to journeys made on season tickets and to those made on single tickets, since it is possible to buy an open ticket for, e.g., Copenhagen - Odense. 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 lines. For example, a journey from Tisvildeleje to Aarhus involving Lokaltog 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.

The calculation is further complicated by the fact that there are currently many ticket systems and fare zones to be coordinated between different operators with regard both to the journey and to the corresponding revenue.

For Long-distance & Regional trains, therefore, DSB has a number of travel sources, see Figure 9, of which the most significant are DSB's own ticket statistics journeys and journeys within the Greater Copenhagen area in addition to journeys using the Rejsekort (Travel card). Data is generated on the basis of sales statistics and models, which are based on various types of passenger counts and interview surveys. The methods may vary from travel source to travel source and are agreed with the other operators in a given tariff area.

Figure 9: The principles behind the allocation of passenger revenue to lines



The journeys and the associated revenue are then collected in a data set which, based on ticket information, shows where the journey starts and ends - Origin-Destination (OD). After determination of the travel relationships, the travel route must subsequently be determined. That is, which of multiple possible lines have been used to travel between the starting and ending destination.

On the basis of a train system matrix, which is formed based on the National Census, it is possible to connect the individual travel routes to one or more lines. The National Census is based on interviews, which means that travel patterns can be determined.

For S-trains, the line revenues are calculated in a separate passenger count system (APS), which allocates the passenger revenues for the 8 main lines.

The distribution of contract revenue to activity areas

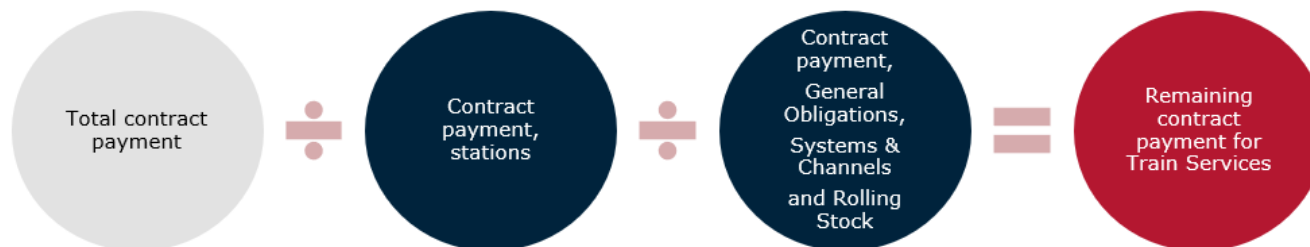
The line economy model will not be broken down into the contract revenue on a line basis since there is no unique activity-based method by which to allocate the contract revenue.

For use for the Activity area accounts, DSB has chosen to allocate contract revenue according to the following method:

- The contract revenue to Stations is allocated to ensure an annual return on the invested capital (ROIC) of 3 percent
- The contract revenue for General Obligations is based on expense recovery
- The contract revenue for Systems & Channels is based on a profit ratio of 5 percent
- The contract revenue for Rolling Stock covers all project expenses in connection with the preparations for buying new electric trainsets, S-trains of the future and New Green Workshops, as Leasing of rolling stock is settled for the train operation activity. At the same time, the dedicated contract revenue for improving the public transport network via the acquisition of double-decker coaches¹⁴⁾ is allocated to Rolling Stock

The remaining contract revenue accrues to Train Service 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 line generates a profit without contract revenue, the contract revenue is distributed to the loss-making traffic areas only.

Figure 11: Principles for distributing contract revenue to activity areas



Contract revenue is not placed in the Other activity area because it primarily concerns items of a special nature that have no involvement with ordinary train operations.

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 income and expenses as well as amortization, depreciation and write-downs and financial income and expenses for the activity area Rolling Stock are collected in two pools, one for Long-distance & Regional trains (including Øresund) and one for S-trains. However, both pools exclude Train of the Future, S-trains of the future and New Green Workshops.

On the Long-distance & Regional train lines where dedicated rolling stock is used (Aarhus - Hamburg, Copenhagen - Odense - Hamburg and Copenhagen - Malmö), the line expenses are settled directly with

the specific rolling stock costs. The remaining rolling stock pool is regarded as a shared pool and is, therefore, calculated as an average rolling stock lease using the rolling stock class kilometres travelled on the individual lines.

The leasing of rolling stock for S-trains is solely based on the actual costs for the rolling stock.

¹⁴⁾ See 'Purchase of double deckers' of 1 April 2014.

